International Journal of Co-operative Accounting and Management, 2025
Volume 8, Issue 2
DOI: 10.36830/IJCAM.202507

Adaptation Over Replication: Mondragon and the U.S. Cooperative Ecosystem

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Abstract: This paper examines whether the Mondragon Corporation's cooperative model, widely regarded as one of the most successful in the world, can be effectively replicated or adapted within the United States. The objective of the research is to assess the structural, financial, educational, and cultural components of Mondragon's cooperative ecosystem and determine their applicability to U.S. contexts. Through a comparative case study approach, the paper evaluates four cooperative initiatives in the U.S.: Co-op Cincy (Ohio), Manufacturing Renaissance (Chicago), Coalition of Worker Ownership and Power (Massachusetts), and New York City Network of Worker Cooperatives. These cases are analyzed across five dimensions drawn from Mondragon's internal ecosystem: finance, education, solidarity, governance, and policy support. The research finds that direct replication of Mondragon's model is unfeasible due to systemic differences, but selective adaptation is both possible and already underway in several ecosystems. The paper ends with practical suggestions for creating better cooperative systems in the U.S., highlighting the importance of non-extractive capital, education programs for cooperatives, support between cooperatives, and helpful government policies. Ultimately, the study suggests that a U.S. cooperative ecosystem inspired by Mondragon's values (but rooted in local realities) offers a promising path forward.

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Keywords: cooperative ecosystem, Mondragon, U.S. cooperative ecosystems

Introduction

The Mondragon Corporation, located in the Basque region of Spain, is widely considered one of the most successful cooperative ecosystems in the world. Its origins trace back to 1941, when a young Catholic priest, José María Arizmendiarrieta, arrived in the industrial town of Mondragón (Arrasate in Basque), which was still reeling from the Spanish Civil War and suffering from widespread poverty, unemployment, and repression under Francisco Franco's dictatorship (Whyte & Whyte, 1991). Believing in the transformative power of education and solidarity, Arizmendiarrieta established a technical school in 1943 to prepare youth not only with technical skills but also with a deep sense of social responsibility and cooperative values (MacLeod, 1997). His educational philosophy was rooted in Catholic social teaching, but it evolved into a pragmatic framework for economic democracy and worker participation.

This school eventually produced the founding members of Ulgor (later renamed Fagor), the first industrial cooperative, which opened in 1956 with just five workers (Whyte & Whyte, 1991). Arizmendiarrieta did not hold a formal leadership position in the cooperative but served as the intellectual and moral architect behind its development, encouraging democratic governance, profit-sharing, and reinvestment into the community (Kasmir, 1996). Over the following decades, this single cooperative expanded into a network of interconnected enterprises spanning manufacturing, finance, retail, and education.

The ecosystem grew not through state support or philanthropic capital but rather through internally generated financing mechanisms and mutual aid among cooperatives, most notably through the creation of Caja Laboral in 1959, a cooperative bank that provided funding, technical support, and business advice for emerging cooperatives (Errasti et al., 2017). The organization's unique governance model, collective financial system, emphasis on education, and formal solidarity mechanisms offer an alternative to conventional capitalist business structures. Established during a context of extreme political and economic adversity, Mondragon's emergence and endurance are widely seen as a testament to the resilience of cooperative enterprise.

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Further, unlike many cooperative movements that relied on state sponsorship, Mondragon developed without political backing during its early decades, navigating a hostile environment with limited legal or institutional protections (Kasmir, 1996). Its emphasis on community-rooted development and local control mirrors other grassroots cooperative ecosystems, such as the Antigonish and Cape Breton movements in Nova Scotia, which also formed under conditions of economic marginalization and leveraged education, mutual aid, and social capital to build sustainable alternatives (Dubb, 2023).

To really understand what makes Mondragon's model distinctive, however, it is useful to define the concept of a "cooperative ecosystem." A cooperative ecosystem refers to an interconnected network of institutions that support a community of cooperatives through finance, education, governance, and mutual support. Specifically, Mondragon defines its ecosystem through several key pillars (Figure 1):

- **History & Culture:** Deep community identity, shared values, and worker solidarity have fostered Mondragon's growth. The Basque cultural tradition of mutual aid and social cohesion provided fertile ground for cooperation (Azkarraga, 2018).
- **Finance:** Cooperative banking and internal capital reinvestment are central. Mondragon's bank, Caja Laboral (now Laboral Kutxa), historically provided capital and technical assistance to new co-ops, ensuring financial stability within the network.
- **Education:** Mondragon established its own educational system, culminating in Mondragon University, to train workers and managers in cooperative principles and technical skills. This has created a pipeline of cooperative-savvy talent (MacLeod, 1997).
- **Innovation & Entrepreneurship:** Mondragon's R&D centers and incubation of new co-ops demonstrate an emphasis on continuous innovation and adaptation to economic change.
- **Inter-Cooperative Solidarity:** A formal solidarity mechanism redistributes resources among co-ops (e.g., a collective capital fund and employment transfers) to weather downturns, reflecting the motto "we all rise or fall together."
- **Governance:** Each cooperative and the federation's second-tier bodies practice democratic decision-making. Worker-members participate in governing councils, and the General Congress coordinates strategy across the network.

Figure 1: Key Components of Mondragon's Cooperative Ecosystem

By contrast, U.S. cooperative networks operate in a far more fragmented system. Financial support, education, and governance structures for co-ops in the U.S. are not deeply integrated. For example, while the U.S. has Community Development Financial Institutions (CDFIs) and credit unions that serve cooperatives, these organizations are spread across a vast geography and lack a centralized cooperative banking system akin to Caja Laboral. Similarly, U.S. co-ops, such as in Cincinnati and New York, which will be discussed in this paper, have developed local education programs and municipal support, but they do not yet have the inter-cooperative solidarity mechanisms that sustain Mondragon's federation over time.

Nevertheless, several scholars have cautioned that direct replication of Mondragon in different contexts is not feasible due to fundamental differences in economic structures, policy environments, and historical context (Bretos & Errasti, 2017; Dow & Putterman, 2000). Ewest and Cafferky (2019) observe that "the cooperative experiment is always a product of its local historical, economic, and social context," meaning models must be tailored. Mondragon succeeded in a manufacturing-based regional economy with strong community ties. Comparatively, many U.S. worker cooperatives operate in dispersed, low-margin service industries and face intense market competition (Clamp, 1986; Kasmir, p. 5, 1996). Moreover, scholars such as Kasmir (1996), MacLeod (1997), and Cheney (2002) have further analyzed how local contexts, labor cultures, and governance models shape the transferability of Mondragon's experience beyond the Basque region.

Rather than attempting a wholesale imitation of Mondragon, a more pertinent question is, what elements of Mondragon's ecosystem can be adapted to strengthen cooperative development in the U.S., specifically within worker cooperatives? This study addresses that question by comparing Mondragon's cooperative ecosystem with four contemporary U.S. cases in Chicago, Cincinnati, Massachusetts, and New York: Manufacturing Renaissance in Chicago integrates industrial workforce development with cooperative business succession; Co-op Cincy in Ohio builds unionized co-ops with educational and financial support; in Massachusetts, the Coalition of Worker Ownership and Power (COWOP) network unites CDFIs and incubators under a shared ecosystem; and in New York City, the New York City Network of Worker Cooperatives (NYC NOWC) leads the nation's largest urban co-op support network. These cases vary in structure, but all reflect deliberate efforts to build cooperative ecosystems.

