ILR Buffalo Co-Lab

Building "Next Generation" Democratic Workplaces to Reduce Inequality and Empower Workers

Evidence and Policy Implications from Buffalo-Niagara

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Executive Summary

Even before COVID-19, the U.S. was experiencing some of the highest levels of income inequality and largest racial and gender wealth gaps in recent memory. By most accounts, the pandemic is now exacerbating these and related systemic inequities in American society. Rather than taking measures to simply weather the storm and return to slightly less—but still grossly—uneven pre-COVID distributions of wealth and opportunity, we must match the scale of our policy responses to the scale of the crises we face. In short, we are at a critical juncture from where we are well-positioned to question business-as-usual and set course for a new, more democratic and inclusive economy and society.

There are no shortcuts or silver bullets that will take us there effortlessly. More generally, there is no "there" at all, as making a democratic economy is an ongoing, active process and not a final destination. Along those lines, the objective is not to design a single perfect society from the top-down, but to create supportive conditions, at the top and everywhere else, that allow us to continuously build better ones from the bottom on up. In this report, we explore opportunities for creating such conditions to support the emergence and sustainability of innovative business enterprises that are intentionally designed to confront the multiplying crises that face our nation and planet in the 21st century. These next generation enterprises (NGEs), as the report defines them, are characterized by:

- Democratic employee ownership;
- Democratic worker participation in and influence on corporate decisions;
- Binding social missions that make them accountable for creating public benefits; and
- Deeply inclusive practices and values that create employment and ownership opportunities for historically marginalized persons and populations.

Within the current political economic system, prevailing cultural norms and institutional infrastructure have forged a business climate that rewards self-interest, growth, and profit-maximization while essentially punishing "costly" actions that enhance the public good at the expense of the private bottom line. As such, entities that exhibit all of the NGE features listed above are extremely rare. And they are under constant threat of being swept away by competitive economic forces where they do exist. This report explores strategies for changing this reality—both by building on existing institutions that work to make the economy more democratic and equitable in the here and now, and by designing and implementing new tools and mechanisms to allow new NGEs to emerge, and thrive, in a new economy for the "next generation."

Toward those ends, the report is divided into three roughly equal parts. First, Part I (Chapters 2 and 3) provides a selected, non-exhaustive overview of workplace-based institutions and institutional designs for confronting economic and wage inequality. The three "building blocks" featured in this part are:

- Labor unions, which have a history of encouraging participatory democracy and cultivating workers' collective power to make decisions in and about their workplaces;
- Employee-owned enterprises, where workers have ownership stakes in their firms; and
- Mission-led enterprises or social mission businesses, which use portions of their profits and/or other resources to provide public and community benefits.

Part II (Ch. 4) adds empirical weight and a regional focus to the report by inventorying and studying these three "building block" institutions in the Buffalo-Niagara region of Western New York. Namely, we develop and execute a mixed methods case study of Buffalo-Niagara that explores links between wages and the presence of these building blocks by industry, race, and gender. We find that evidence of worker power and worker ownership in firms is strongly associated with higher wages in most economic sectors, for workers of color, and for women. Specific findings from the analyses include:

- 77.3% of workers in private sector unionized firms earn $40,000 per year or more, compared to 51.0% of all other workers in the same census tracts;
- 24.0% of workers in private sector unionized firms identify as persons of color, compared to 15.6% of all other workers in the same census tracts;
- 93.6% of workers in firms with employee stock ownership plans earn $40,000 per year or more, compared to 47.4% of all other workers in the same census tracts;
- 53.8% of workers in firms with employee stock ownership plans identify as persons of color, compared to 14.3% of all other workers in the same census tracts;
- Private sector wages for workers of color and women are higher in census tracts with unionized and/or employee-owned firms compared to tracts without these "building block" institutions.

Qualitative insights from interviews with members of the regional cooperative movement bolster the data-driven findings, as interviewees regularly mentioned group solidarity and combatting inequality as factors that motivated them to pursue cooperative ventures. Indeed, some of the recurring reasons that interviewees gave for joining the cooperative movement include:

- the desire to make something different and demonstrate what alternatives are possible;
- a sense of community and solidarity with people in society; and
- a demand for democracy at work and equitable outcomes and success for everyone.

On top of these themes, a review of the mission statements of the organizations represented in the interviews turned up statements such as:

- "Creating an economy where we can generate and keep our resources within the community";
- "Five percent giving", whereby one co-op commits itself to sharing 5% of its monthly sales to community causes and organizations—each month, worker-owners democratically choose the cause or organization to be funded; and
- "Building a better Buffalo is in our DNA. We…provide job training opportunities for at-risk and disadvantaged youth."

In other words, many of the worker cooperatives included in the study are also mission-led enterprises or social mission businesses that commit themselves to creating public benefits.

Taken together, the evidence generated in the case study suggests that democratic ownership and democratic control/worker power are consistently tied to higher wages—and both phenomena are systematically associated with greater racial inclusion—in Western New York. Further links between democratic ownership, democratic control, and social mission were revealed in interviews with leaders in the regional worker cooperative movement.

In light of those results, Part III (Ch. 5-6) lays out an overarching strategic framework and set of goals for building empowered "next generation" enterprises that can fight inequality and help build a more democratic economy and society. Using that framework as a point of departure, Chapter 6 outlines policies and mechanisms for bringing "next generation" enterprises to scale at local, state, and national levels. The proposals were drawn selectively from existing literature and on-the-ground examples to serve as inspiration for moving a new economy agenda forward. Specific recommendations, which are spelled out in more detail in Chapter 6, include:

Federal Proposals:

1. Reform federal labor law (e.g., pass the Workplace Democracy Act and the PRO Act).
2. Require that all public companies in the U.S. give workers the right to directly elect at least one-third of their companies' boards of directors.
3. Expand the 1042 Rollover program so that it incentivizes worker ownership and control, rather than just the former.
4. Grant employees a "right of first refusal" to collectively purchase their companies when owners wish to sell and create a U.S. Employee Ownership Bank to facilitate employee firm acquisitions.
5. Amend the Self-Employment Assistance Program (SEAP) to permit groups of workers seeking to start an NGE to jointly request their benefits as lump-sum advances.

[New York] State Proposals:

6. Adopt standard annual reporting requirements for New York State benefit corporations and publish the data on an openly accessible web interface.
7. Adopt the Uniform Limited Cooperative Association Act (ULCAA).
8. Adopt procedures to assign preference to NGEs in state government contracting.
9. Establish a statewide Center for Worker Ownership (i.e., pass New York Senate Bill S2184).

Local Proposals:

10. Adopt procedures to assign preference to NGEs in local government contracting (same as proposal #8).
11. Adopt an Economic Development Accountability Act (EDAA).
12. Provide an NGE tax incentive.
13. Establish a dedicated local NGE fund.

The final section of the report reflects on the added importance that policies like the ones listed above have taken on in the era of COVID-19.

Table of Contents

Introduction

1. A Critical Juncture

Communities across the United States are grappling with sharply rising income inequality. Since 1979, earnings of the top one percent of Americans have grown by a staggering 157 percent, compared to just 22.2 percent for the bottom 90 percent of workers.[1] Wealth gaps between the most privileged and marginalized social and demographic groups have widened by even larger amounts. By 2015, for every dollar in wealth owned by white households, Black and Latinx households held just six and eight cents, respectively; and women held only 32 cents for every dollar of wealth owned by men.[2]

Equally as troubling, present generations are far less likely than their parents and grandparents to experience upward economic mobility,[3] in part because the former are far likelier than the latter to be saddled with crushing sums of long-term student debt.[4] Beyond these growing levels of indebtedness, job seekers of all educational backgrounds are faced with fewer choices in the American labor market, where much of the recent job growth has come in the form of low-wage work.[5] According to analysts, this trend means that low income workers do not have the simple option to "find better paying jobs" like many free market proponents might advise. Rather, the data show that, at present, "there are not enough living wage jobs to go around."[6]

As implicated above, lack of living-wage and family-sustaining jobs tends to disproportionately affect women and workers of color. Put differently, income and wage inequalities are inseparable from broader forms of discrimination and patterns of social and spatial inequality that pit groups and places against one another in competition,[7] undermining social cohesion.[8] For instance, as top earners spend ever more money on housing to locate (or insulate) themselves in higher end neighborhoods with desirable amenities—including, especially, the better performing school districts in their regions[9]—lower income households are left to compete over the scraps. At the very lowest income tiers, households become spatially concentrated in stigmatized neighborhoods that feature few amenities; numerous signs of physical, social, and environmental distress; few opportunities for high quality employment or schooling; and, generally, poor and unreliable public services.[10] The results of these residential sorting processes include, among other outcomes, worsening levels of segregation and a loss of morale in affected persons and communities.[11] In other words, our modern political-economic system arms the wealthy few with the ability to make decisions that disempower, hold down, and otherwise undermine the wellbeing of the less affluent many.[12]

The phenomena just described are fundamentally undemocratic. They work together, seemingly by design,[13] to ensure that (1) wealth is owned and concentrated at the top rungs of the economic ladder, in such a way that (2) disproportionate levels of political and economic power accrue to that wealth, so that the system of privilege that gave rise to the uneven divisions can be sustained and reinforced long into the future.[14] This report explores this interplay of ownership and power at a zoomed-in scale of analysis—the workplace—to study ways in which business enterprises are being and might be redesigned to confront the multiplying crises that face our nation and planet in the 21st century. While the empirical material for much of the report comes from the Buffalo-Niagara region of Upstate New York, the broader thrust of the project is that current crises have placed our society at a critical juncture[15] from where we are well-positioned to question "business as usual" and set course to a new, more democratic economy.[16] Although that course will feature vastly changing terrain with countless unobservable and unanticipated twists and turns, we submit that any serious commitment to navigating it depends on the availability of alternative, more democratic and broadly owned business vehicles that can pull us out of crisis, drive us from inequality, and carry us toward shared prosperity for all.

On that backdrop, the remainder of the report is divided into three roughly equal parts. First, Part I (Chapters 2 and 3) provides a selected, non-exhaustive overview of workplace-based institutions and institutional designs for confronting economic and wage inequality, followed by a synthesis of key themes that reveal building blocks for the types of "next generation" business enterprises that are needed to combat systemic inequality and its fellow, intersecting crises. Part II adds empirical weight and a regional focus to the discourse by inventorying and studying selected "building block" institutions in the Buffalo-Niagara region of Western New York. More specifically, while few enterprises in the U.S.—or around the globe—exhibit all of the "next generation" features spelled out in Part I,[17] most geographic regions contain organizations that check off at least some of the desirable features. Key among these "building block" entities are unionized workplaces, worker-owned enterprises, and social mission businesses. We develop and execute a mixed methods case study of Buffalo-Niagara that explores links between wages and the presence of these building blocks by industry, race, and gender. We find that evidence of collective bargaining (worker power) and worker ownership in firms is strongly associated with higher wages in most economic sectors, for workers of color, and for women. Qualitative insights from interviews with members of selected worker-owned cooperatives bolster this data-driven message, as interviewees regularly mentioned group solidarity and combatting inequality as factors that motivated them to pursue cooperative ventures. Finally, Part III lays out an overarching strategic framework and set of goals for building empowered "next generation" enterprises in U.S. states and localities. Using that framework as a point of departure, the report (and Part III) concludes by identifying policies and mechanisms for bringing "next generation" enterprises to scale at local, state, and national levels. Crucially, the report's list of policies and mechanisms is neither comprehensive nor one-size-fits-all. Rather, its elements were drawn selectively from existing literature and on-the-ground examples to serve as inspiration for moving a new economy agenda forward. Precise policy instruments must necessarily be tailored to the specific contexts in which they are to be applied.

Building Workplaces that Fight Inequality

2. Existing and Emerging Work-Based Institutions for Reducing Inequality

Inequality takes many dynamic, evolving forms and operates at all scales of human society, from the household[18] and firm[19] up to global institutions of power.[20] It is beyond the scope of this report, and in all likelihood impossible, to enumerate these varied forms of inequality and discuss all the ways that they are produced by a political-economic system that rationalizes,[21] and presumably functionally depends,[22] on them. Rather, we merely note here that crises with systemic causes (e.g., inequality, climate change, etc.) can only be solved through mutually reinforcing structural and cultural changes[23] that redesign and transform the problem-generating system(s) over time.[24] While plenty of scholars have sketched out some of the big picture structural, normative, and policy changes that are needed to fight inequality,[25] this report focuses on the comparatively micro-level workplace—an arena where thoughtful progressive changes can inspire, interact with, and strengthen broader scale efforts in systems change.[26] Toward that end, this chapter briefly reviews three existing and emerging work-based models, or building blocks, for fighting inequality: (1) organized labor and its historic links to democratic participation, (2) broad-based ownership, and (3) social mission businesses. Subsequently, Chapter 3 synthesizes key themes from the discussions of these models into a working conceptual framework for establishing—whether through organizing new or converting existing—"next generation" enterprises that reduce inequality and contribute to the public good, by design.

Labor Unions

Labor unions are democratic, voluntary, organized groups of workers who come together to "make decisions about conditions affecting their work."[27] Stated another way, whereas individual workers often lack the power to unilaterally influence the decisions made in their workplace boardrooms, labor unions are a mechanism for disempowered workers to join forces and, with unified voice, collectively fight for a seat at the table. In firms where they are present, labor unions can secure, for the workers they represent, the power to participate in certain corporate decisions that affect them and their work.

To many observers and researchers, organized labor's participation in business decision-making has been most visible in setting standards for wages, hours, and working conditions.[28] Indeed, unions have been winning freedoms and material benefits for their members in these domains since well before the turn of the 20th century.[29] Such efforts have made demonstrable progress in reducing income inequality in and beyond the United States.[30] Yet, since reaching its height in the early 1970s, a toxic mix of anti-union regulations and sentiments, automation and technological change, and economic globalization has severely weakened the size and strength of organized labor.[31] As economist Robert Reich recently put it:

> **"Fifty years ago, a third of private-sector workers belonged to labor unions. This gave workers bargaining power to get a significant share of the economy's gains along with better working conditions–and a voice. Now, fewer than 7 percent of private sector workers are unionized…[contributing to] a growing sense of powerlessness in all aspects of our lives–as workers, consumers, and voters–[and] convincing most people the system is working only for those at the top."[32]**

Circling back to the introduction, the soaring levels of inequality that society is presently dealing with take on new meaning when viewed through the lens of a systematically depleted organized labor movement. For instance, in a 2007 study, a Harvard economist estimated that the fall in unionism from its peak numbers might have accounted for around 20 percent of the rise in inequality between the 1970s and early 2000s.[33] More recent research suggests that changes in union density likely still account for between five and ten percent of changes in inequality in the U.S.;[34] however, the overarching consensus is that organized labor has been "gutted"[35] and remains in a state of downturn.[36]

In light of both the empirical successes of labor unions in securing better outcomes for workers and the structural forces that have continuously undermined those gains–and, with them, union power throughout the economy–calls to grow and strengthen the labor movement are increasingly common in contemporary strategies for fighting inequality.[37] In fact, public opinion of unions is on the rise in general, approaching historic highs.[38] Notably, though, this renewed interest in organized labor is not a demand for the expansion of familiar "business model" or "servicing logic" unions that focus narrowly on delivering material benefits for workers in a single firm; but rather for large-scale (re)investment into unions that are rooted in a "mutual aid logic," whereby members share a sense of identity and values of solidarity, democracy, and participation[39] that spillover to spaces outside the confines of the workplace, into communities and across sectoral boundaries.[40]

Unions characterized by such a logic tend to be those that have historically leaned hardest into participatory democracy, with rank-and-file members actively engaged in union affairs, elections, strategic planning and debates, rule-making, rule enforcement, and broader social and community outreach.[41] Reflected in all of these activities, but especially in the latter, research shows that individuals (especially workers) who "have opportunities to engage in participatory decision-making systems are more likely to become involved in formal political practices."[42] Accordingly, it is easy to see why union members are regularly found to exhibit above-average levels of electoral participation, civic engagement, and activism[43]–evidence that unions and their members still play a "significant democratizing role" in American society.[44]

This sort of participatory, "mutual aid" based unionism has plenty of precedents in the history of American labor,[45] meaning that building blocks for (re)constructing it at larger scales across the U.S. landscape are already present in our society—even if only in the cracks and margins of the growth-obsessed 21st century economy.[46] The challenge, then, is at least threefold: it is necessary to (1) identify those building blocks, (2) understand their capacity to fight contemporary inequality and its intersecting crises, and (3) develop strategies and policies for building on them in ways that reinforce their inequality-fighting capacities and link them to other systems-change efforts over time. Parts II and III will take up portions of these tasks for the Buffalo-Niagara region of the American Rust Belt.

