

Worker cooperatives, economic inclusion, and structural inequality: U.S. and Italy compared

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Abstract

This article reviews and compares the literature from the U.S. and Italy about whether worker cooperatives foster economic inclusion of marginalized workers and whether worker cooperatives challenge or enhance structural inequality. The Author categorizes the various scholarship addressing these issues and analyses the resultant themes. Two questions warranting further research are proposed. First, how can Labor & Employment Law and Cooperative Law be designed or interpreted to work in tandem to provide dignified terms and conditions of employment? Second, how can internal industrial relations of worker cooperatives best be structured to challenge rather than enforce structural inequality?

Keywords: Worker Cooperative; Governance; Structural Inequality; Industrial Relations; Economic Inclusion.

1. Introduction.

This comparative paper, at the intersection of Law, Sociology, and Industrial Relations, reviews what has been written about diversity, equity, and inclusion in worker cooperatives in the U.S. and Italy. The paper first sets out a brief overview of the law governing worker cooperatives in the U.S. and Italy.

The paper then reviews the literature. It discusses how worker cooperatives have been used by marginalized groups, such as Black Americans or Italians with disabilities, to foster their inclusion and survival in the economic system. The role the law plays by explicitly considering only economic and legal business structure or also identities, such as class or people with disability, is explored. The paper also reviews the literature about the internal

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dynamics of worker cooperatives as businesses where the workplace practices can solidify or challenge pre-existing structural inequalities, such as along lines of gender or race.

The paper then compares the two nation's worker cooperative frameworks and makes suggestions about actors and strategies that might concretely shape the pathways toward more inclusive, transparent, and just work environments, such as supporting certain cooperative types via law and government policy. The paper also compares the two and makes suggestions about industrial relations practices' role in promoting equality and inclusion and factors within a cooperative business that may challenge or enable equality in the workplace.

2. Background.

This section provides a brief overview of the laws governing worker cooperatives in the U.S. and Italy. In the U.S. the cooperative laws generally do not aim to address issues of diversity, equity, and inclusion in the economy and instead focus on enabling business models to address unmet needs generally. In some states, laws specifically designed to enable worker cooperatives do aim to overcome class inequality. On the other hand, in Italy, at least some of the cooperative laws appear to aim to address issues of diversity, equity, and inclusion in the economy.

a. U.S. Cooperative Law.

In the United States, cooperatives, similar to any business entity, are governed by laws at both the state and federal level.¹ Many states have some type of law by which a business can incorporate as a cooperative.² In some states, only agricultural cooperatives are recognized,³ but in many a general cooperative law also permits incorporation as a consumer or worker cooperative.⁴ Some states have adopted some version of the Uniform Limited Cooperative Association Act (ULCAA), which eases the process of incorporating as a worker or multi-stakeholder cooperative.⁵ Some states, such as Massachusetts, Illinois, and California, have laws that specifically provide for incorporation of a worker cooperative.⁶

¹ Libman K., Adler S., Musburger P., *Cooperative ownership as a health justice intervention: A promising strategy to advance health equity through the U.S. childcare system*, in *The Journal of Law, Medicine & Ethics*, 50, 4, 2022, , 738 and 741, <https://doi.org/10.1017/jme.2023.15>.

² Libman K., Adler S., Musburger P., *ibid*, 741.

³ See, e.g., *Florida Statutes Annotated* § 619.01 (Lexis through 2026 Reg. Sess.), defining non-profit cooperative as limited to «persons engaged in the production, preserving, drying, packing, canning, bottling, shipping, or marketing of agricultural products...or in the manufacture or preparation of any confection, extracts, oils, juices, or byproducts, or three or more persons engaged in the production and marketing of aquatic products and sponges...».

⁴ See, e.g., *Alaska Statutes* § 10.15.005 (Lexis through 2026, 1st Reg. Sess.): «A cooperative may be organized under this chapter for any lawful purpose, except for the purpose of banking or insurance or the furnishing of electric or telephone or related telecommunications service».

⁵ See, e.g., *Kentucky Revised Statutes* § 272A.3-010 (LexisNexis, Lexis Advance through the 2025 Reg. Sess.); see also *Uniform Limited Cooperative Association Act* (Unif L Comm'n 2007), amended in 2013.