By evaluating these cases, we can discern which aspects of Mondragon's success are present or lacking in U.S. cooperative efforts while identifying practical strategies to bolster U.S. cooperative networks. The research will provide an overview of each case study, setting the stage for a comparative analysis of their structures, achievements, and limitations relative to Mondragon.

Methodology

This research adopts a qualitative, comparative case study methodology to explore the adaptability of the Mondragon Corporation's cooperative ecosystem in the United States. Given the complexity and unique embeddedness of Mondragon's model within the Basque region's historical, economic, and cultural context, this study does not assume that replication is possible or desirable. Instead, it seeks to identify which structural features of Mondragon's cooperative ecosystem can inform ecosystem-building efforts in the U.S., where cooperative development tends to be fragmented and under-resourced. The research process was carried out in four phases: a literature review; four U.S. case studies; a comparative analysis of U.S. ecosystems with the Mondragon model; and the identification of strategies for strengthening the U.S. cooperative ecosystem.

An extensive review of scholarly literature and practitioner-oriented publications was conducted to understand Mondragon's foundational principles, structural components, historical development, and operational logic. This review emphasized themes such as federated governance, cooperative education, and financial interdependence, which are often cited as key to Mondragon's longevity. In parallel, literature on U.S.-based cooperative development was reviewed, including ecosystem-focused analyses by Cheney, Vieta, and Camp (2024). These texts provided a lens for examining the opportunities and constraints within American cooperative movements and highlighted the structural fragmentation, lack of shared financing, and policy gaps often cited as barriers.

To ground the comparative analysis, four U.S. cooperative development ecosystems were selected as case studies:

- **Co-op Cincy** (Cincinnati, OH): A union-cooperative incubator inspired by Mondragon's U.S. collaborations, with a strong focus on worker education and democratic governance.
- **Manufacturing Renaissance** (Chicago, IL): A workforce development and industrial retention program focused on converting legacy manufacturing firms to worker ownership.
- **COWOP Ecosystem** (Massachusetts): A state-level network anchored by the Local Enterprise Assistance Fund (LEAF) and other CDFIs like Ujima, Wellspring, and the ICA Group, offering technical assistance and non-extractive capital.
- **NYC NOWC** (New York City): The nation's largest municipal-level co-op support network, working closely with immigrant and low-income communities through education and microfinance.

These cases were chosen for their geographic diversity, institutional variation, and differing relationships with labor, finance, and state policy. All four reflect active, ongoing efforts to build cooperative ecosystems, though each has emerged from unique local circumstances.

This study relies on publicly available data from academic publications, policy briefs, organizational reports, websites, and public financial documents. Where possible, source triangulation was used to confirm claims and contextualize findings. A key strength of this approach is the inclusion of real-world cooperative development efforts, moving beyond theoretical replication.

However, there are several limitations. First, the research did not include primary interviews, which may further enrich understanding of informal governance dynamics, power-sharing arrangements, or behind-the-scenes financial strategies. Second, the selected U.S. ecosystems are relatively young compared to Mondragon's six-decade history, limiting the ability to evaluate long-term institutional resilience. Finally, the diversity of cooperative models in the U.S. makes generalization difficult, as each case reflects distinct local histories, partner networks, and funding mechanisms.

Comparative Analytical Framework

This paper employs a five-pillar framework: finance, education, inter-cooperative solidarity, governance, and policy, drawn from Mondragon's ecosystem design. While these pillars are useful for cross-context analysis, they originate from a specific historical and cultural context rooted in the Basque region's postwar reconstruction, Catholic social teachings, and traditions of mutual aid. This framework is adapted here with those origins in mind, allowing for comparative analysis while acknowledging the contextual differences shaping cooperative development in the U.S. The dimensions are:

1. **Finance and Capital Access**—including cooperative banks, loan funds, and non-extractive lending infrastructure.
2. **Education and Training**—with an emphasis on cooperative-specific programs, leadership pipelines, and technical assistance.
3. **Inter-Cooperative Solidarity and Federation**—such as revenue pooling, shared services, and mutual support mechanisms.
4. **Governance and Democratic Participation**—internal co-op governance, federated representation, and member engagement structures.
5. **Policy and Legal Environment**—including enabling legislation, public investment, and municipal or state-level cooperative support.

Figure 2 highlights these five core components of cooperative ecosystems, each essential for cooperative growth and resilience (Restakis, 2010; Bretos & Errasti, 2017).

Figure 2: Cooperative Ecosystem Core Components

While the five pillars are presented here as distinct categories, in practice they are deeply interrelated. For example, Mondragon's financial system enables cooperative education and solidarity mechanisms, while strong governance ensures alignment across firms. These relationships are mutually reinforcing, not isolated. In comparing to U.S. contexts, the presence or absence of these overlaps, and the strength of coordination among them, serves as a key indicator of ecosystem coherence and potential for cooperative resilience. Each U.S. case study was evaluated across these pillars to assess ecosystem depth and identify areas where adaptations of the Mondragon model are already underway, missing, or underdeveloped.

Case Studies of U.S. Cooperative Ecosystems

A. Manufacturing Renaissance (Chicago)

Manufacturing Renaissance (MR) is a nonprofit initiative in Chicago dedicated to rebuilding the city's industrial base through worker ownership, advanced manufacturing training, and advocacy. Founded in the early 2000s in response to deindustrialization and the loss of union manufacturing jobs, MR works to demonstrate how industrial firms can be revitalized via employee ownership and community-driven investment (Manufacturing Renaissance, n.d.). Its programs include the Young Manufacturers Association (a youth training and mentorship program), policy research and advocacy for manufacturing, and technical assistance for business succession planning toward worker ownership. Although MR is not itself a worker cooperative, it champions cooperative and employee-ownership models as tools for inclusive economic development (Dubb, 2023).

Strengths

A key strength of MR is its strong connection to organized labor. The organization has actively collaborated with the Chicago Federation of Labor and other unions to advance policies supportive of industrial worker ownership. Notably, MR helped negotiate the creation of the Chicagoland Manufacturing Renaissance Council (CMRC) in 2005, a coalition uniting the Chicago Federation of Labor and the Illinois Manufacturers' Association to promote manufacturing as a tool for community wealth building. This labor-business partnership has given MR a robust network of allies and helped legitimize cooperative models within traditional industry circles. MR has also succeeded in securing modest municipal support; for instance, it influenced the City of Chicago's 2022 Community Wealth Building Initiative, which earmarked $15 million for shared ownership projects (City of Chicago, 2022). The Kauffman report (2022, as cited in Clamp, 2024) affirms MR's strategic focus on asset-based development and the potential of inclusive ownership models to generate community wealth without displacement. These engagements with unions and city agencies enhance MR's credibility and resources for scaling its vision.

Challenges

Despite its promise, MR faces major barriers to translating its vision into a self-sustaining cooperative ecosystem. Foremost is the absence of a dedicated cooperative financial institution akin to Mondragon's Caja Laboral. Without access to substantial mission-aligned capital, worker buyouts of manufacturing firms or cooperative start-ups remain difficult to finance. MR's efforts thus far have relied on ad hoc grants and external funding rather than an internal cooperative bank or fund, which limits the scale of conversions (Whyte & Whyte, 1991). Systemic barriers, such as disjointed financing ecosystems and risk-averse local policies, hinder replication of scaled cooperative networks in cities like Chicago (Clamp, 2024). Additionally, MR lacks the inter-cooperative infrastructure to ensure long-term solidarity among any new worker-owned firms that emerge. Its model functions more as a policy and advocacy catalyst than as a federated network of linked enterprises. Without a formal federation or solidarity fund, any worker co-ops incubated through MR may risk operating in isolation (2024).