Broad-Based Ownership

Broad-based business ownership models are enterprise designs that distribute "capital ownership and access to capital income" broadly to workers[47] who traditionally fall outside of the capitalist owning (or ruling[48]) class. Extending opportunities for broad-based business ownership is increasingly understood to be a necessary "part of any effort to address today's economic inequality."[49] Notably, there are several extant models of broad-based ownership that can push back against the forces that are propelling inequality into the stratosphere. Because it is not our aim to review all of these models, we encourage our audience to read the instructive guide to broad-based ownership recently published by the Democracy Collaborative, which illustrates the differences and capacities of various models using cases from around the U.S.[50] For our purposes, we home in on just two of the more popular (and numerous) models that have gained traction in the American economy and stand to reshape it[51] as they proliferate: (1) Employee Stock Ownership Plans (ESOPs) and (2) worker-owned cooperatives.

EMPLOYEE STOCK OWNERSHIP PLANS (ESOPs)

Employee stock ownership plans are mechanisms for extending company ownership to employees via shares of the company's stock. Specifically, in ESOPs, "ownership shares [are] held in [employees'] retirement accounts."[52] When employees leave an ESOP company either through retirement or for other reasons, they are entitled to cash out their ownership shares. Many ESOP companies have "repurchase obligations" which enable (or, often, require) them to buy cashed-out shares at the going market price, thereby ensuring that the shares remain with the company and continue to feed into the ESOP.[53]

Experiments in profit sharing and employee stock ownership in the U.S. date to at least the 1800s, with labor unions—especially the United Steelworkers—frequently involved in mechanism design.[54] It was not until the 1970s, however, that the ESOP model was codified in U.S. federal policy as part of the Employee Retirement Security Act of 1974.[55] Additional incentives were subsequently created to encourage retiring business owners to sell their stock to ESOPs. Specifically, the Section 1042 Rollover in the Internal Revenue Code allows retiring owners who sell 30 percent or more of their stock to their company's ESOP to defer capital gains taxes. Empirical evidence shows that this suite of federal policy changes catalyzed rapid uptake in and expansion of ESOPs in the United States, offering a source of inspiration to contemporary progressive campaigns for other, farther-reaching forms of broad-based ownership.[56]

To the extent that federal policy helped grow the universe and visibility of ESOPs in the U.S., there is now a sizeable body of literature on their strengths, weaknesses, and outcomes.[57] Among the recurrent findings are that:

- workers at ESOP firms, on average, "make…more in wages than workers at comparable traditional firms;"[58]
- compared to workers at conventional firms, ESOP workers have "retirement accounts…an average of 2.5 times larger;"[59]
- there is a "small but significant positive relationship on average between [ESOPs] and firm performance;"[60]
- there is "more equal distribution in [ESOP] firms than in other firms;"[61]
- "ESOPs had higher average employment growth in the 2006-2008 pre-recession period than did the economy as a whole, and they also had faster growth following the recession from 2009-2011;"[62]
- ESOP employees report that they have "greater job security and lower likelihoods of being laid off…compared to other employees;"[63] and
- in some cases, ESOP workers' shareholder voting rights appear to correlate with more informal forms of participatory and democratic decision-making in company affairs;[64] however,
- ESOPs do not guarantee employee-owners sufficient control over business governance, and in many cases, ESOPs are no more participatory or democratic than conventional firms.[65]

In sum, ESOPs extend ownership broadly to employees in a firm in ways that have demonstrably increased wages, wealth, and job security for workers-owners at all income levels.[66] On occasion, ESOPs provide worker-owners with power to participate in company decision-making and governance. More often, however, ESOPs under-deliver on bottom-up, democratic power and control. As researchers have noted, ownership without meaningful employee participation and voice can doom ESOP firms to operate more like their conventional business counterparts. In fact, some “high profile ESOP failures like United Airlines and the Tribune Company” were even characterized by worker-owners with almost no power whatsoever, thus scarring the reputation of ESOPs in various circles.[67]

How, then, might the wealth-building (and, hence, inequality-fighting) benefits of ownership that ESOPs appear to deliver to workers be coupled with more authentic power to participate in company governance and decision-making? One potential answer to this question lies in a second model of broad-based ownership: worker-owned cooperatives.

WORKER-OWNED COOPERATIVES

Generally speaking, a cooperative (“co-op”) is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”[68] According to the University of Wisconsin-Madison Center for Cooperatives, there are five broad types of entities that fit this definition:

- “*Consumer cooperatives* are owned by members who use the co-op to purchase the goods or services that they need. By combining member demand, the co-op can provide better availability, selection, pricing, or delivery of products or services to individual consumers. The model is used in many sectors and includes credit unions, grocery co-ops, telephone and electrical distribution, housing, and childcare [example: REI];
- ***Worker cooperatives*** are businesses that are owned by their workers. Ownership allows the worker-members to control the operations and strategic direction of the business and to directly benefit from the business’s success. Profit distribution to worker owners is based on some combination of job position, hours worked, seniority, and salary. Worker cooperatives are found in a wide variety of industries [example: Equal Exchange coffee];
- *Producer cooperatives* are owned by people who produce similar types of goods or services. The members use the cooperative to more effectively negotiate prices and to access larger markets. The cooperative can further process member products to add value and increase producer returns. Some producer cooperatives also pool member demand for production inputs to obtain better pricing for those inputs. Many agricultural cooperatives provide both types of services to their members [example: Ocean Spray];
- *Purchasing cooperatives* combine member demand to achieve better pricing, availability, and delivery of products or services. The members of purchasing cooperatives are businesses or organizations, rather than individual consumers, that use the cooperative to more efficiently manage their operations. Purchasing co-ops are used by hospitals, independent retail stores, farm supply cooperatives and educational institutions for cost-effective wholesale purchases [example: Ace Hardware]; and
- Also referred to as *hybrid or solidarity model cooperatives*, multi-stakeholder cooperatives are owned by two or more types of members who have different roles and interests in an enterprise that more broadly benefits them all. Member classes may include consumers (either individuals or businesses), producers, workers, or investors [example: Wisconsin Food Hub Cooperative].”[69]

The preceding list is meant to show the breadth and diversity of cooperatively owned and controlled enterprises. Nevertheless, recall from prior sections that the relevant inequality-fighting building blocks for the purposes of this report are worker ownership and workers’ democratic power or control over business decisions. Of the five broad types of co-ops, only worker cooperatives—as emphasized with bold and italicized text in the above list—are specially designed to deliver in both domains. For that reason, the remainder of this section (and report) focuses on co-ops that are owned by their workers. Note well, though, that this choice is merely a practical and convenient one—namely, it facilitates the creation of a conceptual framework and guides analytical exercises later in the report. In that vein, it is not without limitations. Chief among those limitations is that the remaining four types of cooperatives all have roles to play in a new economy where people and planet come before profits;[70] where the forces that produce inequality and environmental destruction grow gradually weaker until they are eventually stamped out.[71] Given this report's somewhat narrow focus on the workplace, however, it is reasonable to limit the investigation to the one type of entity that is intentionally structured around worker ownership of, and worker control in, their firms.

That type of entity—a worker co-op—is democratically owned and controlled by workers on the principle of one member-one vote,[72] and it operates for the collective benefit of its worker-owners.[73] In other words, co-ops are "people-centered enterprises" that "bring people together in an equal and democratic way" and are "driven by values, not just profit."[74] The specific values that motivate [worker] co-ops are embodied in a governing set of internationally agreed-upon principles written to "build a better world through cooperation."[75] Those Cooperative Principles, sometimes referred to as the Rochdale Principles in honor of a pioneering community[76] of proto-socialists who established cooperatives in Rochdale (Manchester, England) in the 1840s,[77] are:

- "*Voluntary and Open Membership*: Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination;
- *Democratic Member Control*: Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner;
- *Member Economic Participation*: Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership;
- *Autonomy and Independence*: Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy;
- *Education, Training, and Information*: Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public–particularly young people and opinion leaders–about the nature and benefits of co-operation;
- *Cooperation among Cooperatives*: Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures;
- *Concern for Community*: Cooperatives work for the sustainable development of their communities through policies approved by their members."[78]

These principles illustrate how [worker] cooperatives differ from conventional businesses. Rather than following Milton Friedman's directive that the "social responsibility of business is to increase its profits,"[79] which has colonized almost all corners of American economic and political thought,[80] many co-ops strive for true social impact. More explicitly, co-ops often aim to contribute to the public good. Many are also committed to what might be thought of as deep inclusion[81] (refer to the first principle)—that is, many (though certainly not all[82]) co-ops strive to be intentionally open to a wide range of prospective worker-owners, and they seek to ensure that worker-owners meet one another and interact as equals.[83] While such commitments undoubtedly lower profit margins and would have the investor-owners of conventional corporate firms calling for removal of management and boards of directors, they form part of the DNA of worker cooperatives.[84] This willingness to sacrifice profit for the good of worker-owners, and for the public good writ large, make worker co-ops indispensable tools for "counterbalanc[ing] the massive growth of inequality between the world's rich and poor."[85]

As was the case with employee stock ownership plans in the preceding section, there has been abundant research on worker cooperatives since the mid-20th Century, and those studies have led to several widely supported conclusions. Shannon Rieger recently summarized those conclusions as follows: worker cooperatives "produce demonstrably better outcomes for workers, for businesses, for local communities, and for society and the economy at large than do conventionally owned businesses."[86] Among the specific "better outcomes" are:

- locally rooted ownership that makes firm relocation less likely;
- greater "job security in economic downturns", insofar as worker co-ops prioritize job preservation over profit maximization;
- measurable increases in workers' reported health and happiness; and
- increased civic engagement and social and environmental responsibility.[87]

In addition to these benefits, worker co-ops appear to be much more successful at including marginalized and disempowered workers compared to traditional businesses. To be sure, according to the most recent release of the Democracy at Work Institute's State of the Sector report, persons of color account for nearly three-fifths (59%) of all current worker-owners in the United States, and women account for nearly two-thirds (63%) of worker-owners.[88] Contrast those numbers with the overall U.S. labor market, wherein persons of color account for fewer than one-fourth (22%) and women for fewer than one-half (47%) of all workers.[89]

Despite their apparent virtues, however, worker cooperatives remain relatively few in number and tend to operate in states of precarity where they do exist.[90] Among the drivers of these circumstances is that standard business development models and support programs rarely offer information on worker co-ops, and, at times, explicitly advise against forming them. Moreover, even when information is available, the startup process can be significantly more burdensome for cooperatives compared to conventional enterprises. For instance, worker cooperatives are ill-defined (if defined at all) in state corporation laws, making traditional banks and lenders skeptical of cooperative arrangements. As such, lenders frequently deny loan applications for would-be cooperators, severely limiting the latter's access to startup capital.[91] The great irony in viewing worker cooperatives as inherently risky investments for lenders is that, in the U.S., for entities 6-10 years old, worker cooperatives have a 25.6% success rate compared to just 18.7% for other small businesses.[92] Further, worker cooperatives tend to experience far less employee turnover than conventional businesses, and they are much less likely to terminate workers in order to reduce labor costs and increase profitability—suggesting that they strive to be more sustainable and resilient in the face of changing economic conditions relative to traditional investor-owned firms.[93]

In sum, by embracing the Cooperative Principles and striving for democratic worker control, worker cooperatives almost certainly contain more and more impactful inequality-fighting building blocks compared to ESOPs. Nevertheless, it is important to keep in mind that, even though most worker co-ops declare a commitment to community and strive for social impact, their first duties are to the worker-owners themselves. Unless social impacts are codified into an organization's corporate mission and factored into its decision-making processes, there is no guarantee that the entity will dependably produce valuable public benefits through the course of its operations in perpetuity. Rather, such a guarantee or promise ostensibly requires an additional building block: a social mission.

Social Mission Businesses

Emerging forms of "mission-led" organizations are choosing to "institutionalize [social] mission by embedding it in their structure"[94]. Social mission, in this sense, refers to a wide variety of goals and objectives that involve intentionally creating positive benefits for society and enhancing the public good. Often, mission-led firms are active in issues of environmental sustainability and climate change, as well as social, racial, and economic equity. These social mission businesses (SMBs) exist in many forms, including:

- Social enterprises, which tend to be nonprofit-owned entities that use business strategies to solve social problems (e.g., training and employing persons with employment barriers);[95]
- Benefit corporations and low profit limited liability companies (L3Cs), which are relatively new organizational forms that derive from business structures already spelled out in guiding state laws, but which—unlike their traditional counterparts—protect organizations from legal action that might arise due to the mismatches between an organization's costly social mission and its shareholders' desire for maximum profit;[96] and
- B Corporations, which are businesses certified by the independent nonprofit B Lab for exceeding established quantitative thresholds on various positive environmental and social impact indicators—notably, "B Corp" certification is sought voluntarily by and can be granted to any legal business structure, and is not limited to entities that are formally organized as "benefit corporations" in the 30-plus states where such a corporate form exists.[97]

Compared to labor unions and broadly owned enterprises, SMBs are relatively new and emerging tools for fighting inequality and other persistent social and environmental ills. Unlike the former two types of institutions, which push back against inequality via some combination of participatory democracy and worker power and worker ownership, SMBs confront today's crises by harnessing the power of business for the public good. In adopting social missions, SMBs make deliberate, binding attempts to share their wealth and skills—and in turn build solidarity—with their communities and society at large.

The "binding" qualifier in the previous sentence is intended to stress that SMBs hardwire social commitments into their founding documents, helping to ensure that they deliver on those commitments consistently and not just when it is convenient. Indeed, in states that offer such a form, a benefit corporation is required to "add language to its charter and articles of incorporation [mandating] consideration of all shareholders and non-financial interests—e.g., community, environment, employees and customers—when making business decisions."[98] To hold these entities accountable for the prosocial statements they make in their founding documents, benefit corporations are typically required to submit annual reports to state agencies detailing the public benefits they create.

However, because not all states recognize benefit corporations as legal entities, many businesses that wish to pursue social missions find themselves doing so from within conventional corporate structures. In these cases, prospective SMBs will not be subject to reporting requirements, which can weaken their social accountability. For entities in such circumstances—and even, as it were, for entities that are incorporated as benefit corporations in supportive states—standardized periodic reports can be submitted to the independent, nonprofit B Lab. B Lab assesses firms on how well their "day-to-day operations…create positive impact for [their] workers, community, and environment."[99] Points awarded in these categories are combined into aggregate B Impact Scores that range from 0 to 200. In practice, the best-performing firms score in the range of 160-170, with the median score for conventional firms pinged at around 50. For B Lab to certify an SMB as a B Corp, the applicant needs to achieve a B Impact Score of 80 or higher. Once an SMB achieves B Corp certification, however, the process is not over. To promote continued accountability, each certified B Corp is required to submit regular reports, at which points they receive updated B Impact Scores. Firms whose B Impact Scores fall below the threshold in a reporting period will lose their active status and need to apply for re-certification in the future.[100]

Since SMBs such as social enterprises, benefit corporations, and B Corps are relatively new and emerging institutional designs, there is far less empirical research on their capacities to fight inequality compared to labor unions and worker-owned firms. At least one reason for the shortage of research is that data on SMBs and their impacts are lacking. In the main, the best sources of data on SMBs are self-reported directories. Social enterprises, for example, can become members of the Social Enterprise Alliance (SEA) to be included in its online directory.[101] Membership is costly, however, meaning that it is probably neither an option nor a high priority for social enterprises that operate at thin margins. As such, the directory almost certainly underreports the number of entities in any given place.