⁶ Hill J., *Movement lawyering for Georgia worker cooperatives*, in *Human Rights Brief*, 26, 2, 2023, 113 and 116 <https://digitalcommons.wcl.american.edu/cgi/viewcontent.cgi?article=2041&context=hrbrief>; *California*

At the federal level, the tax code governs cooperatives.⁷ Subchapter T of the Internal Revenue Code allows for an exemption from tax on patronage.⁸ In this way, the federal law incentivizes cooperative businesses.⁹ Yet, at a more granular level, restrictions that force a distinction between for-profit and non-profit businesses may disincentivize cooperatives aimed to overcome economic barriers for groups of people with marginalized identities. One possible barrier is that U.S. tax law generally does not permit tax-exempt donations directly to cooperatives because they are classified as for-profit companies.¹⁰ Many grants are also targeted only at non-profits.¹¹ For these reasons, some cooperatives affiliate with a non-profit in order to receive donations and grant funding.¹² Additionally, employment laws restrict working as volunteers without pay to nonprofits to ensure that all workers are fairly compensated.¹³

The interplay of the state and federal law also impacts those immigrants who do not have work documentation.¹⁴ In states which have adopted the ULCAA, cooperative members may be classified as owners for immigration, federal tax, and many employment laws. In other states, owners would need to incorporate the business as a limited liability corporation (LLC) rather than a cooperative to maintain owner, rather than employee, status for tax purposes.¹⁵

b. Italian Cooperative Law.

Cooperative law in Italy dates as far back as 1909.¹⁶ The Italian Constitution explicitly recognizes the value of cooperatives in Article 45.¹⁷ It states: “The Republic acknowledges the social function of co-operation of a mutualistic, non-speculative nature. The law shall

Corporations Code § 12201 (Lexis through 2025-2026 Reg. Sess.); 805 *Illinois Compiled Statutes Annotated* 317/15 (Lexis through 2025 Reg. Sess.); Mass Gen Laws ch. 157, § 1 (Lexis Through 2026 Reg. Sess.) 805 *Illinois Compiled Statutes Annotated* 317/15 (Lexis through 2025 Reg. Sess.); *Massachusetts General Laws* ch. 157, § 1 (Lexis Through 2026 Reg. Sess.).

⁷ IRC §§ 1381-1388.

⁸ IRC § 1382(b).

⁹ See Libman K., Adler S., Musburger P., nt. (1), 741.

¹⁰ See, e.g., Hughes J., *Envisioning § 501(c)(3) Social Impact Cooperatives as strategy to address poverty*, in 53 *Cumberland Law Review*, 53, 2, 2023, 395.

¹¹ See Hughes J., *ibid*, 422: «I.R.C. § 501(c) establishes the basic requirements of federal tax exemption, and I.R.C. § 501(c)(3) provides a set of requirements to enable an organization to receive philanthropic grants and tax-deductible donations pursuant to I.R.C. § 170».

¹² Hughes J., *ibid*, 418.

¹³ Levinson A., Eisenback C., *Cooperative ownership and the Fair Labor Standards Act*, in *Michigan State Law Review*, 2021, 73 and 78, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3713990.

¹⁴ See, generally, Krishna G., *Growing the resistance: A call to action for transactional lawyers in the era of Trump*, in *Tennessee Journal of Race, Gender, & Social Justice*, 7, 2, 2018, 206, available at https://digitalcommons.nyls.edu/cgi/viewcontent.cgi?article=2355&context=fac_articles_chapters.

¹⁵ See Hempel C., Krishna G., *Within the law, beyond exploitation: The evolution of immigrant worker cooperatives*, in *Fordham Urban Law Journal*, 52, 4, 2025, 931 and 952-953, available at <https://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=3006&context=ulj>.

¹⁶ Ammirato P., *The Growth of Italian Cooperatives: Innovation, Resilience and Social Responsibility*, Routledge, London, 2018, 12.

¹⁷ Kohn M., *Community wealth building: Lessons from Italy*, in Barnes M., Walker C., Williamson, T. (eds.), *Community Wealth Building and the Reconstruction of American Democracy: Can We Make American Democracy Work?*, Edward Elgar Publishing, Cheltenham, 2020, 103, <https://doi.org/10.4337/9781839108136>.

promote and favor it through appropriate means and, through suitable checks, ensures its character and scope. The law shall safeguard and promote artisanal work”.¹⁸

At least two types of laws governing cooperatives appear explicitly designed to address diversity, equity, and inclusion (DEI) in the economy.¹⁹ The 1991 law defining social cooperatives, particularly the portion governing Type B cooperatives, furthers the integration of those with marginalized identities, in particular those with disabilities, into the economy.²⁰ The Marcora Act also appears to explicitly address class inequality by providing government funds to enable the buy-out of closing businesses.²¹ Additionally, the operation of the labor laws and collective agreements at the national level appears to sometimes provide for union involvement even in non-unionized cooperatives resulting from buyouts.²²

3. Literature Review – Economic Inclusion.

This section reviews the scholarship about how worker cooperatives contribute to greater economic inclusion and equity of traditionally marginalized groups. In the United States, even without explicit legal recognition, marginalized groups have used and do use the cooperative structure to further inclusion in the economy.²³ In Italy, with explicit legal recognition, workers appear to use the cooperative structures as intended to further diversity, equity, and inclusion in the economy.²⁴

a. United States Cooperative Movements.