Comparison to Mondragon

Compared to Mondragon, MR occupies only a portion of what constitutes a fully cooperative ecosystem, with its core contributions concentrated in workforce development, youth education, and public policy advocacy. While these areas are critical, they fall short of the vertically integrated infrastructure that defines Mondragon's success. Mondragon's ecosystem includes its own cooperative bank, university, technical training institutions, and an overarching inter-cooperative governance system that links individual enterprises through a solidarity fund, coordinated R&D, and profit-sharing agreements (Whyte & Whyte, 1991; Bretos & Errasti, 2017).

MR also lacks dedicated cooperative finance mechanisms, such as an internal capital pool or development bank, which makes it dependent on grant funding and municipal partnerships to catalyze new projects. Additionally, it has no formal educational pipeline akin to Mondragon University that embeds cooperative principles into business and technical training at scale. Its absence of a federation or formal inter-cooperative governance also means that any worker co-ops emerging from its support tend to operate independently, without mechanisms for shared risk, mutual support, or strategic alignment (Clamp, 2024).

Philosophically, MR's focus on industrial worker ownership and its vision of community wealth-building aligns with Mondragon's cooperative ethos. However, without integrated support structures across finance, education, and governance, these efforts remain siloed. Mondragon's model demonstrates that cooperatives thrive not just through grassroots energy or isolated conversions, but through coordinated ecosystem infrastructure that enables them to compete and collaborate in complex markets (Bretos et al., 2020). The Kauffman Research Report (2022, as cited in Clamp, 2024) additionally emphasizes that cooperative ecosystems must be holistic—bridging workforce development, capital access, shared governance, and public policy—to be sustainable and scalable. MR's experience, while promising, ultimately highlights the need for complementary ecosystem-wide institutions to support and stabilize cooperative enterprises in the U.S. context.

B. Co-op Cincy (Cincinnati)

Co-op Cincy (formally the Cincinnati Union Cooperative Initiative) was founded in 2011 and operates under the union-cooperative model developed by the Democracy Collaborative and informed by Mondragon's partnerships in the U.S. (Hilton, 2022). It serves as a cooperative business incubator, launching new worker cooperatives, converting existing businesses to worker ownership, and providing extensive education through its "Co-op U" training program (2022).

Over the past decade, Co-op Cincy has helped establish more than a dozen cooperatives in industries such as energy efficiency (e.g., Sustainergy Cooperative) and food distribution (Our Harvest Cooperative) (2022). Uniquely, these businesses are structured as union co-ops, blending collective bargaining with worker ownership. Co-op Cincy's close relationship with the United Steelworkers and other labor unions reflects its belief that unions can play a key role in scaling worker ownership (Schildt, 2022).

Strengths

Co-op Cincy's greatest strength is its commitment to education and leadership development (Hilton, 2022). Its Co-op U program provides intensive training in cooperative governance, finance, and democratic decision-making for new cooperative members and managers. This focus on "cooperative literacy" mirrors Mondragon's emphasis on education as the foundation of a successful co-op ecosystem (Co-op Cincy, n.d.). Another strength is Co-op Cincy's strong community and institutional partnerships. The organization has leveraged relationships with local anchor institutions, foundations, and union locals to support cooperative development. Notably, the involvement of labor unions (including United Steelworkers collaborations) lends credibility and organizing capacity, helping the network scale beyond what a standalone co-op developer might achieve (Schildt, 2022). Co-op Cincy has also taken steps to formalize inter-cooperative solidarity. In 2022 it implemented a Network Agreement among its member co-ops, codifying principles of mutual support and shared services (Co-op Cincy, 2022). This internal agreement—essentially a pact that each cooperative will participate in collective initiatives and uphold certain standards—begins to emulate Mondragon's federation agreements on a small scale.

Additionally, to tackle financing needs, Co-op Cincy established a revolving loan fund in partnership with the Seed Commons national cooperative lending network (Co-op Cincy, n.d.). The fund provides member co-ops with access to non-extractive loans administered by Seed Commons and notably does not require personal guarantees from worker-owners. Such financing support, coupled with fiscal sponsorship for co-ops seeking grants, has been crucial in launching co-ops that lack collateral or conventional credit (n.d.). These innovative arrangements demonstrate Co-op Cincy's integrated approach to education, finance, and solidarity.

Challenges

Despite its successes, Co-op Cincy faces notable challenges, primarily related to scale and capital. The network still lacks a robust cooperative financial institution of its own. Its loan fund through Seed Commons is valuable but relatively small; most co-op start-ups under Co-op Cincy have had to rely on philanthropy, one-time grants, or partner CDFIs for major capital needs (Co-op Cincy, 2022). Again, the absence of a cooperative bank or substantial community investment fund limits co-ops' ability to expand and weather setbacks (much as Mondragon's early co-ops might have struggled more without Caja Laboral). This makes long-term financial sustainability an ongoing concern. Another challenge is the sectoral limitation of its co-op network. Most of Co-op Cincy's cooperatives are in small-scale or service industries (food, cleaning, energy services), which, while important, do not yet include large industrial or high-growth enterprises. There is not yet a clear pipeline for expanding into capital-intensive sectors like manufacturing, where Mondragon excelled (Co-op Cincy, n.d.). This raises questions about how much impact the model can have on the broader regional economy if it remains concentrated in relatively niche industries.

Finally, while union involvement has been a boon, it may also introduce complexity in governance and decision-making, requiring careful navigation to ensure both cooperative members and union partners are aligned.

Comparison to Mondragon

Co-op Cincy closely embodies Mondragon's values of worker education, community solidarity, and labor empowerment. In fact, its union-cooperative hybrid model was directly inspired by Mondragon's partnership with the United Steelworkers a decade ago (Barker & Vera, 2023). In practice, however, Co-op Cincy falls short of Mondragon in institutional integration. To review, it does not have a central cooperative bank or a federated governance structure connecting all its co-ops beyond the new network agreement. Financial ties between the co-ops are limited; there is no equivalent to Mondragon's internal capital transfer or insurance system. As such, each co-op must largely stand on its own financially, which hinders the kind of mutual reinforcement seen in Mondragon. Moreover, Mondragon's ecosystem achieved diversification into large manufacturing firms and technology companies, generating substantial surpluses that fuel the whole system. Conversely, Co-op Cincy's focus has so far been on smaller enterprises, which, while providing community benefits and good jobs, have yet to demonstrate an engine for expansive growth or reinvestment.

In summary, Co-op Cincy highlights the importance of education and coalition-building (very much in line with Mondragon's example) but also illustrates the critical gap that exists in cooperative-specific finance and scale in the

U.S. context. Developing stronger financial instruments and larger-scale cooperative ventures will be key to moving closer to Mondragon's level of integration.

C. COWOP (Massachusetts)

The Coalition for Worker Ownership and Power (COWOP) is a Massachusetts-based alliance of co-op developers, advocates, and worker-owners formed in 2021 (COWOP, n.d.). Unlike the previous two cases, COWOP is not a single organization, but a statewide coalition aimed at coordinating cooperative growth efforts and policy advocacy across Massachusetts. Members of COWOP include nonprofit developers, cooperative businesses, community organizations, and policy groups.