The same goes for B Corps. B Corp certification promises to benefit SMBs by helping them to:

- build relationships with other SMBs and grows the new economy movement;
- attract talent, given that growing segments of the workforce are looking to do work that makes a difference in society;
- improve their social impacts, by continuously monitoring progress on social goals and updating strategies in response to what is learned;
- amplify their voice and stand out as businesses making a difference; and
- protecting their social missions by ensuring they do not fade away in states and circumstances where systems of accountability are not well developed.[102]

Nonetheless, depending on a company's annual sales volumes, B Corp certification is associated with an annual fee of between $1,000 and $50,000.[103] Coupled with the fact that a B Impact assessment takes two to three hours to complete[104] (assuming that an applicant keeps good records), it is obvious that not all SMBs or prospective SMBs will opt into the certification process. Thus, while B Lab is transparent and generous with its B Impact data—which researchers have used to document wealth-building and environment-enhancing impacts of certified B Corps[105]—those data cannot be used to study benefit corporations or SMBs that have not pursued certification. Obtaining information on this latter class of SMBs is therefore quite difficult, especially given that different states have different (or no) reporting and publication requirements. In New York State, for instance, there is no public-facing portal for accessing benefit corporation reports, nor is there even a centralized database for querying and identifying active benefit corporations in the state. Since adopting its legislation to recognize the benefit corporation as a legal structure in 2011, New York has not issued a single report on the number or public impacts of its benefit corporations.

Given the relative scarcity of reliable, representative data on SMBs, there are few sweeping conclusions about them in the literature. Nevertheless, case studies of specific SMBs show that many tend to:

- "Donate a higher percentage of their profits than ordinary corporations…;

- Create more opportunities than ordinary corporations for their employees to volunteer…;
- Incorporate a concern for social and environmental impact into their core business culture and practices, resulting in greater social benefit and fewer [external] social and environmental costs for government and society;
- [Be] potential partners for working with nonprofits, citizen groups, and city governments; [and]
- [Be] good potential businesses for conversion to employee ownership."[106]

Put more succinctly, the preponderance of anecdotal evidence suggests that SMBs (1) share profits with broader constituencies than just their shareholders, (2) encourage solidarity with persons and groups in and outside of the workplace, and (3) encourage networking and participation in coalitions that can build and wield power. To the extent that these attributes are found throughout, and are highly consistent with, the Cooperative Principles, SMBs are seemingly natural candidates for employee ownership. That is, SMBs can potentially increase their capacity for effecting social change by adding the building block of worker ownership to their enterprise design—just as worker-owned firms may become stronger vehicles for change when they adopt binding social missions. This notion that combining inequality-fighting building blocks into "new economy" workplaces that contribute to systems-change is at the heart of cutting-edge research on "next generation"[107] enterprises for a "democratic economy."[108]

3. Building Blocks for the Next Generation

Key Themes

Chapter 2 identified and unpacked three work-based institutions for fighting inequality: labor unions, worker-owned firms, and social mission businesses. Below we distill the main takeaways and themes from that exercise into a list of ten claims. Each claim follows directly from the discussions and supporting literature presented above.

- Conventional enterprises are driven by short-term profit motives that encourage them to (1) ignore their external and long-range impacts and (2) accumulate ever more profit and power, regardless of the costs they impose on society and the environment;
- Conventional enterprises often wield their disproportionately high power and influence to keep existing (profitable) systems in place, even though those systems are responsible for rising inequality and other ever-deepening social and environmental crises;
- Labor unions reduce inequality by building and wielding collective power among workers;
- At their best, labor unions provide opportunities for workers to participate in business decisions and learn and practice valuable democratic skills;
- Labor unions have weakened over time;
- Broad-based ownership reduces inequality by building wealth for worker-owners and their communities;
- At its best, broad-based ownership empowers the disempowered by embracing values of deep inclusion;
- Worker-owned enterprises are rarely well-defined in or supported by guiding laws and statutes;
- Social mission businesses create public benefits and often seek to minimize or even [more than] offset their negative external impacts;
- Social mission businesses are rarely well-defined in, tracked, or supported by guiding laws and statutes.

Taken together, these themes imply that pro-community, inequality-fighting, work-based institutions exist in our current political-economic system, but they are relatively few in number and under constant threat of being crowded out or consumed by the pro-growth forces that powerfully uphold and reinforce the status quo. We argue that, in much the same way that labor unions aggregate the power of individual workers into a formidable collective opponent of the status quo (see prior), by aggregating the building blocks of (1) participatory democracy and collective voice, (2) worker ownership, and (3) social mission together in workplaces across the map—and then linking those workplaces to one another—the resulting networked, collective movement can grow into a new, more democratic economy. The final subsection of Part I distills this argument into an overarching conceptual framework that draws on recent research on "next generation" enterprises.

Toward the "Best of the Best"

In a study released early in 2020 by the Democracy Collaborative (DC), researchers Sarah Stranahan and Marjorie Kelly offered a straightforward take on where progressive interventions ought to be concentrated if society is going to overcome the challenges we face. Namely, they observe that the crises of our time "are entwined at their root with a particular form of ownership that dominates our world: the publicly traded [investor-owned] corporation."[109]

Using that observation as a launch point, Stranahan and Kelly went onto flesh out what "ownership design for a sustainable economy" might look like, by drawing on B Lab[110] data for roughly 50 entities across the U.S.[111] Their research revealed that "employee-owned B or benefit corporations are the best of the best"[112]—that is, worker-owned enterprises guided by binding social missions tend to outperform other types of entities on a wide variety of environmental and worker impact indicators.[113] These companies tended to be "worker-centric, providing…quality jobs" and committed to "democratic governance" in ways that "build stronger communities" and take "innovative approaches to protecting the environment."[114]

Stranahan and Kelly termed these "best of the best" institutions "next generation enterprises." Slightly extending, but remaining consistent with, their reasoning, we argue that NGEs are the "best of the best" not just because they achieve the highest B Lab impact scores; but because they combine the "best of the best" inequality-fighting building blocks. More precisely, NGEs:

- extend ownership broadly to employees, as in worker cooperatives and employee stock ownership plans;
- encourage participatory democracy and cultivate workers' collective power to make decisions in and about their enterprises, as in "mutual aid"-based unionism;[115] and
- adopt social missions that commit them to converting portions of their profits and/or other resources into community and public benefits (as opposed to making every effort to maximize profits), as in social mission businesses.

To that list, we add that the most truly impactful NGEs will have policies and procedures in place to practice deep inclusion, so that they actively perform outreach to and recruit persons "often excluded from the traditional labor market,"[116] as was observed above in the worker cooperative movement.[117]

With that in mind, Figure 1 stacks the building blocks reviewed above (so to speak) into a loose conceptual definition of NGEs. As Stranahan and Kelly note, looking at NGEs through this sort of lens "point[s] to how enterprise structure is the foundational route to solving persistent problems resulting from our dominant corporate design, the public traded company."[118]

Figure 1. Stacking the blocks: Elements of next generation enterprises (NGEs)

That being said, as the DC study documented, NGEs are uncommon enterprise designs in the U.S. Consequently, creating space for and advancing NGEs ought to be a strategic imperative of the new economy agenda. Yet, advocating for policy or funding changes that pursue status quo-altering strategies is a difficult position absent convincing evidence that NGEs are "viable in today's economy."[119] Whereas Stranahan and Kelly seemed to generate such evidence at a national level in their study, a common local responses to best practices derived from national-level research is: "But is that relevant here?" In other words, decision-makers and influential institutions seek evidence that certain strategies will fit in and adapt to their unique local or regional contexts. Part II accepts this challenge for the Buffalo-Niagara region of New York.

Case Study

In this part of the report, we present a case study of the Buffalo-Niagara region aimed at building empirical support for a policy agenda to cultivate next generation enterprises (NGEs). Prior to kicking off that study, we note that, by Stranahan and Kelly's definition, there are exactly zero NGEs in Buffalo-Niagara.[120] In many ways, that is one point of this exercise. If NGEs are the types of enterprises that we envision will—or ought to—occupy the economy of the next generation, then how might they be created and sustained in specific places in the here and now? And what can those places and their people gain from creating NGEs? Part II begins with the latter of these questions, while Part III engages the former. Admittedly, studying the potential empirical benefits of NGEs in a region where they do not exist poses a challenge; however, it is one that Part I prepared us for. Namely, the conceptual foundations from Chapters 2 and 3 showed that NGEs are composed of certain building blocks that already exist in selected work-based institutions across the U.S. Individually, each of those building blocks plays a role in the fight against inequality and the status quo that breeds it. When they join forces in the form of NGEs, those building blocks become cohesive engines of economic democracy that are greater than the sums of their parts.[121] As such, any empirical evidence which shows that existing building block institutions reduce inequality in their geographic regions is tantamount to evidence that NGEs would deliver results above and beyond the benefits that individual building blocks can provide working alone. In other words, effective building blocks of today prefigure transformational NGEs of tomorrow. This premise guides the investigation that follows.

4. The Geography and Potential Benefits of Inequality-Fighting Workplaces in Buffalo-Niagara

Why Buffalo-Niagara?

The Buffalo-Niagara Metropolitan Area is made up of two counties—Erie and Niagara—in Western New York (WNY) state. The largest city in the region, Buffalo, perpetually ranks among the most racially segregated[122] and most unequal (with respect to income)[123] cities in the United States. Preparing for what might be its seventh consecutive decade of population loss, Buffalo currently has fewer than half of the residents who called the city home in 1950.[124] This severe population contraction, which was mirrored, albeit in slightly lower magnitudes, by two other cities in the region (Niagara Falls and Tonawanda),[125] correlates with massive deindustrialization and economic restructuring that saw scores of union jobs erased from the Rust Belt landscape—without replacement.[126]

Between devastating job loss, large-scale population shrinkage, soaring vacancy and property abandonment rates, white flight, and natural demographic change, most social, economic, environmental, and health outcomes have experienced free-fall throughout the Buffalo-Niagara region since the mid-20th century.[127] At the same time, new waves of development and reinvestment are currently crashing into and around some of the region's more vibrant spaces, creating new affordability and equity issues that are exacerbating the plight of some of WNY's most vulnerable residents.[128] For all of these reasons and more, Buffalo is becoming a hotbed[129] of calls for, and experiments[130] in, systems change[131] aimed at building a "new economy."[132]

Buffalo-Niagara is thus a region where the policy community has its ear to the ground, listening to and waiting for the vibrations of a more democratic economy; and where active residents and groups are creating those vibrations with ever-greater force, both through new and emerging institutions and by building on historical precedents. Consequently, the region is well-suited for our empirical investigation. To set the case study in motion, we begin by saying a few quick words about the context of selected building block institutions in WNY.

LABOR UNIONS IN BUFFALO-NIAGARA

Despite a double-digit drop in union density relative to the 1980s, Buffalo-Niagara still ranks in the 90th percentile for union membership among U.S. metropolitan regions nationwide, and, consequently, organized labor continues to be a "sizeable and driving force" in WNY political, economic, and community affairs.[133] Furthermore, consistent with evidence that participation in labor unions can be an empowering activity that builds democratic skills and cultivates solidarity,[134] recent empirical research found that, compared to other adults in the region, Buffalo-Niagara's union members:

- are more likely to make charitable contributions;
- are more willing to volunteer their time for a good cause;
- feel more empowered to effect change; and
- are happier with their lives.[135]

Relatedly, speaking to decades of evidence that unions deliver material benefits for members, the same study found that WNY's union members (1) have higher incomes than non-members, and (2) report significantly higher satisfaction with their standards of living.[136] All told, then, organized labor is still a critical institution for reducing inequality in WNY. Yet, because there are no publicly available datasets that track unionization by firm, the questions remain: where are these building block workplaces in Buffalo-Niagara; and what, if any, other evidence can be uncovered about their capacity to fight inequality in the region?

WORKER-OWNED ENTERPRISES IN BUFFALO-NIAGARA

As mentioned in Chapter 2, changes to federal policy in the 1970s and 1980s catalyzed a wave of interest in Employee Stock Ownership Plans (ESOPs) that spread across the nation. Buffalo-Niagara was very much involved in those developments—in fact, even a major interstate natural gas utility whose corporate headquarters is in the region established a plan in 1975.[137] Hence, Buffalo-Niagara is home to a nontrivial number of ESOP firms. As above, there are at least two unanswered questions worth asking about these building block firms: exactly where are they in Buffalo-Niagara; and what, if any, evidence exists regarding their capacity to fight inequality in the region?

Unlike ESOPs, there have been no sweeping federal or New York State level policy changes to encourage worker cooperative development. As such, worker co-ops remain relatively few in number across the U.S., and Buffalo-Niagara is again no exception. The United States Federation of Worker Cooperatives (USFWC) currently lists only two Buffalo-Niagara businesses in its directory[138]—but, as was the case with the Social Enterprise Association (Ch. 2), USFWC is a voluntary, membership-based organization that requires members to pay dues. Hence, the directory necessarily underreports the number of worker-owned co-ops in any given location. Even so, the total in Buffalo-Niagara remains relatively small: research for this report identified five active worker-owned cooperatives, one disbanded co-op, and one worker co-op incubator. In light of these small numbers, it is possible to answer the question of where in the region these building block institutions are; however, similar to the discussion of social mission businesses (SMBs) in Chapter 2, answers to the question of capacity to fight inequality will be tentative and anecdotal at best from such a small set of organizations. As such, we rely on interviews with local leaders in the Buffalo-Niagara worker co-op movement—as opposed to quantitative data analysis—to gain insights into the links between worker cooperatives and inequality in the region.

SOCIAL MISSION BUSINESSES (SMBs) IN BUFFALO-NIAGARA

Because the New York State Corporation and Business Entity Database does not provide opportunities to search on corporate structure,[139] nor does New York presently offer any public-facing portal where users can find and review the benefits created by entities incorporated under the State's 2011 benefit corporation legislation, there are no reliable publicly available data sources for determining the number and locations of New York State benefit corporations. Among the other forms of SMBs reviewed in Chapter 2, information for both social enterprises and certified B Corps is equally as scarce. While data are available from voluntary online directories, the directories are costly to opt into and therefore do not capture all—or even a cross section—of SMBs in any particular region. For instance, the Social Enterprise Alliance's (SEA's) online directory lists just one social enterprise in Buffalo-Niagara;[140] and, at present, there is one lone certified B Corp in the region.[141]

Insofar as SMBs constitute a relatively new class of enterprise and their various forms are not yet well–or consistently–defined in guiding laws and statutes, a lack of data (and, indeed, a lack of organizations) should probably be expected. Stated alternatively, it is still entirely possible that there are only two "official" (i.e., declared and/or certified) SMBs in Buffalo-Niagara, as the available directories suggest. Crucially, though, that does not mean that there are no businesses in the region that pursue social missions. As just one example, in a groundbreaking project published in 2000, researchers at the Cornell University ILR School in Buffalo surveyed WNY employers and unions about employment, workplace practices, and labor-management relations in the region. The project resulted in a book called Champions @ Work that highlighted progressive, "high road" practices that employers and unions were using to improve conditions and wages in workplaces while having broader social impacts. The study identified employers and unions in Buffalo-Niagara that were: providing educational programs and GED courses that were openly available to the public; sponsoring neighborhood cookouts and block parties; donating to charities and volunteering at food pantries; and, among others, working to save local arts programming.[142]

The upshot is that, while social mission "building block" institutions exist in Buffalo-Niagara, available data do not allow for a proper inventory of them. Nor do the data permit an empirical assessment of such entities' capacities to fight inequality. Nonetheless, one key lesson from the region's historical precedents—as documented in Champions @ Work—is that socially-minded businesses in WNY have had deep historical ties to unionism, or, at minimum, to worker power and participation in business decision-making. That is, socially-minded organizations in Buffalo-Niagara appear to become more effective "champions" when their workers have opportunities to build and exercise collective power.[143] Although lack of data means that we cannot test this hypothesis outright, one implication of the preceding discussion is that our efforts to identify and map unionized workplaces with the capacity to fight inequality (see above) might double as an effort to identify candidate firms for eventual conversion into SMBs or, even better, into more holistic "next generation" enterprises.

Research Design and Data

While most of the technical details on our data sources and how they were used for analyses are pushed off to the Appendices, prior to moving forward it is necessary to briefly describe how they allowed us to identify selected institutions and explore their capacities to fight inequality.

SECONDARY DATA ANALYSIS OF UNIONIZED WORKPLACES AND ESOPs

Private sector businesses that sponsor pension plans are required to submit annual returns to the U.S. Department of Labor that contain detailed information on a given plan's attributes.[144] The data from these annual returns are published as the Private Pension Plan (PPP) dataset. The PPP lists all private firms that sponsor pension plans, and it identifies all plans that were either collectively bargained or ESOPs.