The literature about U.S. worker cooperatives’ role in creating a more equitable and inclusive economy includes at least four types of scholarship.

¹⁸ Costituzione della Repubblica Italiana, art. 45. Official English translation available at: https://www.senato.it/documenti/repository/istituzione/costituzione_inglese.pdf.

¹⁹ See Lomuscio M., Tortia E., Cori A., *Worker cooperatives in Italy: Legislation, prevalence and recent trends*, in *Journal of Participation and Employee Ownership*, 6, 2, 2023, 128 and 142, <https://doi.org/10.1108/JPEO-10-2022-0023>; Ammirato P., nt. (16), 24.

²⁰ Ammirato P., nt. (16), 24; Guerini G., *Italian social cooperatives: A reality emerging from worker cooperatives*, in Roelants B. (ed.), *Cooperativism at Work: Worker-Owned Cooperatives Across the World*, Routledge, London, 2026, 243, <https://doi.org/10.4324/9781003666332-23>.

²¹ Gonza T., Ellerman D., Žgank T., Široka T., *Marcora for Europe: How worker-buyouts might help save jobs and build resilient businesses*, in *European State Aid Law Quarterly*, 20, 1, 2021, 61 and 63, available at <https://doi.org/10.21552/ESTAL/2021/1/8>.

²² Ammirato P., nt. (16), 24.

²³ See, e.g., Cummings S., *Developing cooperatives as a job creation strategy for low-income workers*, in *New York University Review of Law & Social Change*, 25, 2, 1999, 181 and 185, <https://socialchangenyu.com/review/developing-cooperatives-as-a-job-creation-strategy-for-low-income-workers/>, highlighting how work-owned cooperatives can help create jobs for low-income immigrant workers.

²⁴ See, e.g., Lomuscio M., Tortia E., Cori A., nt. (19), 142; Ammirato P., nt. (16), 24; Perrone A., Bardelli T., Bernard P., Greco R., *Working and forgiveness behind bars: Giotto in the Due Palazzi Prison of Padua*, Working paper WP-2WEL, 2015, 5, https://ilcesen.org/wp-content/uploads/2020/11/2w_giotto_wp3_2015_5.5.2015-engxsito.pdf.

- Legal scholarship focused on the role of clinicians and movement lawyers helping groups form worker cooperatives as part of a larger strategy to empower traditionally disadvantaged communities.
- Legal scholarship mentioning worker cooperatives as an example of a form of business that holds promise to operate outside traditional capitalist economies and promote a solidarity economy.
- Legal scholarship considering worker cooperatives as part of an approach to address gaps in employment law that fail to protect basic rights of certain workers, such as childcare providers and private household workers.
- Legal and social science scholarship documenting the use of worker cooperatives by historically disadvantaged workers to provide economic sustenance.

Most legal scholarship that discusses worker cooperatives focuses on the role of clinicians and movement lawyers helping groups form worker cooperatives as part of a larger strategy to empower traditionally disadvantaged communities.²⁵ These scholars emphasize community economic development efforts that enable the working poor to reduce poverty in their communities by participating in the market economy or the alternative solidarity economy.²⁶ Some of these law professors promote different types of community development financial institutions (CDFIs) toward this goal.²⁷ CDFIs generally engage in partnership with the community and include community development banks and credit unions.²⁸

The scholarship promotes worker cooperatives because of their promise to create economic opportunity, innovative solutions to meet economic and social needs, and collective empowerment enabling participation in the “larger economic justice movement”.²⁹ Cummings explains that community economic development “practitioners have worked closely with community-based organizations to create economic opportunities for low-income people who face an array of obstacles to employment, including inadequate job skills, substance abuse problems, domestic violence, limited English proficiency, undocumented

²⁵ See, e.g., Morin L., *Legal services attorneys as partners in community economic development: Creating wealth for poor communities through cooperative economics*, in *University of the District of Columbia Law Review*, 5, 1, 2000, 125 and 128, <https://digitalcommons.law.udc.edu/udclr/vol5/iss1/7>; Huertas-Noble C., *Promoting worker-owned cooperatives as a CED empowerment strategy: A case study of colors and lawyering in support of participatory decision-making and meaningful social change*, in *Clinical Law Review*, 17, 1, 2010, 255-257, https://academicworks.cuny.edu/cl_pubs/32/; Cummings S., nt. (23), 185; Hempel C., Krishna G., nt. (15), 954-980; Toussaint E., *Dismantling the master's house: Toward a justice-based theory of community economic development*, in *University of Michigan Journal of Law Reform*, 53, 2, 2019, 337, 344-347, <https://doi.org/10.36646/mjlr.53.2.dismantling>; Alvarez A., *Lawyers, organizers, and workers: Collaboration and conflict in worker cooperative development*, in *Georgetown Journal on Poverty Law & Policy*, 24, 3, 2017, 353.