Rather than directly incubating businesses, COWOP operates as an organizing and advocacy network to build a more supportive ecosystem for cooperatives at the state level. Its formation was driven by the recognition that Massachusetts had many disparate co-op initiatives and lenders that could achieve more through collaboration (n.d.). COWOP's activities focus on policy advocacy, education, and linking co-ops to resources, under the principle that a stronger statewide platform can advance employee ownership more effectively than isolated local efforts.

Strengths

COWOP's primary strength lies in policy advocacy and coalition-building (n.d.). The coalition played a critical role in the passage of a 2022 state law establishing the Massachusetts Center for Employee Ownership within the state's economic development office (n.d.). This legislation (enacted as part of an economic development bill) provides for a dedicated state office to support education, technical assistance, and financing for employee ownership and cooperatives (Commonwealth of Massachusetts, 2022). Securing government recognition and funding is a significant win, creating an institutional foothold for co-ops in the public sector that few other states have. Additionally, COWOP successfully advocated for direct state funding, including a FY2025 budget allocation of $500,000 to staff the employee ownership office and inclusion of worker co-ops in a $7.65 million small business technical assistance fund (COWOP, n.d.). These policy victories demonstrate COWOP's effectiveness in bringing diverse stakeholders (co-op businesses, CDFIs, labor, and community groups) together to speak with a unified voice.

Also, the coalition's broad membership is itself a strength: its steering committee includes representatives from a worker cooperative, the U.S. Federation of Worker Cooperatives, a cooperative loan fund (the Cooperative Fund of the Northeast), a cooperative development center, organized labor, and other community groups (COWOP, n.d.). This diversity allows COWOP to align strategies and share resources statewide in a way that no single organization could. In essence, COWOP has begun to approximate Mondragon's engagement with policy and multi-stakeholder governance, but at a state policy level rather than within a federation of businesses.

Challenges

Despite its progress, COWOP faces challenges in building the kind of integrated support system that Mondragon has. There is a pattern forming here within these cases studies, in that a major gap is the lack of a centralized cooperative finance mechanism, in this case, specifically in Massachusetts. There is no state-level cooperative bank or mutual guarantee fund to sustain co-op growth (indeed, such institutions rarely exist anywhere in the U.S.) (Clamp, 2024). Massachusetts co-ops rely on a patchwork of financing from sources like LEAF and the Cooperative Fund of the Northeast, two mission-driven lenders based in the region (2024). These lenders provide valuable capital. LEAF, for example, has financed numerous co-ops in Massachusetts but they operate independently of COWOP's coalition and have limited resources compared to a bank like Caja Laboral (2024). Without the direct integration of finance into the co-op development system, scaling up worker ownership will remain difficult.

Another challenge is sustaining momentum and coordination among COWOP's many members. As a volunteer coalition, COWOP must continuously organize disparate groups, each with their own priorities, despite only recently receiving modest funding for a coordinator (COWOP, n.d.). Keeping dozens of organizations aligned on long-term initiatives can be labor-intensive. What's more, like other U.S. co-op ecosystems, most existing Massachusetts worker co-ops are small and in service or light manufacturing sectors (Democracy at Work Institute & U.S. Federation of Worker Cooperatives, 2023). As such, the coalition's work has yet to crack the challenge of expanding into larger industrial enterprises. Mondragon's experience suggests that achieving significant economic impact will require growth in scale and perhaps the conversion of mid-sized companies to worker ownership; goals that are still on the horizon for COWOP.

Comparison to Mondragon

COWOP illustrates an approach to ecosystem-building that differs from Mondragon's internal federation: instead of a single federation of co-ops, it is a network of support organizations and advocates aiming to create a favorable external environment for co-ops. In many ways, COWOP has made strides analogous to Mondragon's policy relationships. Just as Mondragon eventually benefited from Basque government support and an enabling legal framework, COWOP has successfully engaged state government to support cooperative development (e.g., the establishment of the state Center for Employee Ownership) (COWOP, n.d.). However, COWOP lacks Mondragon's institutional depth.

Mondragon didn't merely have supportive policies. Its internal institutions allowed Mondragon to be self-sufficient and cohesive. COWOP, by contrast, must rely on external institutions (state agencies, independent lenders, educational nonprofits) to fulfill those roles. Like the case studies conducted earlier, the absence of a unified financial institution or educational arm under COWOP's control means the Massachusetts cooperative ecosystem remains loosely connected.

In short, COWOP approximates Mondragon in the realm of policy engagement and multi-stakeholder collaboration, but it falls short in creating the kind of centralized financial and educational institutions that underpin Mondragon's integrated ecosystem. The Massachusetts experience suggests that policy support, while vital, is only one piece of the puzzle; building cooperative-owned institutions for finance and training is again, another key lesson from Mondragon that has yet to be fully realized in the U.S.

D. NYC NOWC (New York City)

NYC NOWC is the largest worker cooperative network in the U.S., representing more than 80 worker-owned businesses and cooperative support organizations across the five boroughs (NYC Network of Worker *Cooperatives, n.d.). Established in 2009, NYC NOWC serves as a hub for communication, advocacy, and mutual aid among the city's cooperatives. Its member co-ops span industries such as home care, cleaning, catering, creative services, and retail. Furthermore, NYC NOWC* provides a range of services to its members: technical assistance (either directly or via partner organizations like the Democracy at Work Institute), worker-coop training and peer learning events, marketing assistance, and community-building activities (n.d.). It also engages in policy advocacy at the city and state level and works closely with the municipal government on programs to support cooperative development. Markedly, NYC's worker cooperative ecosystem has grown in tandem with city government initiatives over the past decade, positioning NYC NOWC as a key intermediary between grassroots co-ops and public support structures (NYC Network of Worker Cooperatives, n.d.).

Strengths

One of NYC NOWC's major strengths is the significant municipal support behind worker cooperatives in New York City. Since 2015, the New York City Council has funded the Worker Cooperative Business Development Initiative (WCBDI), allocating between $2 and $4 million annually to support the incubation of new co-ops and the expansion of existing ones (New York City Department of Small Business Services, 2022). Through this initiative, NYC NOWC and allied organizations receive public funding to provide technical assistance, education, and outreach to potential co-op entrepreneurs. This steady municipal investment is unparalleled in the U.S. and has directly contributed to an increase in the number of co-ops in the city.

Another strength is NYC NOWC's robust ecosystem of education and training services. The network partners with groups like Green Worker Cooperatives, which runs a Co-op Academy for start-ups, and The Working World (Seed Commons) to educate and finance cooperatives (Green Worker Cooperatives, n.d.; The Working World, n.d.). NYC NOWC itself hosts regular workshops, an annual conference, and peer mentoring, which helps diffuse best practices among cooperatives.

The diversity of the network is also notable. Many member co-ops are owned by immigrants and women of color, and NYC NOWC has focused on leadership development in these communities to ensure the movement is inclusive (NYC Network of Worker Cooperatives, n.d.). And, in terms of solidarity, NYC NOWC has fostered a sense of community among an otherwise disparate set of small businesses. Regular member meetings, committees, and collaborative projects (like joint marketing initiatives) have created a citywide cooperative identity and informal mutual aid (n.d.). This echoes Mondragon's principle of cooperation among cooperatives, albeit in a less formalized way.