Next, the commercial database ReferenceUSA, which was accessed through Cornell University's academic subscription, provides firm-level data on U.S. businesses that include, among other things, a business' address, geographic coordinates, name, employer identification number (EIN), economic sector, employment levels, sales volumes, and contact information. The EIN acts as a unique, business-specific "key" or "index" that can be used to join the data from the PPP to the data obtained through ReferenceUSA. Upon joining the two data sources by firm EIN, we were able to query the resulting table to identify all private sector firms in Buffalo-Niagara that had either (1) a collectively bargained pension or (2) an ESOP. While the former is not a perfect representation of private unionized workplaces in the region, it is valuable proxy for such workplaces given that they are not well-represented in other publicly accessible datasets.

By themselves, our private sector "unionized workplace" and ESOP databases contain no information that would allow researchers to examine connections between those building blocks and economic inequality. Therefore, to explore such connections, we placed each unionized workplace and each ESOP firm into its respective census tract (a unit of geography for which most U.S. Census socioeconomic and employment data are available). Because we know the economic sector to which each building block firm belongs from ReferenceUSA, we were able to compare sector-specific wage data from the U.S. Census Bureau for private sector jobs in census tracts with building block firms and all other tracts in the region. That first comparison allowed us to investigate whether building block firm wages were higher than baseline wages in their respective economic sectors. Next, to investigate the institutions' collective capacities to reduce inequality, we extended the exploratory analysis by examining the distribution of wages by (1) race and (2) gender in tracts with building block firms versus all other tracts. Finally, we designed and developed statistical models to estimate, more directly, the percentage of union and ESOP employees who (1) earn high wages, (2) are persons of color, and (3) are women, compared to all other employees in the same census tracts. The former of these data points can be used in conjunction with the aforementioned tract-level comparisons to paint a fuller picture of how democratic ownership and/or control are linked to wages, while the latter two can offer some initial insights on the extent to which these phenomena correlate with inclusion—i.e., in the form of greater participation of underrepresented members of the workforce. More details on the series of analytical techniques described in this paragraph are provided in Appendix A.

PRIMARY DATA ANALYSIS OF WORKER-OWNED COOPERATIVES

Semi-structured interviews with the opening prompt, "What made you decide on a worker cooperative?" were conducted with four leaders in the WNY cooperative movement. Interviewees' open-ended reactions to that starting prompt were transcribed, converted to lowercase, and used to generate a word cloud to illustrate the relative frequencies of different terms (minus common stop words). The word cloud visualization was then interpreted through the lens of our conceptual framework (Ch. 3) and quantitative results.

Note again that, due to their low numbers, neither worker co-ops nor SMBs were subject to the same quantitative analyses that were applied to private unionized workplaces and ESOPs. Concerning the latter, the near absence of formal SMBs in the study area (see prior) meant that such enterprises could not be included in our mixed methods investigation in any systematic or substantive way. However, as detailed below, several of the worker co-ops included in the study do have formalized social missions. As such, these establishments allow us to engage with ways in which social missions contribute to efforts to fight inequality and empower workers in WNY (see below).

Findings and Implications

INVENTORY: BUILDING BLOCKS, BY THE NUMBERS

Figure 2 maps the geographies of unionized workplaces, ESOP firms, and worker cooperatives in Western New York that our research was able to identify. As anticipated, these institutions are relatively rare in the overall landscape of incorporated entities in Buffalo-Niagara: just 78 of the more than 45,000 incorporated entities from the ReferenceUSA database for WNY fell into one of the three categories of interest. Moreover, they tend to be spatially concentrated in the Erie County portion of the region, particularly in the principal City of Buffalo.

Reflecting WNY's labor history and strength, private sector firms with collectively bargained pensions—a proxy for, though necessarily an undercount of, unionized private sector workplaces—were the most numerous of the building blocks identified in this project. Namely, we found 41 such entities (with 59 separate pension plans), compared to 32 ESOP firms (36 pension plans) and five worker cooperatives. (NB: while we did not perform further inventory or analysis due to low observed frequency, the study area is also home to one active B corporation and one inactive B Corp that lost its certification in 2015.) Despite being few in number, the entities shown in Figure 2 play sizeable roles in the region's economy. According to the data from ReferenceUSA:

- The unionized workplaces depicted in Figure 2 employ more than 15,000 workers, have over 53,000 active participants in collectively bargained pension plans,[145] and do nearly $477 million in annual sales volumes;
- The ESOP firms from Figure 2 employ more than 3,800 workers, have over 27,000 active participants in private pension plans, and do nearly $422 million in annual sales volumes; and
- The worker cooperatives in Figure 2 employ more than 200 workers and do nearly $69 million in annual sales volumes.

Altogether, these building blocks of a new, "next generation" economy collectively account for just under $1 billion in annual sales volumes and employ over 19,000 workers. From this viewpoint, there is clear evidence that such organizational forms are "viable in today's economy" in WNY;[146] however, is there any evidence that they possess any collective capacity to reduce inequality in Buffalo-Niagara? The next section offers some preliminary answers to this question.

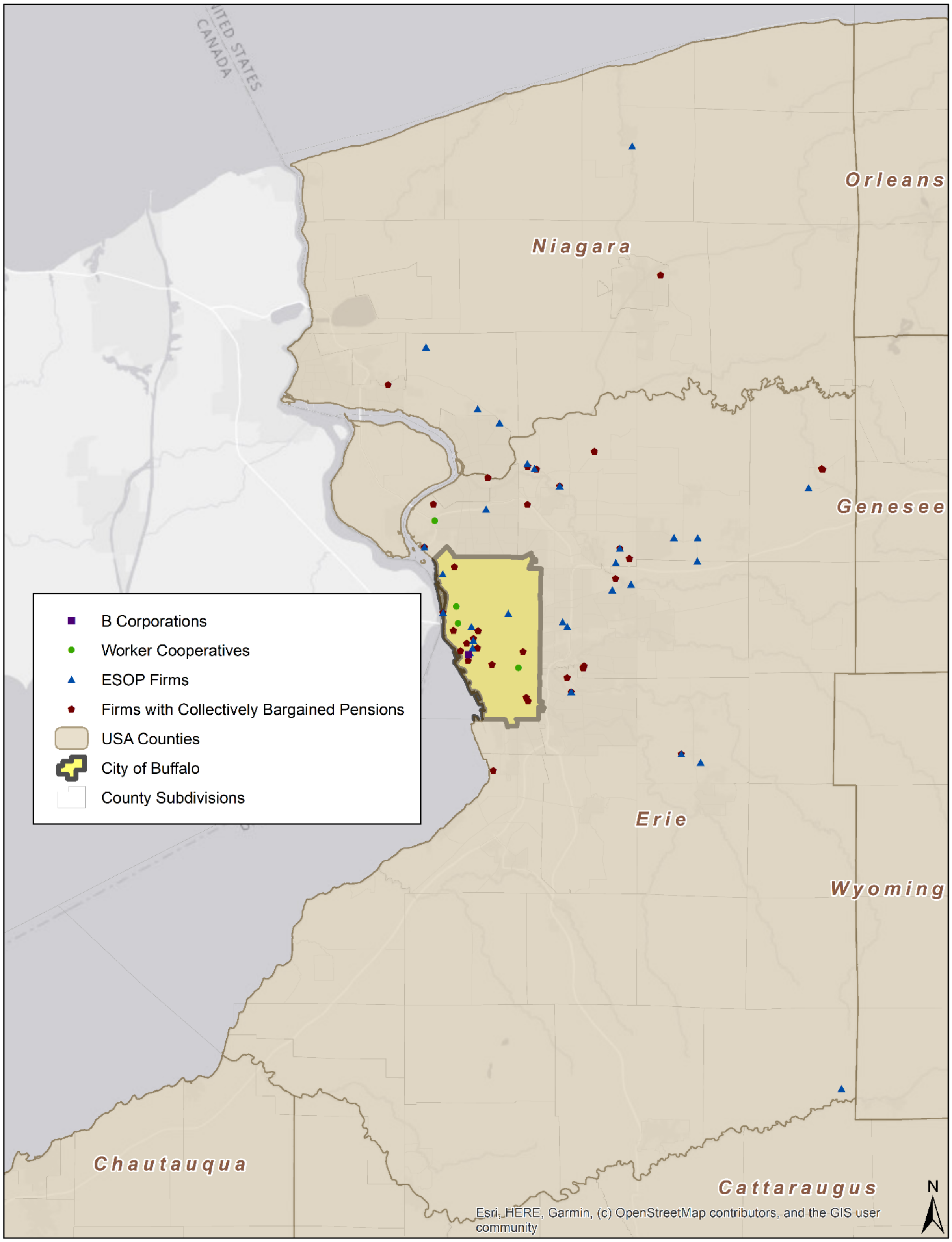

Figure 2. Geography of selected building block institutions in Buffalo-Niagara

ASSOCIATIONS BETWEEN EMPLOYEE OWNERSHIP, COLLECTIVE BARGAINING, AND WAGES

Figure 3 depicts the twelve total economic sectors—where economic sectors are defined as a firm's two-digit North American Industry Classification System (NAICS) code—represented in the combined universe of ESOP firms and private firms with collectively bargained pensions ("unionized firms"). (Recall that due to their small numbers, neither worker cooperatives nor B corporations were included in the report's statistical analyses.)

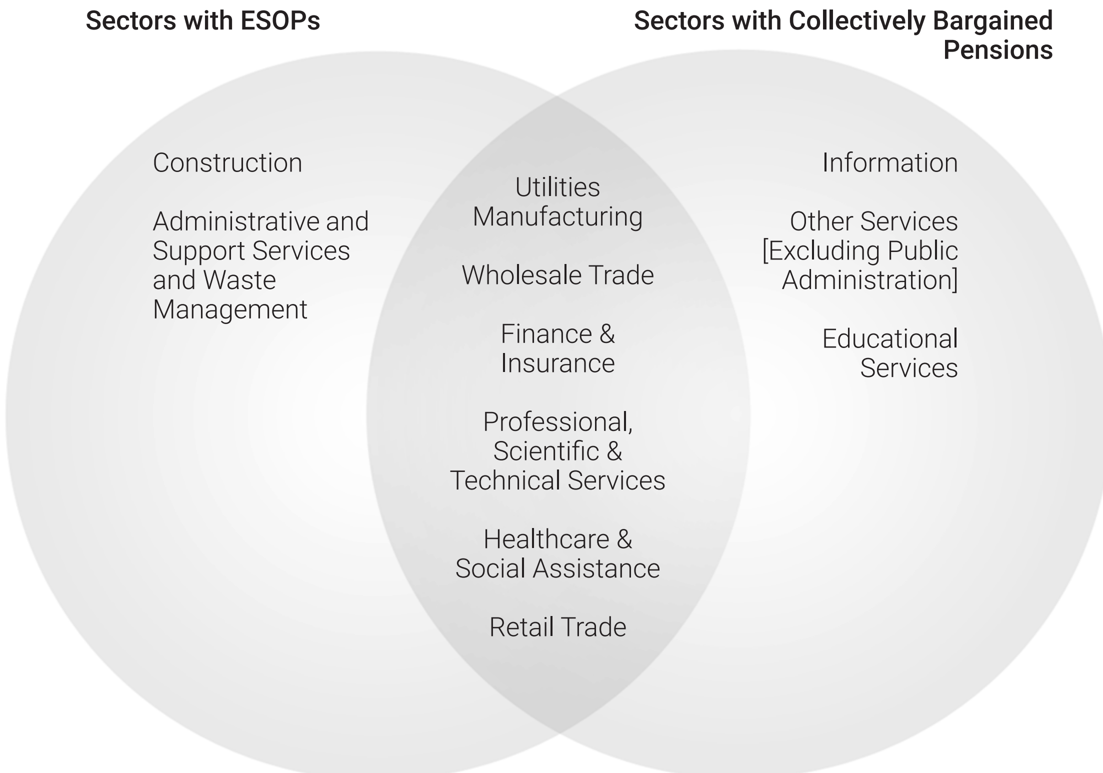

Figure 3. Sectoral summary of ESOP and collectively bargained pensions identified in Buffalo-Niagara

Absent precise, firm-level data on employee wages and demographics, we combined ESOP and unionized workplace data with census tract-level wage data from the U.S. Census Bureau to explore differences in wage structures for private sector jobs in tracts with and without these two building blocks (see above and Appendix A). Importantly, the Census Bureau does not track precise wages, but instead reports wage data using an ordinal distribution with the following classes:

- $15,000 per year or less
- Greater than $15,000 per year but less than $40,000;
- $40,000 per year or greater.[147]

Table 1 summarizes the results from making the most precise wage comparisons that are possible with the available data—namely, exploring differences in wage structures by economic sector. That is, Table 1 compares "apples" (wages in ESOP or unionized workplace sectors for tracts where these institutions are present) directly to "apples" (wages for the same sectors in tracts without such institutions). The results are summarized graphically to aid in interpretation, with green pluses indicating positive outcomes—i.e., tracts with ESOPs or unionized workplaces exhibited significantly higher wage structures in the relevant economic sector compared to all other tracts—and red Xs indicating negative outcomes—i.e., tracts with the building block institutions were associated with significantly lower wage structures in the relevant institutions. In two cases, "neutral" signs are used to show that statistical tests produced mixed results or revealed no significant differences between building block tracts and other tracts in the region. In a handful of cells, "N/A" indicates that there were no organizations in this economic sector for the type of building block under examination.

With very few exceptions, the overall pattern of results from Table 1 is clear: democratic ownership (ESOP firms) and worker power (unionized firms) are associated with higher wage structures in most economic sectors. More specifically, wage structures were statistically significantly skewed toward the upper end of the distribution for two-thirds of cases for ESOPs and three-fifths of cases for unionized private sector workplaces. Along those lines, the weight of [circumstantial] evidence implies that democratic ownership and worker power correlate with higher wages, where higher wages are necessary tools for fighting inequality.[148]

Table 1. Democratic ownership and collective decision-making can raise wages in almost all sectors

Sector	ESOP Outcome	Union Outcome
Utilities (NAICS 22)	X	X
Construction (NAICS 23)	+	N/A
Manufacturing (NAICS 31-33)	+	+
Wholesale Trade (NAICS 42)	+	X
Retail Trade (NAICS 44-45)	+	+
Information (NAICS 51)	N/A	+
Finance and Insurance (NAICS 52)	+	+
Professional, Scientific, and Technical Services (NAICS 54)	+	+
Administrative and Support Services and Waste Management (NAICS 56)	–	N/A
Educational Services (NAICS 61)	N/A	X
Health Care and Social Assistance (NAICS 62)	X	+
Other Services [excluding public administration] (NAICS 81)	N/A	–

\+ Workers in tracts with ESOP or collectively bargained pension earn significantly higher wages
X Workers in tracts with ESOP or collectively bargained pension earn significantly lower wages
– Indeterminate outcome

Next, Table 2 shows the percentage of persons of color whose wages fall in the uppermost category tracked by the Census Bureau for four types of census tracts: (1) all tracts in the region (to establish a baseline), (2) tracts with ESOP firms but no unionized workplaces, (3) tracts with unionized workplaces but no ESOP firms, and (4) tracts with both ESOP firms and unionized workplaces.

Critically, if higher wages are to be tools for combatting inequality, then all persons must have the opportunity to share in those higher wages; otherwise, securing better pay may simply reinforce the unequal wealth and power distributions that characterize the contemporary American economy.[149] Toward that end, the results in Table 2 are encouraging—and highly consistent with the conceptual framework sketched out in Part I. Specifically, whereas just 26.4% of workers of color fall in the highest wage category in the Buffalo-Niagara region as a whole; such workers are much more likely to earn high wages in tracts with ESOPs (31.2%), unionized workplaces (35.4%), and both ESOPs and unionized workplaces (35.8%).