²⁶ See Morin L., nt. (25), 128; Huertas-Noble C., nt. (25), 256-257; Cummings S., nt. (23), 185; Hempel C., Krishna G., nt. (15), 954-80; Toussaint E., nt. (25), 344-347; Alvarez A., nt. (25), 353.

²⁷ See, Vaidya K., *Decommodify cooperative capital*, in *Northeastern University Law Review*, 16, 2, 2024, 619, 665-666, https://static1.squarespace.com/static/56a67d1e05caa777b1877b09/t/681bf17c364a066ad67408fe/1746661759977/16+NE+U.+L.+REV.+__+%282024%29.pdf.

²⁸ Vaidya K., *ibid.*

²⁹ Huertas-Noble C., nt. (25), 266; see also Adams C., Risser M., *Taking care of business where business takes no care*, in *Transactions: The Tennessee Journal of Business Law*, 25, 3, 2024, 957-60; Cummings S., nt. (23), 185; Morin L., nt. (25), 256-257; Alvarez A., nt. (25), 354.

immigration status, and the unavailability of child care”.³⁰ Hempel and Krishna explain that “[w]orker cooperatives promote economic equity by providing fair wages, equitable profit-sharing, and opportunities for wealth accumulation, particularly for marginalized populations”.³¹

Adams and Risser emphasize that movement lawyering decenters law and uses law to support social movements, including their clinic’s work drafting transactional documents for worker cooperatives.³² They partner with community-based groups trying to dismantle inequitable structures and create alternative institutions, or counter institutions, including the worker cooperative.³³ They believe the worker cooperative has “the potential to redress some of the inequality in income and the racial wealth gap, both at the individual and structural level”.³⁴

This community economic development work often “explicitly includes communities of identity and purpose, such as” Black, Latino, or Asian American communities or “low-wage workers fighting for better working conditions”.³⁵ For example, Seidelman and Howell’s article centers the University of the District of Columbia David A. Clarke School of Law Community Development Law Clinic which “seeks to change structural economic and racial inequities within the District”.³⁶ They use cooperative business models to “address wealth disparities in D.C.’s low wealth communities, largely communities of color”.³⁷ They argue that “cooperatives provide the ideal business form to enable community-controlled assets” and to shift the economy from extractive to generative models.³⁸ They ultimately conclude that for success, the D.C. cooperative movement needs funding from local government and philanthropists who patiently support slow growth.³⁹

Pirtle describes a similar clinic in Texas, the University of Texas Law Entrepreneurship and Community Development Clinic, that assisted neighborhood groups like the North Heights Neighborhood Advisory Committee – a group representing the historically African American neighborhood – in Amarillo to establish the North Heights Linen Service cooperative.⁴⁰ Historically, banks and city leaders redlined North Heights.⁴¹ The cooperative opened in 2021, processing linens locally and providing “good jobs and ownership

³⁰ Cummings S., nt. (23), 184.

³¹ Hempel C., Krishna G., nt. (15), 959-960.

³² Adams C., Risser M., nt. (29), 957.

³³ Adams C., Risser M., *ibid*, 958.

³⁴ Adams C., Risser M., *ibid*.

³⁵ Huertas-Noble C., nt. (25), 262.

³⁶ Seidelman E., Howells L., *Building economic and racial equity in D.C. through cooperative businesses*, in *Journal of Affordable Housing*, 25, 1, 2016, 33, available at the following link: https://www.americanbar.org/content/dam/aba/publications/journal_of_affordable_housing/vol25no1/ah-25-1-06-seidelman-howell.authcheckdam.pdf.

³⁷ Seidelman E., Howells L., *ibid*.

³⁸ Seidelman E., Howells L., *ibid*, 36.

³⁹ Seidelman E., Howells L., *ibid*, 40.

⁴⁰ Pirtle A., *Legal Aid of Northwest Texas – Community Revitalization Project*, in *Journal of Affordable Housing & Community Development Law*, 31, 2, 2022, 191 and 196-97, available at the following link: www.americanbar.org/groups/affordable_housing/resources/journal/31-2/legal-aid-northwest-texas-community-revitalization-project/.