Challenges

Despite significant support, NYC NOWC and the cooperatives it represents face challenges that mirror those seen elsewhere in the U.S. and in this report. First, access to capital remains a limiting factor. Even with the city's grant funding for technical assistance, worker co-ops in NYC struggle to obtain financing for growth. There is only one cooperative bank in New York, Amalgamated Bank, but it is an outgrowth of the housing cooperatives, in particular, Amalgamated Housing. Therefore, co-ops rely on a handful of nonprofit loan funds (e.g., Seed Commons, The Working World) and credit unions, as well as reinvesting their earnings. This phenomenon makes co-ops heavily dependent on grants and operational revenue, constraining their ability to scale up or weather downturns. The ecosystem is thus vibrant but still financially fragile.

Second, the sectoral concentration of NYC co-ops poses challenges. A large proportion of the city's worker cooperatives are in service sectors like cleaning, childcare, and domestic work. While these co-ops have provided stable jobs (often formalizing previously informal work), they tend to have low profit margins and limited opportunities for expansion (WIEGO, 2014). The emphasis on service-sector businesses, as opposed to higher-wage industrial or tech firms, limits the potential for wage growth and broader economic impact. Part of the situation reflects the local economy and barriers to entry in other sectors, but it remains an issue for long-term viability.

Another challenge is fragmentation. NYC's co-ops, even under the NYC NOWC umbrella, operate independently, and there is no central governing body or binding agreement that coordinates their business decisions (NYC Network of Worker Cooperatives, n.d.). While NYC NOWC does provide networking, it lacks the authority to enforce mutual support (for example, co-ops are not pooling profits or systematically sharing employees) (n.d.). This means the network's cohesion relies on goodwill and voluntary cooperation, which can be difficult to maintain as the number of co-ops grows or if economic conditions deteriorate.

Comparison to Mondragon

NYC NOWC's development shows both the possibilities and limits of a municipally supported cooperative ecosystem. In some respects, New York's ecosystem has replicated elements of Mondragon's support structure. For instance, the city's financial support for co-op development functions comparably to how Basque public institutions eventually supported Mondragon's growth (albeit New York's support is grant-based and not an ownership stake) (New York City Department of Small Business Services, 2024; Wikipedia, 2024). Moreover, the focus on education and technical assistance in NYC parallels Mondragon's investment in education—though on a smaller scale and provided by nonprofits rather than a university.

However, New York's cooperatives appear to remain largely fragmented and service-oriented, lacking a centralized institution to coordinate strategy or investment across the network. Mondragon's approach, where cooperatives collectively own supporting institutions (bank, school, research center), is fundamentally different from NYC's approach, where support is facilitated by external entities (city government, NGOs). Thus, the NYC experience highlights the importance of external support in jumpstarting a cooperative ecosystem but also underscores that without internal economic integration (cooperative-to-cooperative supply chains, shared capital funds, etc.), the network can only achieve a certain level of scale and resilience. In essence, NYC NOWC has built a vibrant cooperative community and secured valuable public backing, yet it remains a loose federation when compared to the tight-knit Mondragon federation. The challenge moving forward is whether that community can evolve more robust inter-cooperative linkages and perhaps develop its own institutions (a citywide cooperative fund or mutual insurance, for example) to more closely mirror Mondragon's self-sufficiency.

Comparative Analysis: Gaps and Opportunities

The case studies above demonstrate that U.S. cooperative networks are making inroads in finance, education, solidarity, and policy, but they remain far from the level of integration achieved by Mondragon. Mondragon developed an integrated financial pillar early on because postwar Basque cooperatives had little access to mainstream banks, forcing them to create Caja Laboral as both lender and coordinator. In the U.S., by contrast, cooperatives emerged in a landscape already populated by credit unions, CDFIs, and philanthropic funds. These actors filled some of the financing roles but remained external to the cooperative sector, resulting in a more fragmented and less integrated financial pillar. Thus, several common themes and gaps emerge when comparing these U.S. ecosystems to Mondragon's model: financial infrastructure; education and cultural attitudes; inter-cooperative solidarity and integration; policy and enabling environment; and sectoral focus and economic impact.

Financial Infrastructure

All four U.S. cases lack a central cooperative financial institution. Mondragon's Caja Laboral was pivotal—it provided start-up capital, loans, and technical oversight to member co-ops, effectively functioning as the financial engine of the ecosystem (Whyte & Whyte, 1991). In the U.S., cooperatives must patch together financing from various sources. The absence of a dedicated cooperative bank or credit system means U.S. co-ops are often undercapitalized. For example, both MR and Co-op Cincy cite the lack of patient, cooperative-friendly capital as a major barrier to scaling worker ownership. Co-ops end up relying on grants, philanthropy, or mainstream lenders who may not understand cooperative structures (Whyte & Whyte, 1991). This financial gap limits long-term planning. Without assured access to growth capital or funds to rescue struggling co-ops, each cooperative is on its own financially. But of course, there are signs of partial solutions emerging.

U.S. cooperative lenders and loan funds are increasingly collaborating to share risk and support larger cooperative projects (Project Equity, 2023). For instance, LEAF, Shared Capital Cooperative, and the Seed Commons network have co-financed transactions by pooling their resources, essentially forming ad hoc lending syndicates for worker co-op deals (Figure 3). In Massachusetts, LEAF has partnered with other CDFIs to finance co-op expansions, acting as a mini "Caja Laboral" by providing industry expertise and flexible terms (Opportunity Finance Network, 2018).

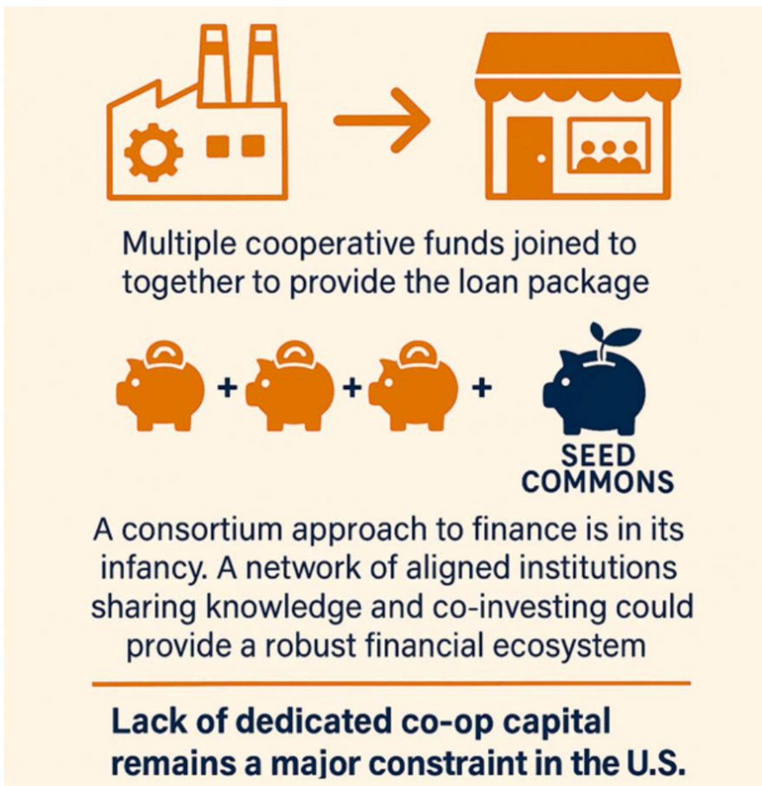
Figure 3: CDFIs Currently Partnering with LEAF

Note: Information from LEAF (n.d.)