Although the available data do not allow the preceding comparisons to be made for specific economic sectors (as was done for all workers in a given sector in Table 1), these exploratory results offer circumstantial evidence that democratic ownership and worker power appear to be associated with the capacity to reduce inequality in multiple dimensions, including pushing back against the forces of discrimination that tend to concentrate persons of color disproportionately into low wage jobs.[150]

Table 3 shows analogous results for workers identified in the Census Bureau wage data as women. The pattern of findings is nearly identical to Table 2, with women who work in tracts with ESOPs or unionized workplaces having a far greater chance of falling in the top earnings category relative to the regional baseline figures. The only slight difference is that, whereas workers of color were most likely to earn high wages in spaces with both ESOP firms and unionized workplaces (consistent with the framework from Part I), women have the highest chance of falling in the uppermost earnings category in unionized workplaces (45.9%, compared to the regional baseline of just 36%). Still, women in spaces with both ESOPs and unionized workplaces have a five-percentage-point greater chance of earning high wages (41.4%) relative to the 36% regional baseline (Table 3).

Although data limitations make it such that we cannot make causal connections between ESOPs, unionized workplaces, and wages from the above findings, the preponderance of exploratory evidence makes a persuasive case that democratically owned firms and unionized firms in WNY are associated with higher wages in their respective sectors—and linked to higher wages for women and workers of color—in manners that cannot be explained by chance alone.

To add more weight to the scale, statistical models (Appendix A) were used to estimate, more precisely, the percentage of employees at private sector unionized and ESOP firms who (1) earn high wage wages, (2) are persons of color, and (3) are identified in the data as women, compared to employees at all other firms in the same census tracts. The results from those models are shown in Table 4. Consistent with the circumstantial evidence from above, workers in unionized and ESOP firms (NB: here we are looking at wages in firms, not tracts, as above) are much more likely than their counterparts at conventional firms in their same census tracts to record earnings in the uppermost wage category. Specifically, the models estimate that 77% of workers at unionized firms earn high wages, compared to

Table 2. Democratic ownership and collective decision-making might raise wages for workers of color

Workers of Color Who Earn High Wages* in:	%
The Buffalo-Niagara region as a whole (baseline)…	26.4
Census tracts with one or more ESOPs…	31.2
Census tracts with one or more collectively bargained pensions…	35.4
Census tracts with at least one ESOP and at least one collectively bargained pension…	35.8

Table 3. Democratic ownership and collective decision-making might raise wages for women

Women Who Earn High Wages* in:	%
The Buffalo-Niagara region as a whole (baseline)…	36.0
Census tracts with one or more ESOPs…	39.6
Census tracts with one or more collectively bargained pensions…	45.9
Census tracts with at least one ESOP and at least one collectively bargained pension…	41.4

*High wages are defined as the uppermost wage category tracked by the U.S. Census Bureau LODES program (see Appendix A) just 51% of workers at non-unionized firms in the same census tracts; and roughly 94% of workers at ESOP firms earn high wages, compared to just 47% of workers at non-ESOP firms in the same census tracts.

Whereas the wage results reported in Table 4 corroborate and reinforce earlier findings that democratic ownership and worker control are associated with higher employee earnings (and, as such, are important tools for reducing inequality), the demographic results reveal connections to an additional building block: inclusion. More specifically, consistent with ample historical evidence that persons of color tend to have higher rates of union participation in the U.S. relative to white workers,[151] the analyses estimate that 24% of employees at private sector unionized firms are workers of color, compared to fewer than 16% of employees at conventional firms. In other words, workers of color have disproportionately high representation in unionized private sector firms in the census tracts where such firms are located, plausibly indicating a link between worker power/control and racial inclusion. A similar link was found to gender inclusion, with women estimated to account for more than 79% of workers in unionized firms, compared to roughly 48% of employees at conventional firms in the same census tracts. While this estimate is attached to a relatively high level of uncertainty (note that the standard deviation for the estimate is 0.091; see Appendix A), meaning that it might overstate the gender composition in the private unionized firms under investigation, the undeniable implication is that women have disproportionately high employment in unionized firms compared to conventional firms in the same census tracts. This finding aligns with evidence that women in Buffalo-Niagara reported higher union membership than men in a recent consumer survey.[152]

The demographic results for ESOP firms are slightly more mixed. Consistent with expectations of an association between democratic ownership and [racial] inclusion, persons of color have disproportionately high employment in ESOP firms. Explicitly, nearly 54% of ESOP workers are estimated to be persons of color, compared to just 14% of employees in conventional firms in the same geographic areas. Less encouraging is that women seem to be severely underrepresented in ESOP firms: the model estimated that women account for just 6% of employees at ESOP firms, compared to half (50%) of employees at non-ESOP firms in the same census tracts. As was the case with the gender analyses for unionized firms, though, there is a high level of uncertainty attached to this estimate (standard deviation = 0.065; see Appendix A), suggesting that it exaggerates the actual gender balance in ESOP firms. Exaggeration notwithstanding, the pattern in the results is clear: women might be under-included in the opportunities for democratic ownership that are offered by ESOP firms in Buffalo-Niagara.

Table 4. Results of statistical analyses

	Unionized Firms	All Other Firms in the Same Census Tracts	ESOP Firms	All Other Firms in the Same Census Tracts
Total Workers in Selected Census Tracts	9,657	160,776	3,241	148,110
High Wage Earners (as % of Workers in Category)	77.3%	51.0%	93.6%	47.4%
Persons of Color (as % of Workers in Category)	24.0%	15.6%	53.8%	14.3%
Women (as % of Workers in Category)	79.7%	47.8%	6.4%	49.9%
n (# of census tracts analyzed)	27		26	

At bottom, the secondary data presented in this section offer evidence that democratic ownership and democratic control/worker power are consistently tied to higher wages, and both phenomena are systematically associated with greater racial inclusion in Western New York. However, there are concerning signs that ESOP firms in the region might be less inclusive of women. Going forward, monitoring the gender composition of WNY's ESOP workforce through primary data collection can shed more light on this issue and inform strategies for achieving a more equitable balance.

MOTIVATED BY SOCIAL MISSIONS: WHY COOPERATORS COOPERATE

Figure 4 shows the word cloud that was generated from the open-ended reactions of four interviewees—all leaders in the WNY cooperative movement—to the prompt, "What made you decide on a co-op?" The themes that emerge and repeat themselves in the transcribed responses are highly consistent with the framework developed in Part I. Specifically, cooperators (i.e., worker-owners) are motivated to cooperate by:

- the desire to make something different and demonstrate what alternatives are possible;
- a sense of community and solidarity with people in society;
- a demand for democracy at work and equitable outcomes and success for everyone.

Perhaps above all else, these themes demonstrate that the Cooperative Principles (Ch. 2) are alive and well in the minds of [prospective] cooperators. Of special relevance, the principle of "concern for community" comes out in various terms, including, for example: common good, community, communities, people, together, equitable, just, society. The reason this observation is so important is that it implies that, despite not appearing in official directories or bearing costly certifications, Buffalo-Niagara's worker cooperatives are thinking and operating like social mission businesses (SMBs). To be sure, a review of the mission statements of the organizations represented in our interviews turned up statements such as:

- "Creating an economy where we can generate and keep our resources within the community";
- "Five percent giving", whereby one co-op commits itself to sharing 5% of its monthly sales to community causes and organizations—each month, worker-owners democratically choose the cause or organization to be funded; and
- "Building a better Buffalo is in our DNA. We…provide job training opportunities for at-risk and disadvantaged youth."

By hardwiring these and related commitments into their founding documents and organizational mission statements, WNY's worker cooperatives are closer than any other business entities in Buffalo-Niagara to achieving the archetype "next generation enterprise" design recently described by Stranahan and Kelly[153] and developed further earlier in this report. At least one of those entities has plausibly already achieved such a status, by issuing an open invitation to prospective worker-owners (i.e., to "any person"),[154] which evidences a commitment to deep inclusion that is further spelled out in part of the organization's mission: to "guide more communities to cease participation in oppressive structures and build, own, and operate inclusive systems that heal the local economy and reverse systems of oppression and discrimination."[155]

CONCLUDING REMARKS

The findings from this chapter imply that there is no need to wait for the next generation to bring more principled and socially responsible enterprises to Buffalo-Niagara—the next generation is already here, in varying forms and degrees, and it's making in-roads in the fights against persistent inequality and the other wicked problems of the 21st century. The institutions that have the potential to make the most in-roads in these fights, given their proximity to the "next generation enterprise" archetype developed in this report—i.e., WNY's worker cooperatives with social missions (see preceding section)—are presently too few in number to allow for the types of statistical analyses that sought to make connections between NGE design features and indicators of inequality in this case study. The concluding part of this report seeks to change that outcome, by identifying opportunities to grow and nurture worker-owned, worker-controlled NGEs and their capacities to rein in a new, democratic economy.

Figure 4. Word cloud results: "what made you decide on a co-op?"

Moving Forward – Goals And Policies

The research presented in this report combined conceptual tools and foundations (Part I) with empirical insights (Part II) to argue that worker-owned, mission-led, democratic, deeply inclusive—i.e., "next generation"—enterprises have the power to remake the economy, both regionally in Buffalo-Niagara and more broadly throughout American and global society. Given this information, we see two overarching possibilities for action. On the one hand, we can sit and wait for better data, and thus more precise results on the relationship(s) between organizational designs and social impacts, to become available; and defer action until that time. Or, we can embrace the signals in the noise, accept the premise that equitable, democratic, inclusive enterprise designs will help to build a more equitable, democratic, inclusive economy,[156] and begin passing legislation and establishing ecosystems that develop and support a dense network of NGEs in the here and now. The final pieces of this report set course for the latter.

5. Building Next Generation Power: A Checklist for Policy Advocates

Before jumping into policy proposals and recommendations that are motivated by on-the-ground examples from across the U.S. (Ch. 6), this chapter briefly outlines a framework and develops a checklist that can be used alongside policy proposals to judge whether they are well-positioned to meaningfully support the growth and development of next generation enterprises.

At the heart of the framework is the notion of power. While this term has been used profusely throughout the report, it has not been defined. One reason for this is that the concept has multiple meanings. Researchers tend to distinguish between four basic types, or forms, of power:

- power over: controlling power (i.e., exert control over);
- power to: generative or productive power (i.e., gain new opportunities);
- power with: collective power (i.e., ability to act together in solidarity);
- power within: individual power (i.e., growth in self-confidence and sense that one can change their lives and make a difference).[157]

For most people, the word 'power' refers to the first of these forms—power over—which is "built on force, coercion, domination and control, and motivates largely through fear."[158] Such a view is grounded in the "belief that power is a finite resource that can be held by individuals, and that some people have power and some people do not."[159] Traditional capitalist notions of ownership confer this type of power. Firm owners exert control over capital and labor, using (and, frequently, abusing) those inputs in order to realize ever higher profits. As firms earn higher profits and increase in scale, they accumulate disproportionately more power over, which has the effect of making them less accountable to workers, society, and the environment—with disastrous consequences.[160]

In this sense, it is uneven concentrations and distributions of power over that lie at the heart of inequality. Inequality cannot thrive without power over—for, if all actors were equally positioned in the economy, then one (capitalist) actor would lack the authority or means to compel another (labor) actor to act in ways that benefit the former in great disproportion to the latter. Thus, redesigning systems to suppress the accumulation of power over–and to promote the creation and equitable distribution of power within, power with, and power to–is integral to the fight against inequality. As this report has argued, part of that project must involve increasing the relative frequency of equitable, democratic, inclusive, participatory enterprises (such as NGEs) in the economy.

By definition, NGEs do not deal in power over—they eschew forcing compliance with top-down directives in favor of comparatively horizontal relations, democratic processes, and collective decision-making that produce benefits for workers, communities, and the environment.[161] In other words, they build and wield the remaining three forms of power. Through commitments to deep inclusion that integrate marginalized members of society into cooperative ventures, as well as through a variety of public education and training initiatives, NGEs cultivate power within for persons who might lack the confidence, skills, and desires to take control of their lives and their futures. By their very nature, NGEs further promote a sense that cooperators are in their ventures—and society—together. Shared identity and solidarity are at once expressions of and investments into this sort of power with, where collective power arms groups with the capacity to take control of their circumstances and together, build something different (see Fig. 4).

From this perspective, whereas traditional firms are designed and incentivized to maximize power over, and where gains in this power are self-reinforcing and tend to push firms to unaccountable and socio-ecologically harmful scales,[162] NGEs are designed to build the three remaining forms of power. Crucially, those investments still become self-reinforcing, but in a more functional and prosocial way. Explicitly, power within, power with, and power to form an interlocking system wherein each form complements and strengthens the other (Fig. 5), enhancing the functionality of the NGE in ways that can help to make it—and its relationship to the outside world—sustainable.[163]

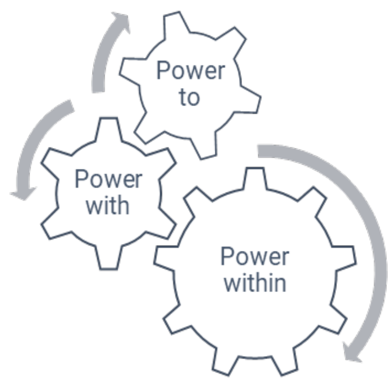

Figure 5. The interlocking, self-reinforcing forms of power that make NGEs successful

Although this discussion might seem like something of a theoretical exercise, understanding power has an essential role to play in policymaking and intervention design; for, if we are not building pathways that help [prospective] NGEs—and their worker-owners—to accumulate the forms of power that make them inequality-fighting engines of a new economy, then we are not fully leveraging their potential to bring that new, more equitable and democratic economy to fruition.

On that note, in Table 5 we provide readers with a basic checklist for evaluating policies and other interventions that purport to invest in and grow NGEs. The role of the checklist is to force policy debates to explicitly engage with assumptions about how specific forms of power will be strengthened or weakened, whether directly or indirectly, how, and for whom, as a result of a proposed intervention. Too often these assumptions and expectations are unstated, leading to ineffective interventions or negative unintended consequences.[164]

In the spirit of NGEs, the checklist is meant to guide policy conversations in participatory, democratic, deeply inclusive settings in order to embed as much local and lived experiential knowledge into the analysis as possible. Only where such processes conclude that the three “empowering” forms of power are more likely than not to strengthen and accrue to intended parties, in context-sensitive ways that create pathways for public benefit, should interventions be adopted.

Table 5. A checklist for evaluating interventions aimed at building and supporting NGEs

Form of Power	Change Strengthens		Change Weakens		Not sure/ No effect	How? For whom? Notes and Explanation
	Directly	Indirectly	Directly	Indirectly		
Power over						
Power to						
Power with						
Power within						

The next and final chapter of this report highlights a variety of policy proposals and interventions to strengthen NGEs at the federal, state, and local levels. We invite readers to take any or all of those proposals into their communities or social networks and, with the help of the checklist from Table 5, evaluate the extent to which they might succeed at building and supporting NGEs in those specific places and contexts.

6. Recommendations for Public Policy

As suggested above, policy interventions occur and unfold in unique and always changing social, spatial, and historical contexts. For that reason, rather than using this space to try to craft detailed policy instruments that might work in one context but be too rigid or specific for others, we instead outline more flexible proposals that can be adapted to suit the needs of the specific places where they are adopted. The proposals are neither new, unprecedented, nor exhaustive. They are drawn selectively from inspirational efforts and on-the-ground examples from across the U.S. These instructive examples are organized below by level of government, moving from federal to state and onto local or regional.

FEDERAL POLICY PROPOSALS

1. Reform federal labor law (e.g., pass the Workplace Democracy Act and the PRO Act).
    a. *What it is:* There is strong and plentiful evidence that unions "reduce inequality and are essential for low- and middle-wage workers' ability to obtain a fair share of economic growth."[165] At the same time, the decades-long effort by anti-union employers and their political allies[166] to undermine and weaken organized labor has proven successful, reducing union numbers to all-time lows[167] and fueling rising economic inequality.[168] Federal labor law reform is a blanket term for policy change that repairs the existing "broken patchwork of state laws, court decisions, and federal legislation" governing labor. More specifically, "real labor law reform…guarantees collective bargaining for everyone, and improves on the current legal framework by encouraging sectoral bargaining that allows all workers in an industry to bargain collectively over conditions at work."[169] Specific policies for achieving these objectives (and others) include the Workplace Democracy Act[170] and the Protecting the Right to Organize (PRO) Act[171] that were introduced to Congress in 2018 and 2019, respectively.
    b. *What it does to further an NGE agenda:* The Workplace Democracy Act provides unions with the ability to organize by a majority sign-up process. In other words, the Act allows the National Labor Relations Board (NLRB) to certify a union if a majority of workers sign authorization cards, without secret elections. Among the Workplace Democracy Act's other provisions is the repeal of "right-to-work" laws that presently allow states to prohibit unions from collecting dues from nonunion workers who nonetheless benefit from union representation. The PRO Act creates mechanisms to prevent employers from classifying

employees as being exempt from labor law protections, and it strengthens protections for workers who participate in strikes and collective or class action lawsuits (among other provisions). Both Acts have been endorsed by key unions[172] and are widely viewed as strategies for strengthening union membership and "returning power to working people."[173]

   c. *What it means for power:* Labor unions afford workers self-determination (power within) and teach fundamental democratic skills (power within). During the practice and application of those democratic skills, workers build solidarity (power with), which is a key ingredient of collective action (power to).