⁴¹ Pirtle A., *ibid*, 196-97.

opportunities for residents of North Heights”.⁴² The project “brought residents, city leaders, local banks, and other stakeholders together to make an unprecedented investment in the neighborhood”.⁴³ North Heights Linen Service appears to have since demutualized.⁴⁴

Baskaran and Plerhoples, identify “myths and misconceptions surrounding entrepreneurship” in the U.S. that “promote a homogeneous vision synonymous with whiteness”.⁴⁵ Their paper discusses how the predominate narrative devalues the experiences of numerous entrepreneurs of color “because they do not match the popular perceptions of entrepreneurial success”.⁴⁶ They promote “engaging in counter-narratives and inclusive storytelling within the transactional clinic curriculum”.⁴⁷ They cite as one example a group of clients who “want to organize a worker cooperative among several cleaning crews to improve the female owners’ personal safety and financial security”.⁴⁸

Some professors focus on assisting undocumented workers.⁴⁹ Cummings notes that “many immigrant worker groups decide to form cooperatives as unincorporated associations because they avoid creating an employer-employee relationship, which could pose potential problems under immigration law”.⁵⁰ These workers remain self-employed and simply pay dues to the association.⁵¹ A drawback of an association is that members may leave the cooperative once they are self-sufficient to avoid paying dues and attending meetings.⁵²

Krishna’s work focuses on lawyers centering “worker cooperatives as safe workspaces for immigrant workers”.⁵³ She explains how those without work authorization status have been able to work as owners of cooperatives structured legally as LLCs without violating the application of immigration law to employees.⁵⁴ She describes how the Lawyers’ Committee for Civil Rights of the San Francisco Bay Area drafted California state legislation that requires local entities providing business licenses to permit applicants to use ITINs (owner tax numbers) rather than SSN (employee tax numbers) on license applications.⁵⁵

⁴² Pirtle A., nt. (40), 197.

⁴³ Pirtle A., *ibid*, 197.

⁴⁴ Maestas B., *North Heights Linen Service sold to Ecotex Healthcare Laundry Services*, in *Amarillo Tribune*, 24 February 2026, available at the following link <https://amarillotribune.org/2026/02/24/north-heights-linen-service-sold-to-ecotex-healthcare-laundry-services/> (last accessed on 23 May 2026); Cuiello M., *North Heights Linen Service sold to Canadian company*, in *Amarillo Globe-News*, 19 February 2026, available at the following link <https://eu.amarillo.com/story/news/2026/02/19/north-heights-linen-service-hospital-laundry-facility-in-amarillo-sold-to-canada-based-ecotex/88762150007/> (last accessed on 23 May 2026).

⁴⁵ Baskaran P., Plerhoples A., *Race and entrepreneurship: Reclaiming narratives*, in *Clinical Law Review*, 30, 1, 2023, 7, <https://www.law.nyu.edu/sites/default/files/Priya%20Baskaran%20and%20Alicia%20Plerhoples%20-%20Race%20and%20Entrepreneurship.pdf>.

⁴⁶ Baskaran P., Plerhoples A., *ibid*.

⁴⁷ Baskaran P., Plerhoples A., *ibid*, 8.

⁴⁸ Baskaran P., Plerhoples A., *ibid*, 18.

⁴⁹ See, e.g., Cummings S., nt. (23), 185.

⁵⁰ Cummings S., *ibid*, 197.

⁵¹ Cummings S., *ibid*, 196-197.

⁵² Cummings S., *ibid*, 198.

⁵³ Krishna G., nt. (14), 208.

⁵⁴ Krishna G., *ibid*, 217; Hempel C., Krishna G., nt. (15), 952-953.

⁵⁵ Krishna G., nt. (14), 221; see 2018 Cal Stat 2975, 2976-2977 (codified at Cal Bus & Prof Code §§ 16000.1, 16100.1).

Key challenges to the immigrant worker cooperatives are legal risks and financial barriers.⁵⁶ Additionally, “managing a business with a relatively complex structure” may sometimes be overwhelming, democratic management requires time and expertise, and “the absence of a traditional hierarchy can increase the potential for internal disputes”.⁵⁷ Hempel and Krishna acknowledge that classifying LLC members as owners rather than employees entails risk because ultimately for purposes of employment and tax, as well as immigration, a variety of legal factors are considered to make a classification.⁵⁸ Additionally, the IRS might share information with the Department of Homeland Security despite laws permitting this only with individual consent or Congressional authorization.⁵⁹ Additionally, due to the implementation of the Corporate Transparency Act, which aims to prevent illicit financial activities by requiring formal business registration, undocumented workers may be fearful that personal information will be “accessed by immigration enforcement agencies”.⁶⁰