Such collaborations allow each lender to take on a portion of the loan, reducing individual risk and enabling bigger projects than any one fund could handle alone. While this model falls short of a single cooperative bank, it mimics some of Caja Laboral's functionality in a decentralized way. An illustrative example is the financing of a worker co-op conversion of a business: multiple cooperative funds joined together to provide the loan package, a practice that is becoming more common (Seed Commons has facilitated several such multi-lender deals). This consortium approach to finance is still in its infancy, but it highlights a potential path forward. U.S. co-ops may achieve a robust financial ecosystem not through one bank, but through a network of aligned institutions sharing knowledge and co-investing. Formalizing these partnerships and perhaps creating a national cooperative loan guarantee pool could further bolster what is currently a fragile financial environment for co-ops (Storey et al., 2014). Until such mechanisms mature, however, the lack of easily accessible, dedicated co-op capital will continue to be a primary constraint in the U.S.

Figure 4 illustrates how cooperative funds, including Seed Commons, are collaborating to finance worker co-op conversions—an emerging model to address the lack of dedicated co-op capital in the U.S (Seed Commons, n.d.; Storey et al., 2014).

Figure 4: Collaboration Among Cooperative Funds



Education and Cultural Attitudes

As reviewed, Mondragon's ecosystem heavily emphasizes education, which has imbued generations of workers with cooperative values and skills (MacLeod, 1997). In the U.S., on the other hand, cooperative education is often ad hoc and not integrated into the mainstream education system. None of the case study regions have a university devoted to cooperative management, for example. Co-op Cincy's Co-op U's and NYC NOWC's various workshops are promising initiatives, but they reach only dozens of people at a time and have limited resources (Palmer, 2022).

Unfortunately, many U.S. cooperatives struggle to find managers who both understand business and embrace cooperative governance, a gap Mondragon addressed through its education system (Bretos & Errasti, 2017).

Culturally, American attitudes toward business can be a hurdle for cooperatives (Whyte & Whyte, 1991, p. 247). The U.S. economic ethos tends to celebrate individual entrepreneurship and rapid growth, often perceiving cooperatives as a niche or even quaint form of business (Kasmir, 1996). Worker co-ops are frequently associated with small-scale, alternative enterprises rather than considered a scalable model for the broader economy. Several case studies have noted this perception, dismissing co-ops as “feel-good” projects rather than serious businesses (Whyte & Whyte, 1991, p. 248). Furthermore, the broader public (and many policymakers) have low awareness of worker cooperatives (p. 249).

In the U.S., cooperatives are rarely part of the popular economic narrative, unlike in the Basque region where cooperatives like Mondragon became a source of regional pride (1991). This skepticism can influence everything from consumer behavior (preferring familiar investor-owned brands) to the willingness of talented graduates to seek careers in cooperatives. Changing such perceptions is a long-term challenge. Some progress is being made—successful co-ops in New York and other cities are gaining media attention, and academic interest in cooperatives is rising (Cheney et al., 2023).

Nevertheless, without a concerted effort in education and public awareness, cooperatives in the U.S. risk remaining marginal. Mondragon’s experience suggests that normalizing cooperative enterprise (making it a visible, respected option) was as important as any technical innovation. U.S. cooperators may need to invest more in marketing the model, integrating cooperative studies into university programs, and demonstrating that co-ops can compete in major industries.

On the positive side, the U.S. cooperative movement is becoming more diverse and rooted in communities of color and immigrant communities (as seen in NYC NOWC), which could broaden the cultural appeal and relevance of co-ops as tools for economic empowerment. Overcoming cultural and educational gaps will likely require partnerships with educational institutions, inclusion of co-ops in workforce development programs, and showcasing “flagship” cooperative businesses that capture the public imagination.

Inter-Cooperative Solidarity and Integration

One of the defining characteristics of Mondragon is the high level of inter-cooperative solidarity. When a co-op encounters difficulties, other co-ops may take on its employees, and they share profits for mutual gain. Such an arrangement creates a powerful sense of collective security and incentive for collaboration. In the U.S., such formal solidarity mechanisms are largely absent (Whyte & Whyte, 1991, pp. 118–120). Each cooperative is typically an independent entity with its governance and finances. The case studies show some initial moves toward solidarity. Co-op Cincy’s Network Agreement is a notable attempt to bind its co-ops together under common principles and mutual aid commitments, and NYC NOWC has fostered a culture of cooperation among co-ops (e.g., referrals of business to each other and joint promotional events) (Palmer, 2022, pp. 10–12). However, these are informal or newly formalized arrangements compared to Mondragon’s long-established systems.

Elsewhere, the lack of federated governance means there is no platform for U.S. co-ops to make collective decisions about resource allocation or strategic direction. For instance, Mondragon’s cooperatives collectively decided on contributions to a central investment fund and on limits to wage disparities across the network (Whyte & Whyte, 1991, pp. 119–120). Nothing of that sort exists in the U.S. examples—each co-op sets its wage scales, and only loose norms encourage “cooperation among cooperatives” (p. 249). This fragmentation can lead to missed opportunities. Without federated structures, cooperatives have weaker bargaining power with suppliers, can’t easily share services, and may even end up competing in some cases. Building federations or consortia could address these issues. Internationally, we see examples like the Italian cooperative federations (e.g., Legacoop), which provide shared services to member co-ops. In the U.S., there are beginnings of sector-specific alliances (for example, worker co-ops in home care have started to network to share training) (Palmer, 2022, p. 13). Solidarity is present, yet it requires institutionalization. The Mondragon model suggests that formal agreements and shared institutions (like a joint insurance fund or purchasing cooperative) greatly strengthen solidarity.

As U.S. co-op networks mature, establishing federated entities at city, state, or national levels could ensure co-ops help each other succeed. The Cooperative Economic Alliance of NYC (a network beyond just worker co-ops) and statewide associations like California Worker Cooperatives (CAICO) are early moves in this direction (p. 14). Increased communication and joint initiatives, for instance, a multi-city cooperative marketing campaign or an inter-coop emergency fund—would begin to create the kind of collective identity and resilience that Mondragon enjoys.

Policy and Enabling Environment

Policy support (or the lack thereof) is a significant differentiator between Mondragon's context and the current U.S. context. Mondragon developed under a dictatorship with no state support but later benefited from Spain's cooperative laws and Basque regional policies that provided favorable tax treatment and R&D support (Errasti et al., 2017). In the U.S., there is still no comprehensive federal policy supporting worker cooperatives (Palmer, 2022, p. 6). As noted, the U.S. cases rely on municipal or state-level initiatives. New York City's financial support and Massachusetts' new state office are among the most advanced examples of government support. Chicago's nascent efforts and Cincinnati's pursuit of city funding (Vera, McGilligan & Pinchback-Hines, 2022) show that local governments can be persuaded to back co-ops, but these remain the exception rather than the rule. Overall, U.S. economic policy continues to privilege conventional small businesses and corporations; worker co-ops often must fit into existing categories (e.g., applying for Small Business Administration (SBA) loans designed for conventional firms, where they often don't qualify easily). There have been some recent positive developments: the WORK Act, signed into law in 2018, authorized $50 million for worker ownership promotion[1] (USFWC, 2023), and the Main Street Employee Ownership Act (2018) opened some SBA programs to co-ops. Still, these efforts are modest relative to the need. Due to the comparative lack of policy support, U.S. co-ops are forced to operate in a more hostile environment, competing with investor-owned firms on an uneven playing field that includes fewer subsidies and more difficulty in raising capital. This reality emerged in each case study as a limiting factor that Mondragon did not face to the same degree once it matured[2] (Cheney et al., 2023).