2. Require that all public companies in the U.S. give workers the right to directly elect at least one-third of their companies' boards of directors.
   a. *What it is:* An idea first pushed by U.S. Senator Tammy Baldwin (D-WI) in 2018,[174] legislation to require that large companies extend corporate voting rights to their employees has historical precedents in Europe (especially Germany) and is viewed favorably by a majority of Americans.[175]
   b. *What it does to further an NGE agenda:* The proposal would grant workers a "direct, democratic say in how [their companies] are run."[176] As noted throughout this report, deepening democracy and promoting participation in the workplace (e.g., as in many labor unions) is an essential building block of NGEs that has a proven capacity to fight inequality. Delivering a meaningful degree of collective and democratic voice to workers can increase worker interest in and passion for workplace democracy, laying the groundwork for new experiments in (or workplace transitions to) NGEs.
   c. *What it means for power:* The proposal has the potential to increase power within for workers who see their vote as a means for asserting themselves and for making a difference in their workplace. Further, based on lessons learned from labor unions, authentic participation in workplace governance builds both democratic skills (power within) and solidarity (power with), which can enable workers to undertake collective action for the betterment of the group (power to). At the same time, taking one-third or more of votes away from profit-hungry investor-owners weakens the owning class' power over workers.

3. Expand the 1042 Rollover program so that it incentivizes worker ownership and control, rather than just the former.
   a. *What it is:* Recall that the 1042 Rollover defers capital gains taxes for retiring business owners who sell 30% or more of their company stock to an employee stock ownership plan. In that sense, the policy promotes broad-based ownership, but not democratic control. An expanded and stronger 1042 Rollover would create a capital gains tax exemption for business owners who sell a substantial percentage (e.g., 50% or more) of their ownership shares to their employees, "provided that the employees vote for a majority of the board of directors on a one-person-one-vote basis."[177]
   b. *What it does to further an NGE agenda:* It provides a stronger incentive for retiring business owners to sell their ownership shares to employees relative to the current 1042 Rollover (i.e., capital gains exemption versus deferment). In order to realize that stronger benefit, however, firms must be democratically controlled. Given how successful the existing 1042 Rollover was at expanding ESOPs in the U.S., a stronger incentive would presumably lead to substantially more democratically owned and controlled workplaces across the country.
   c. *What it means for power:* Creating a vehicle for transferring company ownership and control to employees necessarily converts the owning class power over into working

class power with and power to. As expanded on in item 2(c) above, the knowledge and democratic skills that are gained through ownership and control (power within) can enhance worker-owners' capacity for collective action (power with).

4. Grant employees a "right of first refusal" to collectively purchase their companies when owners wish to sell and create a U.S. Employee Ownership Bank to facilitate employee firm acquisitions.
    a. *What it is:* This mechanism grants workers the "right to buy a company when it goes up for sale, is closing, or…is moving overseas" as a means to disrupt the undemocratic processes by which decisions by a small number of investor-owners upend the economic security of masses of workers. To assist workers with buyouts, it would be necessary to first create an ecosystem of supporting institutions, such the U.S. Employee Ownership Bank proposed by Senator Bernie Sanders (I-VT). The proposed "$500 million [bank would]… provide low-interest loans, loan guarantees, and technical assistance to workers who want to purchase their own businesses…In order to be eligible for assistance under this plan, the ESOPs or worker co-ops would need to be at least 51 percent owned by workers."[178]
    b. *What it does to further an NGE agenda:* It alters status quo processes of capital mobility and dynamics of capital relations to ensure that workers have the opportunity to thwart investor-owner decisions that would leave them unemployed and economically insecure.
    c. *What it means for power:* As discussed in proposals 2 and 3, when workers come together to exercise a right of first refusal, they are building power with each other. In the process, workers learn and practice democratic skills that build power within. The transfer of ownership converts owning class power over into working class power to run businesses for the benefit of worker-owners.

5. Amend the Self-Employment Assistance Program (SEAP) to permit groups of workers seeking to start an NGE to jointly request their benefits as lump-sum advances.
    a. *What it is:* At present, the federal SEAP program "permits unemployed workers to use unemployment benefits as funding to start their own businesses in lieu of looking for a salary or wage job." However, the program only offers weekly allowances that cover living expenses. By contrast, in Italy, similar programs allow recipients to apply for up front, lump-sum amounts (typically not to exceed three years' worth of benefits) that can function as seed or startup capital to launch new ventures.[179]
    b. *What it does to further an NGE agenda:* By modifying SEAP in the proposed way, new worker-owned enterprises, which tend to experience significant difficulty obtaining startup capital from conventional lenders (Ch. 2), will receive meaningful cash infusions to establish themselves. To function properly, it would be necessary for prospective cooperators to enter into binding legal agreements with one another and with SEAP to establish criteria for repayment should the cooperative venture fall through. Assuming that these issues are surmountable, however, the proposal creates a powerful mechanism for supporting the creation of new NGEs.
    c. *What it means for power:* The reform builds power with by encouraging groups of individuals to join together to obtain startup capital. Groups who successfully obtain those funds will then have the power to and establish their own worker-owned enterprises.

STATE POLICY PROPOSALS

6. Adopt standard annual reporting requirements for New York State benefit corporations and publish the data on an openly accessible web interface.

a. *What it is:* As we lamented elsewhere in this report, New York State lacks transparent mechanisms for holding benefit corporations accountable for creating public value. This proposal would require all businesses chartered under New York State's benefit corporation law to make annual, openly accessible reports to the New York Department of State's Division of Corporations, State Records and Uniform Commercial Code, or to a suitable third party such as the B Lab, detailing their social, environmental, and worker impacts.
b. *What it does to further an NGE agenda:* The proposal creates a mechanism to ensure that benefit corporations are accountable to the public. It also creates a new data source from which researchers can analyze and monitor benefit corporations' social impacts.
c. *What it means for power:* The proposal gives residents of New York State the power to identify benefit corporations and review their social impacts, thus holding such firms accountable for creating public value. It further creates bridges on which residents, nonprofit groups, and governments can begin building power with benefit corporations (e.g., through identifying shared interests and understanding how they can come together to achieve shared objectives).

7. Adopt the Uniform Limited Cooperative Association Act (ULCAA).
    a. *What it is:* The Uniform Limited Cooperative Association Act (ULCAA) "addresses the need among the states for a centralized statutory scheme to govern cooperatives. The act is designed to promote both rural and urban development by creating the option of a statutorily-defined entity that combines traditional cooperative values with modern financing mechanisms and techniques."[180]
    b. *What it does to further an NGE agenda:* The ULCAA creates, in State law, "an alternative business entity that is more flexible than most current cooperative laws allow, and provides a default template that encourages the use of tested cooperative principles for a broad range of entities and purposes."[181] Among other things, it provides cooperatives with opportunities to raise funds from locally rooted, community-based investors in a streamlined way that does not dilute the co-op's democratic governance structure.
    c. *What it means for power:* It can help NGEs build power with their communities through the use of new, community-based funding mechanisms that will ultimately NGEs' power to carry out their missions.

8. Adopt procedures to assign preference to NGEs in government contracting.
    a. *What it is:* At present, most state and local governments give preference in contracting to businesses that are owned by women, persons of color, or members of other vulnerable populations by way of assigning "bonus" points for this criterion to a bidder's score when their proposal for services is reviewed using a standardized scoring matrix. This proposal would expand on that practice by calling for bonus points to be awarded to bidders on the four essential NGE criteria: (1) degree of worker ownership, (2) degree of worker control, (3) presence of social mission, and (4) evidence of commitment to deep inclusion.
    b. *What it does to further an NGE agenda:* By factoring all four pillars of NGEs into scoring matrices, NGEs will be positioned to win more government work.
    c. *What it means for power:* This proposal increases NGEs' power to work with government, and, through government contracts, power to influence government policies and procedures. The new sources of revenue further enhance NGEs' power to carry out their missions.
9. Establish a statewide Center for Worker Ownership (pass New York Senate Bill S2184).
    a. *What it is:* In 2016, the State of Pennsylvania established the Pennsylvania Center for Employee Ownership, which has since been singled out by observers as a model "state

center dedicated exclusively to promoting awareness of ESOPs and co-ops."[182] The Center provides technical assistance and education on worker ownership—both to the public and business owners—and advocates for policy reforms to encourage worker ownership. Importantly, while it no longer exists, New York State established its own Center for Employee Ownership and Participation way back in 1987.[183] That entity also promoted employee ownership and provided technical assistance, but it was ultimately defunded and dissolved in the late 1990s under an unsupportive gubernatorial administration. Now, with national interest in employee ownership growing rapidly, New York is well positioned to once again become a leader on worker ownership. New York Senate Bill S2184 (sponsor: Bailey [D-36]), which is currently in committee, calls for the creation of a new, 21st century version of a statewide center for employee ownership. Passing that bill will be a major step toward growing worker ownership in New York State.

b. *What it does to further an NGE agenda:* This proposal establishes a centralized hub for worker ownership in New York State from which to conduct research, disseminate information, create networks, host conferences, and provide technical assistance aimed at growing the number of worker-owned enterprises statewide.[184]

c. *What it means for power:* A statewide worker ownership center would provide education and resources that stand to increase individuals' interest in and demand for worker ownership (power within), build functional support networks for promoting worker ownership (power with), and increase the capacity of prospective and existing worker-owned enterprises (power to).

LOCAL POLICY PROPOSALS

10. Adopt procedures to assign preference to NGEs in government contracting (same as proposal #8).
    a. *What it is:* At present, most state and local governments give preference in contracting to businesses that are owned by women, persons of color, or members of other vulnerable populations by way of assigning "bonus" points for this criterion to a bidder's score when their service proposal is reviewed using a standardized scoring matrix. This proposal would expand on that practice by calling for bonus points to be awarded to bidders on the four essential NGE criteria: (1) degree of worker ownership, (2) degree of worker control, (3) presence of social mission, and (4) evidence of commitment to deep inclusion.
    b. *What it does to further an NGE agenda:* By factoring all four pillars of NGEs into scoring matrices, NGEs will be in position to win more government work.
    c. *What it means for power:* This proposal increases NGEs' power to work with government, and, through government contracts, power to influence government policies and procedures. The new sources of revenue further enhance NGEs' power to carry out their missions.

11. Adopt an Economic Development Accountability Act (EDAA).
    a. *What it is:* The EDAA is model legislation created by the nonprofit entity Good Jobs First. It imposes "disclosure, clawbacks, job creation and job quality standards, and unified economic development budgets"[185] on all companies that receive public subsidies and tax incentives. While such a proposal could also (and ought to) be taken up at the state level, local governments–from New York City and Chicago to Austin and Memphis–have shown that municipalities might be better positioned to enact these measures in the near term.[186]
    b. *What it does to further an NGE agenda:* The legislation requires that firms receiving public subsidies—typically traditional firms—create tangible, desirable public benefits. It establishes mechanisms for holding subsidy recipients accountable for social missions.

c. *What it means for power:* This proposal breaks the self-reinforcing cycle described in Ch. 5, whereby conventional firms experience a "rich get richer" phenomenon as they accumulate wealth and, by extension, power over (in this case, power over subsidy providers, who are often desperate to attract new economic development and trade-off public resources to make it happen).[187] At the same time, it provides local governments with power to demand different, more equitable patterns of local and regional development.

12. Provide an NGE tax incentive.
    a. *What it is:* Firms located in sponsoring localities that meet eligibility requirements (to be set by the adopting jurisdiction) in the four domains of (1) worker ownership, (2) worker governance, (3) social mission, and (4) commitment to deep inclusion are eligible to receive a tax credit. In Philadelphia, for example, certified B Corps that locate in city limits are eligible to receive a credit of up to $4,000 against their Business Income and Tax Receipts liabilities in a given year.[188] Observers have suggested that this credit has the potential to make Philadelphia the "B Corp capital of the world."[189] The proposal advanced here would go beyond B Corps, and aim to attract and catalyze more holistic NGEs that are worker owned, worker controlled, deeply inclusive, and led by social missions.
    b. *What it does to further an NGE agenda:* It provides an incentive for firms to establish themselves as NGEs, and it can contribute to the creation of a dense, spatially concentrated network of local NGEs whose combined impacts could create enormous benefits for local communities.
    c. *What it means for power:* Greater access to financial resources increases NGEs' power to carry out their mission, and spatial concentration of NGEs increases their capacity to work together to remake local economies (power with).

13. Establish a dedicated local NGE fund.
    a. *What it is:* Following efforts that other Rust Belt cities have used to promote the development of worker cooperatives, local governments can allocate small portions of their capital budgets (in Madison, Wisconsin, City Council recently committed $600,000 per year for five years[190]) to establish NGE development and assistance funds. These funds ought to be split evenly, with half of the dollars going to technical assistance for prospective and existing NGEs, and the remaining half getting distributed to startup NGEs in the form of non-extractive loans.
    b. *What it does to further an NGE agenda:* It provides dedicated funding and enhances the existing ecosystem of supporting services for NGE creation and support.
    c. *What it means for power:* As described in items 9 and 12 above, access to funding and technical assistance increases worker-owners' knowledge (power within) and capacity (power to) to carry out organizational and social (power with) missions.

GETTING THERE

While the various policy proposals outlined in this chapter might not be the right fits for all places, it is becoming increasingly clear that bold actions to reduce inequality and build a more democratic economy are well suited to the present moment in time. That the proposals highlighted above were all drawn from some combination of pending and existing examples from across the U.S.—with a handful of references to international experiences—speaks to the growing, diffused demand that exists for political and economic (systems) change in society today.

In a sign of inchoate responsiveness to that demand, just two years ago, in August 2018, the U.S. Congress passed its "first legislation in support of employee ownership in over two decades, and the first to explicitly name worker cooperatives as a priority" for the Small Business Administration (SBA).[191] That legislation, the Main Street Employee Ownership Act (MSEOA), which was sponsored by Senator Kirsten Gillibrand (D-NY), directed "the SBA to use its nationwide network of nearly 1,000 Small Business Development Centers to educate owners about selling to their employees."[192] It further authorized the SBA to provide loan guarantees in support of employee firm buyouts.

That said, although federal backing might make some banks more willing to approve loans for worker buyouts—which means that the legislation does support the creation and development of new worker-owned enterprises—observe that the MSEOA did not create a stream of funding for the U.S. government to make such loans directly. In other words, employees still need to go through intermediaries (e.g., private lenders) to access funds. At the same time, neither the law nor its loan guarantee program ensures that the SBA will make employee ownership a priority.[193] As such, while the MSEOA is a major step in the right direction, it arguably does not go far enough to advance the economic democracy agenda that is winning supporters across the nation. Indeed, it is more than telling that the runner-up for the Democratic nomination for President of the United States in 2020 counts workplace democracy and worker ownership among his signature issues.[194]

So, how might we more forcefully harness the energy and demand of the present to build the new economy of the "next generation"? Certainly, advocating for (as residents and groups of residents) and adopting (as legislatures and decision-makers) policies like the ones from above can set us on such a path. Beyond lobbying for new forms of enterprise and new policies, however, it is also possible to (1) challenge existing institutions that reinforce the status quo, and (2) build on existing entities that will arguably make the transition to a new, more democratic economy smoother. With respect to the former, the Power Analysis checklist from Chapter 5 (Table 5) is a tool for evaluating whether proposed actions (e.g., changes to public policy, public funding allocations, or new policies and procedures in the workplace) are more likely to widen or close gaps between the owning class and the rank-and-file in a given context. When coupled with other power mapping tools (e.g., LittleSis[195]), the checklist can be used to facilitate inclusive, democratic, participatory debates designed to reveal who really benefits, and how the status quo will or will not change, under various policy proposals. Such processes, and their outcomes, have the potential to meaningfully influence decision-making and bring greater balance to local power relations.