Hempel and Krishna recommend reforming the law to expand cooperative forms and to clarify worker classification rules as means to strengthen labor and employment law protections “for all workers, regardless of immigration status”.⁶¹ They suggest other states pass laws similar to the Illinois Limited Worker Cooperative Association Act that explicitly states “[a]n association organized as a worker cooperative under this Act does not create a presumption that workers are employees of the association for any purposes”.⁶² They also propose that workers classified as non-employees under immigration laws must still be classified as an employee for purposes of labor and employment laws.⁶³

Other legal scholars, not focused on the role of clinicians and movement lawyers, also mention worker cooperatives as an example of a form of business that holds promise to operate outside traditional capitalist economies and promote a solidarity economy.⁶⁴ Scholars have promoted employee ownership to anchor capital and produce social benefits in local communities.⁶⁵ Vaidya documents how historically worker cooperatives, and other cooperatively owned entities, “provided alternative arrangements to extractive ownership

⁵⁶ Hempel C., Krishna G., nt. (15), 981-984.

⁵⁷ Hempel C., Krishna G., *ibid*, 983.

⁵⁸ Hempel C., Krishna G., *ibid*, 981-983.

⁵⁹ Hempel C., Krishna G., *ibid*, 981.

⁶⁰ Hempel C., Krishna G., *ibid*, 982.

⁶¹ Hempel C., Krishna G., *ibid*, 936.

⁶² Hempel C., Krishna G., *ibid*, 986, citing 805 *Illinois Compiled Statutes Annotated* 317/15(c) (2019) (as amended 2021)).

⁶³ Hempel C., Krishna G., *ibid*, 989.

⁶⁴ See, e.g., Gary S.N., *The changing landscape of business succession: How and why purpose trusts matter*, in *Ohio State Business Law Journal*, 18, 1, 2023, 41 and 63-64, available at <https://moritzlaw.osu.edu/sites/default/files/2024-03/09.%20Gary.pdf>.

⁶⁵ Gary S.N., *ibid*; Olson D.G., *Employee ownership: An economic development tool for anchoring capital in local communities*, in *New York University Review of Law & Social Change*, 15, 1, 1986-87, 239-240 and 242-243, https://socialchangenyu.com/wp-content/uploads/2017/12/Deborah-Groban-Olson_RLSC_15.1.pdf; Dubb S., *Community wealth: Creating a new community economic base in Detroit*, in *Journal of Law in Society*, 17, 1, 2015, 113-115, available at the following link: <https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/article-dubb16.pdf>.

models that commodify human relationships in land and labor” and instead structurally orient “around democratic and shared values”.⁶⁶ The article explains the potential for worker-owned cooperatives, alongside community land trusts, to serve as an alternative to traditional economic development that marginalizes and displaces communities of color.⁶⁷ It argues powerfully for treating space as relational rather than an abstraction, “a location where objects are exchanged”.⁶⁸

To make this happen, law and government policies must change.⁶⁹ The article makes several policy proposals. First, it suggests changes to Small Business Administration loan practices, emphasizing the need to eliminate the personal guarantee.⁷⁰ The personal guarantee undermines cooperative values by equating risk with individuals rather than factoring in democratic governance and by incentivizing short-term profit maximization.⁷¹ Use of credit scores and subsidizing failed loans further contributes to this problem.⁷² Second, providing more public dollars and federal funding to CDFIs, like Seed Commons, that provide non-extractive lending and “credit to marginalized communities where private institutions have failed”, is another important policy suggestion.⁷³ Third, municipalities should invest in publicly owned banks to provide the city “autonomy over their financial resources” and use funds to “support small businesses and job growth in the local economy to reduce poverty, especially for communities of color”.⁷⁴ Finally, sources of public funding, like unemployment insurance, which are currently dedicated to labor, could be allocated to support cooperatives – the Italian Marcora Law is recognized as an example.⁷⁵

Mickelsen has similarly argued that combating the racial income and wealth gaps in the U.S. requires shifting power from employers to workers via government initiatives supporting alternate corporate structures, including worker cooperatives.⁷⁶ He promotes a dignity-focused model of corporate ownership that takes power from corporate elites and places it “back into the hands of Black Americans”.⁷⁷ He relies on the scholarship of Richard Wolff to argue that worker-owned enterprise allows Black Americans to have a “direct say in corporate decision-making, ensuring they are no longer left behind by corporate actions”.⁷⁸ He concludes that “[t]he success of co-ops in both Italy and Spain, even amid the pandemic,

⁶⁶ Vaidya K., nt. (27), 626-627.

⁶⁷ Vaidya K., nt. (27).

⁶⁸ Vaidya K., *ibid*, 626.

⁶⁹ See, e.g., Vaidya K., *ibid*, 667.

⁷⁰ Vaidya K., *ibid*.

⁷¹ Vaidya K., *ibid*, 664.