Nonetheless, the advocacy successes of groups like COWOP suggest a path forward, building coalitions to lobby for policies at state and federal levels. If multiple states establish employee ownership centers and funding (as Massachusetts did), it could create a groundswell that leads to broader national programs. The goal would be to integrate worker cooperative development into mainstream economic development policy, making co-ops eligible for the same incentives and support that other businesses receive and acknowledging their public benefits (jobs, community wealth) with targeted programs. Mondragon's trajectory implies that having an enabling ecosystem, including supportive laws (for incorporation and taxation) and public-private partnerships for training and technology, can greatly accelerate cooperative growth (Whyte & Whyte, 1991, pp. 91–94). U.S. cooperatives are beginning to secure footholds in this area, but significant gaps remain, especially at the federal level.

Sectoral Focus and Economic Impact

A final comparative point is the sectoral composition of cooperative ecosystems. Mondragon's co-ops are heavily based in industries that generate substantial revenue and can achieve economies of scale. This industrial base allowed Mondragon to create high-quality jobs (many technical and professional) and reinvest profits into new ventures. In the U.S., most worker cooperatives are concentrated in service and artisanal sectors (cleaning services, home care, food, crafts, etc.), which typically operate on thinner margins. As noted in the NYC case, these sectors often limit wage growth and don't accumulate large surpluses for reinvestment. The case studies reflect this.

Aside from some manufacturing initiatives in Chicago (which are still aspirational), the bulk of U.S. co-ops discussed are service-oriented (Palmer, 2022, p. 8). This presents a challenge for achieving Mondragon-like impact. An ecosystem of small service co-ops can improve livelihoods for those members, but it may not significantly shift regional economic indicators or create large numbers of jobs (p. 9). To approach Mondragon's scale (some 70,000 employees), U.S. cooperatives will need to break into larger, capital-intensive sectors or find ways to significantly grow some of their enterprises. The current sectoral distribution is partly a result of path dependence (co-ops often start where they are easiest to form, which is in simpler service businesses) and partly due to structural barriers (e.g., starting a worker-owned manufacturing firm requires a lot of capital and technical know-how) (p. 9).

One opportunity is the conversion of existing businesses to cooperatives, particularly in manufacturing or established service companies. As the baby boomer generation retires, there is a wave of small to mid-sized businesses up for succession; some of these could be transitioned to worker ownership (p. 15). Cooperative advocates are targeting these to get worker co-ops into more substantial industries (this is a focus of Co-op Cincy and COWOP's efforts) (p. 15). If even a handful of 50–100 employee companies converted to co-ops in each region, it would significantly change the landscape (p. 16). Mondragon itself grew by converting some local companies and then by acquiring firms outside Spain—tactics U.S. co-ops have barely explored (Whyte & Whyte, 1991, pp. 88–89).

Another sectoral opportunity is emerging fields like renewable energy and platform cooperatives (co-ops in the digital economy), which could allow co-ops to enter higher-growth arenas (Palmer, 2022, p. 17). Platform cooperatives (e.g., driver-owned ride-sharing apps) have so far been limited in scale, but the concept holds potential if backed by sufficient capital and user buy-in (p. 17). The comparative analysis underscores that to truly scale up, U.S. cooperatives may need to venture beyond the "niche" sectors and target a presence in the broader economy (p. 18). Without that, even perfecting the cooperative model organizationally might not translate to a significant macroeconomic role. In summary, the U.S. cooperative ecosystems currently reflect the industry limitations that Mondragon managed to overcome, and addressing this will be crucial for any Mondragon-like success in the U.S.

Figure 3 below summarizes how Mondragon's key ecosystem pillars compared with their counterparts (existing or nascent) in the U.S. cases and a comparative analysis compilations based on drawn information from the case studies.

Figure 5: Comparison of Mondragon's ecosystem pillars with those observed in U.S. cooperative efforts.

Ecosystem Pillar	***Mondragon (Basque Region)***	***U.S. Counterparts (Case Study Examples)***
Finance & Capital	*Caja Laboral cooperative bank; internal capital pool; cross-guarantees ensure co-ops have funding for start-up and expansion.*	*No equivalent cooperative bank. Reliance on CDFIs, credit unions, and grants. Some co-op loan funds (e.g. Seed Commons, LEAF) co-finance deals, but integration is limited. (Co-op Cincy's Seed Commons fund is a small-scale example.)*
Education & Training	*Mondragon University and vocational schools embed cooperative principles and technical training, producing cooperative-minded managers and skilled workers.*	*No dedicated co-op university. Local programs like Co-op Cincy's "Co-op U" and incubator workshops (NYC NOWC, Green Worker Co-op Academy) teach co-op skills, but reach is modest and not standardized nationally.*
Inter-Cooperative Solidarity	*Formal federation (Mondragon Congress) and* ***solidarity fund*** *redistribute profits; cooperatives rescue each other in crises; joint R&D and social welfare institutions are collectively owned.*	*Nascent solidarity mechanisms. Mostly informal networks and associations (e.g. NYC NOWC fosters mutual support through networking). Co-op Cincy introduced a Network Agreement among its co-ops (a mini solidary pact). No pooled funds or mandatory support – co-ops operate independently, with voluntary collaboration.*
Governance	*Multi-tier governance: individual co-ops elect councils; representatives sit in Mondragon's General Congress and sector councils, ensuring strategic coordination and adherence to cooperative principles.*	*Fragmented governance. Each co-op is autonomous. City or state networks provide forums (e.g. NYC NOWC member meetings; COWOP coalition gatherings) but no binding governance across cooperatives. Nationally, the U.S. Federation of Worker Co-ops advocates for co-ops but participation is optional.*

Overall, the comparative analysis highlights and maintains that U.S. cooperative ecosystems remain fragmented and under-resourced relative to Mondragon. The U.S. cases have developed important pieces (education programs, advocacy coalitions, and some financial tools) but these pieces have yet to coalesce into a self-sustaining system. The next section discusses strategies to strengthen U.S. cooperative ecosystems by building on these findings.

Strategies for Strengthening U.S. Cooperative Ecosystems

Drawing on the Mondragon experience and the gaps identified above, several strategic interventions could significantly bolster the development of worker cooperatives in the United States:

1. Developing Cooperative Financial Institutions

To address the chronic capital gap, the U.S. cooperative sector should build mission-aligned financial institutions analogous to Mondragon's Caja Laboral. This strategy could include establishing regional cooperative investment funds, credit unions dedicated to worker co-ops, or even pursuing state-chartered cooperative banks. Public policy can support this by seed-funding such institutions or providing loan guarantees (p. 19). For example, states could create revolving loan funds for employee-owned business conversions, or the federal government could support a secondary market for co-op loans[3] (Storey et al., 2014).

In the interim, strengthening networks among existing cooperative lenders is essential. Continuing to formalize and grow the consortium approach, where multiple CDFIs jointly finance larger co-op projects, would spread risk and leverage more capital. Over time, these collaborations might even evolve into a national cooperative finance umbrella. The goal is a system where co-ops have ready access to patient capital and technical financial advice, rather than being relegated to one-off solutions. As capital availability improves, more entrepreneurs and retiring owners will consider the cooperative model viable, creating a virtuous cycle of growth (p. 19).

Some cooperative financiers—like LEAF, Shared Capital, and Seed Commons—have begun coordinating multi-lender deals, allowing them to share risk and finance larger conversions or start-ups collaboratively.