Concerning the second option, it is possible to build more building blocks. That is, this report documented how three selected types of institutions—labor unions, worker-owned enterprises, and social mission businesses—play important roles in reducing inequality and democratizing the economy. Among the reasons they play these roles is that they possess or advance, in varying degrees, essential building blocks of next generation enterprises: participatory democracy and worker power; worker ownership; social commitments; and deep inclusion. Along those lines, people and groups of people everywhere can advance the next generation agenda by reinforcing and laying down more of the building blocks on which it stands. Workers can follow any number of guides to begin unionizing their workplaces (see, for example, the online guide from the United Food and Commercial Workers Upstate New York district[196]). Employers can access the "Start Here" guide published by the National Center for Employee Ownership to begin taking steps to establish Employee Stock Ownership Plans (ESOPs).[197] And prospective cooperators can access the collection of legal guides and toolkits provided by the Democracy at Work Institute to get started on establishing a worker cooperative.[198] In the Buffalo-Niagara region more specifically, individuals can contact Cooperation Buffalo, a "community-led resource center, a team of cooperative business developers and educators, and a community-controlled non-extractive loan fund," to learn more about forming cooperatives in Western New York.[199]

At the same time, the three types of institutions featured in this report are not the only existing enterprise designs for reducing rampant inequality and tackling the larger systemic issues that produce it. Recall that this project focused narrowly on the workplace and on enterprise designs in which workers both own and control their firms. Yet, an authentic "pluralist commonwealth"[200] or "solidarity economy"[201] will require a mix of institutions with varying ownership structures and organizational designs, including not only unionized firms, worker co-ops, SMBs, and NGEs; but also: producer and consumer cooperatives; purchasing co-ops; hybrid co-ops; public enterprises (especially publicly owned utilities, energy, and broadband); credit unions; community banks; housing co-ops; community land trusts; and community gardens. Stated alternatively, the new economy will require a healthy, interconnected ecosystem of institutions that individually and collectively counteract destructive forces of capital (and coercive power) accumulation and create a fairer, more equitable distribution of resources (and generative power) in society.

The bottom line, then, is that although making a democratic economy for the "next generation" will involve substantial time, effort, and coordination in order to enact bold policies and programs at all levels of government (see prior), there is no better time to start than now—and there is no need to start from scratch. Rather, there are foundations in place across the map that we can begin building on from our various roles as workers, colleagues, comrades, constituents, residents, and potential partners in governance.

Postscript: Worker Ownership as a Path for Building Resilience After COVID-19

Author's Note: The following comments were adapted from an essay published by Common Dreams on 3 May 2020.[202]

The research and writing for this report occurred from December 2019 through February 2020, prior to the onset of the global COVID-19 pandemic. Since that time, COVID-19 has set the U.S. economy on fire. More than 30.5 million unemployment insurance claims were made between the last week of March and the end of April–the equivalent of roughly 20% of the nation's civilian workforce.[203] By some estimates, 12.7 million workers may have already lost their employer-provided health insurance,[204] not counting any dependents who were covered under those plans. The official unemployment rate soared to nearly 15% for April 2020, the highest figure since the Great Depression.[205] And, while the pandemic is affecting everyone, everywhere, persons, communities, and businesses of color are bearing disproportionate shares of the burdens.[206]

Given the magnitude of devastation experienced thus far, it is not surprising to see increasingly hostile[207] calls for the suffering to end. Americans want to put out the fire. And top officials at all levels of government seem quick to respond with promises that life will go "back to normal" in short order.[208] The economy, they say, will "really bounce back" in a matter of months.[209]

Setting aside questions of how (un)realistic such promises might be, is an unqualified "return to normal" a good thing? Do we really want to just "bounce back?" After all, before the coronavirus hit, the U.S. was already experiencing some of the highest levels of inequality[210] and largest racial wealth gaps[211] in recent memory–disparities that are on track to be exacerbated by COVID-19.[212] At the same time, more than one-fifth of American children already lived in poverty.[213] Experts suggest that food security has become an even greater issue[214] for these children as a result of the pandemic. Are these the "normal" circumstances to which we hope for an immediate return?

One reason that leaders (and their followers) are so eager to settle for "bouncing back" from crises is that moving in a different direction would necessitate more short-term sacrifice. In other words, it is neither quick nor cheap–nor always popular[215]–to wage war on the "institutional rigidity"[216] of the status quo. Another reason is that many leaders and experts genuinely believe that bouncing back to normal is the hallmark of resilience;[217] and, as such, it is what we ought to aim for once the fire is extinguished.

Both of these justifications are weak, though the latter is especially flimsy. In particular, a social system is not resilient because it returns to the way it was before a disaster, pandemic, or terrorist attack. A system like that–one characterized by constancy, persistence, and the ability to go back to the way things were–is a stable system. By contrast, a resilient system is one that, when faced with a crisis, adapts and self-organizes to become better prepared to function in the post-crisis world. Put differently, true resilience involves pushing forward–building new capacity in the present to flourish in the future–not just bouncing back.

As implied throughout this report, one specific arena where new public policy efforts can help build resilience is enterprise ownership and design. Ample research shows that worker-owned and worker-controlled enterprises fail at lower rates than traditional firms during economic crises.[218] One reason is that worker-owners can often act more nimbly in difficult times,[219] making short-term collective sacrifices (e.g., production or salary cuts) that promote long-term collective interests.

Chapter 6 of this report enumerated several mechanisms for advancing worker ownership through federal, state, and local policy. Yet, one of the timeliest strategies might be to pass federal legislation like the United States Employee Ownership Bank Act (refer to proposal #4 in Chapter 6).[220] The Act (1) calls for employees to have a right of first refusal[221] when their firm is planned to be sold or closed, meaning that workers have the right to band together to collectively purchase the firm before it can be sold or shut down; and (2) creates a bank to provide loans to facilitate such acquisitions, so long as the buyers are a majority (51%) of the firm's employees.

Like any national-scale COVID-19 response, creating and endowing an Employee Ownership Bank will come at a large cost. However, as the March 2020 stimulus package demonstrated, Congress can answer the familiar "how will you pay for it?" question[222] swiftly and decisively when crisis brings mass devastation. With the unsettling reality that scores of businesses are at risk of permanent closure[223] due to the pandemic, it seems that more devastation–and not a return to "normal"–is what is in store for many workers and their families in the months ahead. Rather than sparing no expense on a bounce back, it seems like a better time to start investing in a push forward. Strategies that keep firms open and in workers' hands are vital nodes on that headlong path.

If, following the Great Fire of 1666, London would have simply rebuilt the same "clogged", "narrow" combustible urban fabric[224] that it had before, the city could have been in flames again by the time the ashes scattered. Instead, the 1667 Act for Rebuilding London established institutions to prevent subsequent fires from being able to wreak the same level of havoc on the city. The Act limited "private freedom to a degree necessary to prevent"[225] future disasters. As we move to put out the fires that COVID-19 ignited on our economy, we need to take a similar approach. Resilience does not mean simply bouncing back–it is about boldly advancing into the post-crisis world with fewer vulnerabilities than we had before. Reducing systemic inequities and building the capacity of vulnerable workers, populations, and places is how we become a more resilient society going forward. Creating new opportunities for worker ownership and democracy at work must be integral to that project.

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Appendices

Appendix A. Technical Notes

Recall that the objectives of the empirical case study were to:

- identify, inventory, and map the geographies of selected "building block" institutions in Buffalo-Niagara that have the intrinsic potential to fight inequality; and
- for each type of building block on which data are available, explore empirical associations between presence of the building block institutions and measurable indicators of inequality.

The report relied on four sources of data to engage with those objectives:

- the current release of the Private Pension Plan (PPP) dataset published by the U.S. Department of Labor (DOL);[226]
- the current release of the Longitudinal Employer Household Dynamics (LEHD) Origin-Destination Employment Statistics (LODES) Workplace Area Characteristics (WAC) table for New York State, published by the U.S. Census Bureau;[227]
- ReferenceUSA's U.S. business database;[228] and
- interviews with four leaders in the Buffalo-Niagara worker cooperative movement.

Of these four sources, the former three were used to perform two phases of secondary data analysis. In the first (exploratory) phase, the point distributions of unionized workplaces and ESOP firms (Fig. 2) were overlaid onto the distribution of census tracts in the Buffalo-Niagara region. Census tracts are small units of geography for which most social and economic data collected by the U.S. Census Bureau are reported. They are often used to represent the neighborhood scale in social science studies, though their boundaries should not be considered to be neighborhoods per se.[229] The point of overlaying selected firms onto tract boundaries was to identify all census tracts where such firms are located. Each census tract that was found to contain at least one unionized firm was coded as a "tract with a unionized firm", and likewise for tracts found to contain at least one ESOP firm. That system of coding facilitated a series of comparisons using wage data from the LODES WAC tables.

The comparisons all took on the same general form. Specifically, dependent variable levels were compared between tracts (1) that contained one or more firms of interest (i.e., either a collectively bargained pension or an ESOP) and (2) all other tracts. The comparisons were performed using basic chi-square tests for independence. The dependent variables that were evaluated included:

- wage structure (i.e., low, medium, and high wages) by economic sector;
- wage structure for workers of color; and
- wage structure for women.

The two independent (grouping) variables considered in the analyses were (1) presence/absence of unionized firms, and (2) presence/absence of ESOP firms. That is, the following comparisons were made for each of the three dependent variables listed above:

- Tracts with unionized firms v. all other tracts;
- Tracts with ESOP firms v. all other tracts.

For the demographic dependent variables (race and gender), a further comparison was made between (1) tracts that at least one unionized firm AND at least one ESOP, and (2) all other tracts. Table 1 in the main text summarizes the results of all of these comparisons graphically for legibility and ease of interpretation. In Appendix B, below, we provide the specific results for each chi-square test that went into the creation of Table 1.

In the follow-up phase of secondary data analysis, we designed and estimated statistical models that relied on Harvard Professor Gary King's method of ecological inference (EI).[230] Put simply, King's EI uses aggregate (known) quantities to estimate the values of unknown quantities of interest. For instance, in the context of this report, a "known" quantity from the LODES WAC data is the total number of private sector jobs in a given census tract. Another "known" quantity, from the ReferenceUSA data, is the percentage of jobs in a census tract that are located in firms that have collectively bargained pension plans (i.e., "unionized firms"). A third "known" quantity, also from the LODES WAC, is the percentage of jobs in a census tract that are characterized by "high wages" (i.e., are in the top earnings category tracked by the Census Bureau). What is not "known" in this collection of variables is how those high wage jobs break down by firm unionization. That is, how many "high wage" jobs are in unionized firms versus all other firms in a particular census tract?

To answer this type of question, King's EI uses the appropriate "known" (also called "marginal") values to (1) compute deterministic bounds for the unknown quantities of interest, and then, via a simultaneous maximum likelihood approach, (2) estimate the locations of the unknown quantities within those bounds. In less technical terms, the method leverages variation (here, census tract-level variation) in "known" quantities to produce reasonable estimates of unknown quantities of interest. While there will necessarily be uncertainty involved in such an estimation procedure, that uncertainty can be represented quantitatively using measures such as confidence intervals and, for aggregate estimates, standard deviations. While the results from our EI models were presented in Table 4 in the main text, they are reproduced below, in Table A1, to include the standard deviations that accompany the estimates and other relevant technical details.

Table A1. Results of statistical analyses

	Unionized Firms	**All Other Firms in the Same Census Tracts**	**ESOP Firms**	**All Other Firms in the Same Census Tracts**
Total Workers in Selected Census Tracts	9,657*	160,776	3,241*	148,110
High Wage Earners (as % of Workers in Category)	77.3% (sd = 0.088)	51.0% (sd = 0.005)	93.6% (sd = 0.072)	47.4% (sd = 0.002)
Persons of Color (as % of Workers in Category)	24.0% (sd = 0.044)	15.6% (sd = 0.003)	53.8% (sd = 0.004)	14.3%** (sd < 0.001)
Women (as % of Workers in Category)	79.7% (sd = 0.091)	47.8% (sd = 0.005)	6.4% (sd = 0.065)	49.9% (sd = 0.001)
n (# of census tracts analyzed)	27		26	

*Values were calculated by applying the percentage of unionized or ESOP firms from tract-level ReferenceUSA data to the U.S. Census Bureau LEHD data from which demographic variables were collected; **Three tracts with missing data were excluded from this model; sd = standard deviation

Appendix B. Chi-Square Test Results

Appendix A described the manner by which we formulated and executed a series of exploratory chi-square tests to compare the values of dependent variables in census tracts that contain selected firm types (i.e., unionized workplace and ESOPs) to values of those same variables in all other census tracts. Below we provide the results from each individual test that was performed. Each table in this section includes a narrative "interpretation" that summarizes a major takeaway from each test. These interpretations were used to construct the graphical summary in Table 1 from the main text. The odds ratios listed in each table were computed by collapsing each table into the relevant 2x2 form—e.g., for the high wage category for unionized firms, the odds ratio is computed as (1) the count of high wage jobs in unionized firms divided by the count of all other jobs in unionized firms, divided by (2) the count of high wage jobs in non-unionized firms divided by the count of all other jobs in non-unionized firms.

Table A2. Wage comparison for utilities workers in census tracts with and without utilities firms with a collectively bargained pension

Economic Sector: Utilities (NAICS 22)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	67	2,018	
% High Wage	67.2%	92.1%	0.17*
% Medium Wage	20.9%	5.2%	4.81*
% Low Wage	11.9%	2.7%	4.93*
χ^2 [2] = 57.7* *Interpretation:* Utilities workers in tracts where at least one utility firm has a collectively bargained pension are **significantly more likely to earn low and middle wages** relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A3. Wage comparison for manufacturing workers in census tracts with and without manufacturing firms with a collectively bargained pension

Economic Sector: Manufacturing (NAICS 31-33)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	6,627	45,279	
% High Wage	64.0%	65.7%	0.93*
% Medium Wage	30.8%	27.9%	1.15*
% Low Wage	5.3%	6.5%	0.80*
χ^2 [2] = 38.3* *Interpretation:* Manufacturing workers in tracts where at least one manufacturing firm has a collectively bargained pension are **significantly more likely to earn middle-and-high wages** (combined) relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A4. Wage comparison for wholesale trade workers in census tracts with and without wholesale trade firms with a collectively bargained pension

Economic Sector: Wholesale Trade (NAICS 42)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	985	19,848	
% High Wage	46.1%	61.3%	0.54*
% Medium Wage	42.1%	29.2%	1.76*
% Low Wage	11.8%	9.5%	1.27*
χ^2 [2] = 98.4* *Interpretation:* Wholesale trade workers in tracts where at least one utility firm has a collectively bargained pension are **significantly more likely to earn low and middle wages** relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A5. Wage comparison for retail trade workers in census tracts with and without retail trade firms with a collectively bargained pension

Economic Sector: Retail Trade (NAICS 44-45)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	363	58,241	
% High Wage	23.7%	20.8%	1.18
% Medium Wage	43.0%	36.2%	1.33*
% Low Wage	33.3%	43.1%	0.66*
χ^2 [2] = 14.1* *Interpretation:* Retail trade workers in tracts where at least one manufacturing firm has a collectively bargained pension are **significantly more likely to earn middle-and-high wages** relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A6. Wage comparison for information workers in census tracts with and without information firms with a collectively bargained pension

Economic Sector: Information (NAICS 51)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	172	19,415	
% High Wage	59.3%	45.8%	1.73*
% Medium Wage	27.3%	36.8%	0.65*
% Low Wage	13.4%	17.4%	0.73*
χ^2 [2] = 38.3* *Interpretation:* Manufacturing workers in tracts where at least one manufacturing firm has a collectively bargained pension are **significantly more likely to earn high wages** relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A7. Wage comparison for finance and insurance workers in census tracts with and without finance and insurance firms with a collectively bargained pension