⁷² Vaidya K., *ibid*.

⁷³ Vaidya K., *ibid*, 665-666.

⁷⁴ Vaidya K., *ibid*, 669, quoting HR&A Advisors, Inc., *Public Bank Feasibility Study for the City of Philadelphia*, 2020.

⁷⁵ Vaidya K., *ibid*, 670, 671 (footnote 231).

⁷⁶ Mickelsen B., *Combating the racial wealth gap: A government and corporate-centric approach*, in *University of Saint Thomas Law Journal*, 19, 1, 2023, 180 and 191, available at the following link: https://researchonline.stthomas.edu/esploro/outputs/journalArticle/Combating-the-Racial-Wealth-Gap-A/991015132213003691/filesAndLinks?institution=01CLIC_STTHOMAS&index=0.

⁷⁷ Mickelsen B., *ibid*.

⁷⁸ Mickelsen B., *ibid*, 192.

showcase how their implementation throughout America could empower some of the Black communities most impacted by times of crises”.⁷⁹

Toussaint likewise argues that what he terms “justice-based” community economic development should be the favored approach “by governments and lawmakers to resolve the social dimensions of intergenerational poverty”.⁸⁰ He explains that the solidarity economy need not replace the capitalist economy but “serves as an epistemological challenge to the capitalist paradigm” of economic development.⁸¹ He asserts, in reliance on Washington, Du Bois, and other scholars, that “economic justice for black communities” is a “necessary component of black liberation”.⁸² He argues, in reliance on Antonio Gramsci, that challenging neoliberal cultural and ideological hegemony requires viewing the ownership of wealth in the U.S. as a denial of dignity.⁸³ “[P]olitical equality requires not only civil rights protecting one’s freedom from interference,” but also “public autonomy,” which he defines as “freedom from domination through a democratization of the ownership of productive economic property”.⁸⁴ He asserts the law must shift from its focus on desegregation policies to prioritizing “non-domination via meaningful integration across all aspects of sociopolitical life”.⁸⁵ One of many facets of this type of economic development are worker cooperatives.⁸⁶ He acknowledges that for worker cooperatives to result in self-determination for those in extreme poverty requires first “developing individual capacities of the extremely poor to bring greater stability to their lives”.⁸⁷

Rogers relies upon the work of W.E.B. DuBois, Jessica Gordon-Nembhard, and others to suggest that African Americans can expand “the level of social and human capital in the black community” by, among other methods, increasing use of “cooperative economics”.⁸⁸ Worker cooperatives are one of the cooperative institutions, alongside producer and consumer cooperatives and land trusts, recommended.⁸⁹ He posits that cooperative economic solutions might address the racial economic gap but believes, even if not, such solutions can “help some people avoid economic devastation and poverty”.⁹⁰ He recognizes that most businesses owned by Black Americans operate as sole proprietorships and can increase efficiency by having multiple owners, such as a cooperative.⁹¹ While this reasoning bears more empirical study, and converting sole proprietorships to cooperatives requires addressing financial barriers to forming worker cooperatives discussed by other scholars, this

⁷⁹ Mickelsen B., *ibid*, 195.

⁸⁰ Toussaint E., nt. (25), 342.

⁸¹ Toussaint E., *ibid*, 346.

⁸² Toussaint E., *ibid*, 350.

⁸³ Toussaint E., *ibid*, 377, 380.

⁸⁴ Toussaint E., *ibid*, 280-281.

⁸⁵ Toussaint E., *ibid*, 281.

⁸⁶ Toussaint E., *ibid*, 403-404.

⁸⁷ Toussaint E., *ibid*, 405.

⁸⁸ Sherman Rogers W., *Building social and human capital in the Black community by increasing strategic relationships, cooperative economics, the Black marriage rate, and the level of educational attainment and targeted occupational training*, in *Hastings Race and Poverty Law Journal*, 17, 2, 2020, 211-212, available at the following link https://repository.uclawsf.edu/hastings_race_poverty_law_journal/vol17/iss2/3.

⁸⁹ Sherman Rogers W., *ibid*, 225.

⁹⁰ Sherman Rogers W., *ibid*, 228.