2. Expanding Cooperative Education & Training

Education is vital for building any cooperative ecosystem. Establishing national or regional cooperative training centers, beyond niche industries, could lead to mainstream cooperative business education. For instance, we could encourage land-grant universities and community colleges to offer courses or certifications in cooperative management through funding or partnerships. Business schools might integrate case studies on Mondragon and U.S. co-ops into their curricula, exposing future managers to cooperative models.

Programs like Co-op Cincy's, Co-op U, and New York's incubator workshops provide templates that could be scaled up or replicated elsewhere (Schildt, 2022). Also, peer learning networks, where established co-ops mentor new co-ops, should be strengthened, potentially with public support. Cooperative values and skills could even be introduced earlier, in high school or vocational programs, especially in communities where cooperative development could address economic disparities. Scholarships or loan forgiveness could incentivize talented graduates to work in the cooperative sector. By creating a talent pipeline of cooperative-savvy individuals, U.S. co-ops would be better equipped with skilled leadership and informed membership, increasing their chances of success and longevity.

3. Strengthening Inter-Cooperative Solidarity

As discussed, a hallmark of Mondragon is its institutionalized solidarity. U.S. cooperatives can foster mutual support through federations or alliances that provide shared services. For example, co-ops in a region or industry could form a cooperative federation to handle back-office functions (HR, accounting, legal) collectively, reducing costs and achieving economies of scale (Bianchi & Vieta, 2020). They could also form group purchasing cooperatives to buy supplies or health insurance for members at better rates. Another strategy is creating mutual aid funds, e.g., co-ops contribute a small percentage of profits to a joint fund that can help a member co-op in distress or finance new co-ops. Such an arrangement would emulate Mondragon's internal solidarity fund on a smaller scale. Further, policy can encourage such collaboration by offering tax incentives for inter-cooperative transactions or by recognizing cooperative federations in law. Some U.S. co-ops have begun practicing solidarity informally including referring clients to each other or co-marketing their services (p. 12). Formalizing these practices through written agreements or cooperative secondary co-ops will deepen trust and resilience. Cooperatives can cultivate a culture of solidarity over time, viewing each other not as competitors but as collaborators in building a broader movement. This cultural shift, supported by concrete mechanisms, is essential to move from isolated co-ops to a cooperative network with collective impact.

4. Legal and Policy Support for Worker-Owned Businesses

Governments at all levels have a role to play in enabling cooperative development. Key policy steps include enacting clearer incorporation statutes for worker cooperatives (to simplify their formation in every state), expanding access to Small Business Administration loan and guarantee programs for co-ops, and providing tax incentives or credits for business owners who sell to their employees (as is done for employee stock ownership planss in the U.S.). The 2022 Massachusetts initiative offers a model: dedicating a state office to employee ownership helps institutionalize support and coordinate resources (Commonwealth of Massachusetts, 2022). Other states could follow suit, establishing offices or at least task forces to promote worker co-ops. At the federal level, creating a U.S. Employee Ownership Bank or funding program could dramatically increase capital flow to co-ops. In addition, integrating worker cooperatives into community economic development plans—like including co-ops in the Department of Housing and Urban Development community block grant eligibility or Economic Development Agency programs—could normalize them as part of economic strategy. Public procurement policies can also help.

Next, cities and states could give preference or points to cooperatives in contracting, recognizing their benefits in retaining community wealth and local ownership. Not to mention, raising the visibility of co-ops through official channels (proclamations, hearings, etc.) can educate public officials and agency staff. The combined effect of these policy measures would be to reduce the barriers cooperatives face and to signal that they are valued contributors to economic development. Just as Mondragon eventually benefited from a supportive policy environment in Spain, U.S. cooperatives need an enabling legal environment that provides them fair opportunities to compete and grow.

Implementing these strategies will require concerted effort by cooperative leaders, advocates, and allies in government and finance. Encouragingly though, the momentum around employee ownership recently is growing. More states are exploring legislation, and federal agencies have shown increased interest in inclusive ownership models. By taking proactive steps now to build the necessary institutions and supports, the U.S. can cultivate cooperative ecosystems that, while adapted to American realities, achieve the self-sustaining dynamism exemplified by Mondragon.

Conclusion

The U.S. cooperative movement is charting its own course. Distinct from Mondragon's yet informed by its legacy. The case studies explored in this paper reveal that while no single region has fully replicated Mondragon's integrated infrastructure, elements of its ecosystem, such as education, labor partnerships, and policy advocacy, have taken root across the country in diverse and promising ways. These efforts demonstrate not a lack of ambition, but rather the need for deeper coordination, long-term investment, and supportive public policy to transform scattered innovation into systemic strength.

What remains elusive in the U.S. context is the cohesion that defines Mondragon: its embedded financial institutions, inter-cooperative solidarity mechanisms, and centralized governance structures. But this gap should not obscure the real momentum building across regions. With heightened interest in employee ownership, a growing field of cooperative financiers, and new policy footholds at the municipal and state levels, the foundation for a more expansive cooperative economy is forming.

The road ahead will require more than scaling up existing efforts; it will demand a deliberate strategy to create shared infrastructure. Regional hubs for cooperative capital, education, and federation could become the backbone of a modern cooperative economy. Targeted replication of successful pilots—such as New York City's co-op funding initiatives and Massachusetts' policy leadership—can accelerate institutional learning across jurisdictions. Meanwhile, the impending generational transition in business ownership presents an extraordinary opportunity for conversions on a scale not previously seen.

Importantly, the path forward must also address cultural and perceptual challenges. As more communities encounter successful co-ops, in retail, care work, food production, or advanced manufacturing, cooperatives will increasingly be seen not as alternatives, but as serious, competitive enterprises. A significant cultural barrier to cooperative development in the United States is the deeply rooted emphasis on rugged individualism, too, which contrasts with the communitarian values that persist in places like the Basque Country. Within the Mondragon cooperative group, a strong collective orientation continues to shape both organizational practices and interpersonal dynamics (Forcadell & Bretos, 2022).

Mondragon offers not a blueprint, but a benchmark. Its story is a reminder that building durable cooperative ecosystems takes more than good intentions, it takes aligned institutions, shared values, and time. By adapting those lessons to local conditions and acting boldly in this moment of opportunity, the U.S. cooperative movement can grow into a powerful force for inclusive, democratic economic development. The vision is not to recreate Mondragon in America, but to let its principles inform a distinctly American model of cooperative resilience and scale.

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Notes

[1] It is worth noting that although the legislation was signed into law, no federal funds have been allocated to implement it. Given the current administration's priorities, future funding remains unlikely. Additionally, cooperative development capacity within the USDA has diminished, as the last three cooperative specialists left their positions in April 2024. Compounding the issue, recent SBA funding intended to support organizations such as LEAF has not been distributed; in April, applicants were notified that the SBA lacked sufficient staffing to process their applications (NCBA CLUSA, 2024).

[2] Also worth noting that the loss of USAID funding has significantly affected the National Cooperative Business Association (NCBA), which functions both as a domestic trade association and an international development organization through its Cooperative League of the USA (CLUSA) division. International development activities previously made up approximately half of NCBA's overall budget (Chaddad, 2023).

[3] Massachusetts and New Mexico have both introduced legislation to establish public banks modeled after the Bank of North Dakota. Although these proposed institutions would serve a broader economic purpose beyond just cooperatives, they could provide a mechanism for channeling municipal public funds into the cooperative sector, supporting its growth and financial sustainability (Public Banking Institute, 2023; Gorenstein, 2022).