Economic Sector: Finance and Insurance (NAICS 52)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	255	6,035	
% High Wage	64.7%	57.9%	1.33*
% Medium Wage	19.6%	22.4%	0.85*
% Low Wage	15.7%	19.7%	0.76*
χ^2 [2] = 5.1† *Interpretation:* Finance and insurance workers in tracts where at least one finance and insurance firm has a collectively bargained pension are **significantly more likely to earn high wages** relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better ; †Significant at a 90% level of confidence

Table A8. Wage comparison for professional, scientific, and technical services workers in census tracts with and without firms with a collectively bargained pension

Economic Sector: Professional, Scientific, and Technical Services (NAICS 54)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	1,978	26,537	
% High Wage	60.6%	59.4%	1.05
% Medium Wage	28.0%	25.9%	1.11*
% Low Wage	11.4%	14.7%	0.74*
χ^2 [2] = 18.9* *Interpretation:* Professional, scientific, and technical services workers in tracts where at least one firm has a collectively bargained pension are **significantly more likely to earn middle and high wages** relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A9. Wage comparison for educational services workers in census tracts with and without educational services firms with a collectively bargained pension

Economic Sector: Educational Services (NAICS 61)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	480	55,200	
% High Wage	35.6%	53.3%	0.48*
% Medium Wage	24.6%	22.9%	1.10
% Low Wage	39.8%	23.8%	2.12*
χ^2 [2] = 38.3* *Interpretation:* Educational services workers in tracts where at least one educational services firm has a collectively bargained pension are **significantly more likely to earn low wages** relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A10. Wage comparison healthcare and social assistance workers in census tracts with and without healthcare and social assistance firms with a collectively bargained pension

Economic Sector: Health Care and Social Assistance (NAICS 62)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	10,032	76,527	
% High Wage	65.5%	36.4%	3.31*
% Medium Wage	25.7%	39.6%	0.53*
% Low Wage	8.8%	24.0%	0.30*
χ^2 [2] = 3,784.4* *Interpretation:* Health care and social assistance workers in tracts where at least one health care and social assistance firm has a collectively bargained pension are **significantly more likely to earn high wages** relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better ; †Significant at a 90% level of confidence

Table A11. Wage comparison for other services workers in census tracts with and without other services firms with a collectively bargained pension

Economic Sector: Other Services [Except Pub Admin] (NAICS 81)	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	1,917	20,850	
% High Wage	24.8%	23.7%	1.06
% Medium Wage	30.0%	36.1%	0.76*
% Low Wage	45.2%	40.2%	1.23*
χ^2 [2] = 32.2* *Interpretation:* Other services workers in tracts where at least one other services firm has a collectively bargained pension are slightly more likely to earn high wages, and **significantly more likely to earn low wages**, relative to their peers in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A12. Wage comparison for utilities workers in census tracts with and without utilities firms with an ESOP

Economic Sector: Utilities (NAICS 22)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	67	2,018	
% High Wage	67.2%	92.1%	0.17*
% Medium Wage	20.9%	5.2%	4.81*
% Low Wage	11.9%	2.7%	4.93*
χ^2 [2] = 57.7* *Interpretation:* Utilities workers in tracts where at least one utility firm has an ESOP are **significantly more likely to earn low and middle wages** relative to their peers in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A13. Wage comparison for construction workers in census tracts with and without construction firms with an ESOP

Economic Sector: Construction (NAICS 23)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	847	18,915	
% High Wage	52.3%	54.6%	0.91
% Medium Wage	36.6%	31.7%	1.24
% Low Wage	11.1%	13.7%	0.79*
χ^2 [2] = 11.3* *Interpretation:* Construction workers in tracts where at least one construction firm has an ESOP are **significantly more likely to earn middle-and-high wages** (combined) relative to their peers in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A14. Wage comparison for manufacturing workers in census tracts with and without manufacturing firms with an ESOP

Economic Sector: Manufacturing (NAICS 31-33)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	5,882	46,024	
% High Wage	68.5%	65.0%	1.17*
% Medium Wage	25.8%	28.6%	0.87*
% Low Wage	5.7%	6.4%	0.88*
χ^2 [2] = 31.9* *Interpretation:* Manufacturing workers in tracts where at least one manufacturing firm has an ESOP are **significantly more likely to earn high wages** relative to their peers in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A15. Wage comparison for wholesale trade workers in census tracts with and without wholesale trade firms with an ESOP

Economic Sector: Wholesale Trade (NAICS 42)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	1,448	19,385	
% High Wage	66.4%	60.1%	1.31*
% Medium Wage	27.3%	30.0%	0.88*
% Low Wage	6.3%	9.8%	0.61*
χ^2 [2] = 31.5* *Interpretation:* Wholesale trade workers in tracts where at least one wholesale trade firm has an ESOP are **significantly more likely to earn high wages** relative to their peers in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A16. Wage comparison for retail trade workers in census tracts with and without retail trade firms with an ESOP

Economic Sector: Retail Trade (NAICS 44-45)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	291	58,313	
% High Wage	31.3%	20.7%	1.74*
% Medium Wage	41.2%	36.2%	1.24
% Low Wage	27.5%	43.1%	0.50*
χ^2 [2] = 34.0* *Interpretation:* Retail trade workers in tracts where at least one retail trade firm has an ESOP are slightly more likely to earn middle wages, and **significantly more likely to earn high wages**, relative to their peers in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A17. Wage comparison for finance and insurance workers in census tracts with and without finance and insurance firms with an ESOP

Economic Sector: Finance and Insurance (NAICS 52)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	1,728	4,562	
% High Wage	64.6%	55.7%	1.45*
% Medium Wage	22.9%	22.1%	1.05*
% Low Wage	12.5%	22.2%	0.50*
χ^2 [2] = 99.1* *Interpretation:* Finance and insurance workers in tracts where at least one finance and insurance firm has an ESOP are **significantly more likely to earn high wages** relative to their peers in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A18. Wage comparison for professional, scientific, and technical services workers in census tracts with and without firms with an ESOP

Economic Sector: Professional, Scientific, and Technical Services (NAICS 54)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	2,637	25,878	
% High Wage	62.9%	59.1%	1.17*
% Medium Wage	25.4%	26.1%	0.97
% Low Wage	11.7%	14.8%	0.76*
χ^2 [2] = 23.8* *Interpretation:* Professional, scientific, and technical services workers in tracts where at least one firm has an ESOP are **significantly more likely to earn high wages** relative to their peers in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A19. Wage comparison administrative and support services and waste management workers in census tracts with and without firms with an ESOP

Economic Sector: Administrative and Support Services and Waste Management (NAICS 56)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	116	29,935	
% High Wage	27.6%	26.8%	1.04*
% Medium Wage	35.3%	39.8%	0.83
% Low Wage	37.1%	33.4%	1.17
χ^2 [2] = 1.1 *Interpretation:* Administrative and support services and waste management workers earn relatively similar wages in tracts where at least one firm has an ESOP and tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A20. Wage comparison health care and social assistance workers in census tracts with and without healthcare and social assistance firms with an ESOP

Economic Sector: Health Care and Social Assistance (NAICS 62)	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	1,257	85,302	
% High Wage	39.2%	39.8%	0.98
% Medium Wage	31.6%	38.1%	0.75*
% Low Wage	29.2%	22.1%	1.45*
χ^2 [2] = 42.4* *Interpretation:* Health care and social assistance workers in tracts where at least one health care and social assistance firm has an ESOP are **significantly more likely to earn low wages** relative to their peers in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A21. Wage comparison for persons of color in census tracts with and without firms with a collectively bargained pension

Workers of Color	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	27,446	53,765	
% High Wage	35.4%	21.8%	1.96*
% Medium Wage	40.1%	40.4%	0.99
% Low Wage	24.5%	37.7%	0.54*
χ^2 [2] = 3,579.2* *Interpretation:* Persons of color (POC) in tracts where at least one firm has a collectively bargained pension are **significantly more likely to earn high wages** relative to POC in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A22. Wage comparison for persons of color in census tracts with and without firms with an ESOP

Workers of Color	**Enterprise with an ESOP in Tract**	**No Enterprise with an ESOP in Tract**	**Odds Ratio**
# of Jobs in Tract	23,054	58,157	
% High Wage	31.2%	24.5%	1.39*
% Medium Wage	39.3%	40.8%	0.94*
% Low Wage	29.6%	34.7%	0.79*
χ^2 [2] = 600.8* *Interpretation:* Persons of color (POC) in tracts where at least one firm has an ESOP are **significantly more likely to earn high wages** relative to POC in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A23. Wage comparison for white workers and workers of color in Buffalo-Niagara

Region	**White Workers**	**Workers of Color**	**Odds Ratio**
# of Jobs in Tract	465,388	81,211	
% High Wage	45.8%	26.4%	2.35*
% Medium Wage	30.1%	40.3%	0.64*
% Low Wage	24.1%	33.2%	0.64*
χ^2 [2] = 89,621.0* *Interpretation:* White workers in Buffalo-Niagara are **significantly (2.35 times) more likely to earn high wages** relative to POC.			

*Statistically significant at a 95% level of confidence or better

Table A24. Wage comparison for white workers and workers of color in census tracts with one or more collectively bargained pensions

Union Tracts	**White Workers**	**Workers of Color**	**Odds Ratio**
# of Jobs in Tract	142,987	27,446	
% High Wage	55.8%	35.4%	2.30*
% Medium Wage	27.5%	40.1%	0.57*
% Low Wage	16.8%	24.5%	0.62*
χ^2 [2] = 26,042.7* *Interpretation:* White workers in tracts with at least one collectively bargained pension are **significantly (2.30 times) more likely to earn high wages** relative to POC.			

*Statistically significant at a 95% level of confidence or better

Table A25. Wage comparison for white workers and workers of color in tracts with one or more ESOPs

ESOP Tracts	**White Workers**	**Workers of Color**	**Odds Ratio**
# of Jobs in Tract	128,297	23,054	
% High Wage	51.4%	31.2%	2.34*
% Medium Wage	28.6%	39.3%	0.62*
% Low Wage	20.0%	29.6%	0.59*
χ^2 [2] = 24,629.3* *Interpretation:* White workers in tracts with at least one collectively bargained pension are **significantly (2.34 times) more likely to earn high wages** relative to POC.			

*Statistically significant at a 95% level of confidence or better

Table A26. Wage comparison for white workers and workers of color in census tracts with one or more collectively bargained pensions AND one or more ESOPs

Union and ESOP Tracts	White Workers	Workers of Color	Odds Ratio
# of Jobs in Tract	45,309	7,334	
% High Wage	54.4%	35.8%	2.14*
% Medium Wage	28.6%	40.1%	0.60*
% Low Wage	17.1%	24.1%	0.65*
χ^2 [2] = 24,629.3* *Interpretation:* White workers in tracts with at least one collectively bargained pension are **significantly (2.14 times) more likely to earn high wages** relative to POC.			

*Statistically significant at a 95% level of confidence or better

Table A27. Wage comparison for women in census tracts with and without firms with a collectively bargained pension

Women	Enterprise with a Collectively Bargained Pension in Tract	No Enterprise with a Collectively Bargained Pension in Tract	Odds Ratio
# of Jobs in Tract	84,479	193,870	
% High Wage	45.9%	31.7%	1.83
% Medium Wage	33.7%	35.6%	0.92*
% Low Wage	20.4%	32.7%	0.53*
χ^2 [2] = 9,460.9* *Interpretation:* Women in tracts where at least one firm has a collectively bargained pension are **significantly more likely to earn high wages** relative to women in tracts without collectively bargained pensions.			

*Statistically significant at a 95% level of confidence or better

Table A28. Wage comparison for women in census tracts with and without firms with an ESOP

Women	Enterprise with an ESOP in Tract	No Enterprise with an ESOP in Tract	Odds Ratio
# of Jobs in Tract	74,122	204,227	
% High Wage	39.6%	34.7%	1.24*
% Medium Wage	35.2%	34.9%	1.01
% Low Wage	25.2%	30.4%	0.77*
χ^2 [2] = 1182.7* *Interpretation:* Women in tracts where at least one firm has an ESOP are significantly more likely to earn high wages relative to women in tracts without ESOPs.			

*Statistically significant at a 95% level of confidence or better

Table A29. Wage comparison for men and women in Buffalo-Niagara

Region	Male Workers	Female Workers	Odds Ratio
# of Jobs in Tract	268,250	278,349	
% High Wage	50.0%	36.0%	1.78*
% Medium Wage	28.2%	35.0%	0.73*
% Low Wage	21.8%	29.0%	0.68*
χ^2 [2] = 23,157.8* *Interpretation:* Men in Buffalo-Niagara are **significantly (1.78 times) more likely to earn high wages** relative to women.			

*Statistically significant at a 95% level of confidence or better

Table A30. Wage comparison for men and women in census tracts with one or more collectively bargained pensions

Union Tracts	Male Workers	Female Workers	Odds Ratio
# of Jobs in Tract	85,954	84,479	
% High Wage	59.0%	45.9%	1.69*
% Medium Wage	25.4%	33.7%	0.67*
% Low Wage	15.7%	20.4%	0.72*
χ^2 [2] = 5,910.3* *Interpretation:* Men in tracts with at least one collectively bargained pension are **significantly (1.69 times) more likely to earn high wages** relative to women.			

*Statistically significant at a 95% level of confidence or better

Table A31. Wage comparison for men and women in census tracts with one or more ESOPs

ESOP Tracts	Male Workers	Female Workers	Odds Ratio
# of Jobs in Tract	77,229	74,122	
% High Wage	56.7%	39.6%	2.00*
% Medium Wage	25.5%	35.2%	0.63*
% Low Wage	17.8%	25.2%	0.64*
χ^2 [2] = 9,471.4* *Interpretation:* Men in tracts with at least one collectively bargained pension are **significantly (2.00 times) more likely to earn high wages** relative to women.			

*Statistically significant at a 95% level of confidence or better

Table A32. Wage comparison for men and women in census tracts with one or more collectively bargained pensions AND one or more ESOPs

ESOP and Union Tracts	Male Workers	Female Workers	Odds Ratio
# of Jobs in Tract	27,150	25,493	
% High Wage	61.5%	41.4%	2.26*
% Medium Wage	24.3%	36.5%	0.56*
% Low Wage	14.2%	22.1%	0.58*
χ^2 [2] = 4,526.1* *Interpretation:* Men in tracts with at least one collectively bargained pension are **significantly (2.26 times) more likely to earn high wages** relative to women.			

*Statistically significant at a 95% level of confidence or better

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145 For comparison, Hirsch and Macpherson’s analysis of the U.S. Census Current Population Survey (CPS) suggests that there are around 39,000 union members in private sector firms throughout Buffalo-Niagara, with over 45,000 persons covered by union contracts. Importantly, for individual metropolitan areas, the CPS is based on famously small samples. In this case, only 327 CPS respondents were either private sector union members or private sector employees covered by union contracts. The estimates of 39,000 and 45,000 were achieved by way of weighting those 327 cases using Census Bureau-provided survey weights. For more information, see: Barry T. Hirsch and David A. Macpherson, “Union Membership and Coverage Database from the Current Population Survey: Note,” Industrial and Labor Relations Review, Vol. 56, No. 2, January 2003, pp. 349-54 (updated annually at unionstats.com). Note that the estimates in this report do not account for employees at private sector unionized firms that are not represented in the private pension plan (PPP) dataset. Thus, the disparity in the CPS estimates and the employment numbers presented here is a natural result of undercounting unionized firms, given that not all such firms will be included in the PPP. Nevertheless, there is relatively close correspondence between the CPS estimates of 45,000 persons in the private sector who are covered by union contracts and 53,000 participants in collectively bargained pensions through private firms. As a final matter, note that the total number of Buffalo-Niagara firms with private pension plans (as represented

in the PPP) is 477, with 572 separate plans distributed across those firms. According to ReferenceUSA, a total of 55,821 persons are employed in those 477 firms. Of those, 15,024 persons are employed in "unionized firms" as defined in this report—for an estimated union coverage of 26.9% in the universe of private sector firms that offer pension plans. That number far exceeds the 10.6% private sector union coverage estimate from the CPS; however, note again that not all private sector firms offer pension plans. As such, actual union coverage percentage in the Buffalo-Niagara private sector will be lower than the estimate that can be derived from looking exclusively at pension plan providers.

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