⁹¹ Sherman Rogers W., *ibid*, 236 and 295.

recognition that most Black American businesses are sole proprietorships bears significantly on the question of whether worker cooperatives can foster a more diverse, equitable, and inclusive economy. Rogers asserts that cooperative economics cannot replace capitalism but can reform it into a more humane market-based system.⁹² Ultimately, he reasons that worker cooperatives, unlike consumer and producer cooperatives, are unlikely to help Black communities build wealth.⁹³ First, worker cooperatives do not operate well when workers of different skill levels are part of the business because social conflicts develop.⁹⁴ Second, worker cooperatives incentivize restricting hiring so that new members will not cause older members' average profitability to fall, resulting in the hiring of contract workers, which resembles a capitalist firm.⁹⁵

Tilly and Kennedy propose worker protection in the U.S. would be advanced through a Latin American Third Left workplace movement.⁹⁶ The movement would “emphasizes bottom-up decision making, autonomy from the state, and pursuit of claims on territory via direct action”.⁹⁷ They identify “the Third Left’s primary echo in the U.S. workplaces” as “the worker owned cooperative movement, and more broadly, the fledgling U.S. solidarity economy movement.”⁹⁸ Because amending the National Labor Relations Act to prohibit firing those who occupy a plant is unrealistic, they propose an alternative legal reform: permitting unions to support worker centers and other independent organizations that can legally engage in secondary boycotts.⁹⁹

Lin posits that racism is central to legal liberal frames and that so recognizing deconstructs the public / private distinction in law.¹⁰⁰ She instead frames labor law as “privatized public law”.¹⁰¹ Labor law must be reconstructed in line with the “original vision of multiracial democracy and interracial solidarity”.¹⁰² To the extent labor law is classified as contract law, it is designated as private law, and private law claims to be neutral or apolitical because it largely operates through common law.¹⁰³ “Under the private law frame of market competition, whites who expressed solidarity with any non-whites were said to act against their material self-interest”.¹⁰⁴ She mentions cooperatives as a way to “expand meaningful alternative forms of economic egalitarianism”.¹⁰⁵ She cites Cooperative Homecare Associates (CHCA) as an example.¹⁰⁶

⁹² Sherman Rogers W., nt. (88), 238.

⁹³ See Sherman Rogers W., *ibid*, 263.

⁹⁴ Sherman Rogers W., *ibid*.

⁹⁵ Sherman Rogers W., *ibid*.

⁹⁶ Tilly C., Kennedy M., *Latin America’s Third Left meets the U.S. workplace*, in *University of California Irvine Law Review*, 4, 2, 2014, 539, <https://escholarship.org/uc/item/3md47896>.

⁹⁷ Tilly C., Kennedy M., *ibid*, 540.

⁹⁸ Tilly C., Kennedy M., *ibid*, 545-546.

⁹⁹ Tilly C., Kennedy M., *ibid*, 558-559.

¹⁰⁰ Lin S., *Race, solidarity, and commerce: Work law as privatized public law*, in *Arizona State Law Journal*, 55, 3, 2023, 813, 816-817, https://arizonastatelawjournal.org/wp-content/uploads/2023/12/Lin_55.3_Pub-.pdf.

¹⁰¹ Lin S., *ibid*, 823-824.

¹⁰² Lin S., *ibid*, 819.

¹⁰³ Lin S., *ibid*, 832-835.

¹⁰⁴ Lin S., *ibid*, 835.

¹⁰⁵ Lin S., *ibid*, 881.

¹⁰⁶ Lin S., *ibid*, 882.

Eichner addresses the impact of the intersection of capitalism and patriarchy on working women.¹⁰⁷ She argues that while women have made progress in entering the paid work system, that progress is not emancipation.¹⁰⁸ Women are driven to overwork in their paid employment by the market system, are not paid as well as men, and continue to have greater unpaid caretaking responsibilities.¹⁰⁹ She advocates for a system where the power of markets is cabined, so they do not hinder important societal goods, including enhancing women's equality, autonomy, and well-being.¹¹⁰ One policy would be to support alternative methods of organizing work, and the worker cooperative holds significant promise because it is "controlled democratically; workers actively participate in decision making, and share in the profits of the enterprise".¹¹¹ Worker cooperatives provide workers more control over their work situation and also offer "the possibility of yielding far more economic equality".¹¹²

In an article focused on firm governance rather than alternative economic systems, Choike writes about how municipalities have started to intervene in traditionally state and federally regulated firm governance.¹¹³ The municipalities aim to promote diversity, stakeholder control and governance, and limits on executive compensation, among other goals.¹¹⁴ One example is municipalities which promote worker cooperatives.¹¹⁵ She describes how New York City and Berkeley, California have "directed city assistance, programming, and discretionary funding to worker cooperatives rather than entities with other firm governance".¹¹⁶ She notes that: unfortunately, the COVID-19 pandemic reversed worker cooperatives' gains in [NYC] city procurement. One possible explanation for this decline is that the workforce of worker cooperatives is predominantly female—and women suffered exponentially during the pandemic, with their labor force participation rate only returning to pre-pandemic levels in 2023".¹¹⁷

Another body of legal scholarship considers worker cooperatives as part of an approach to address gaps in employment law that fail to protect basic rights of certain workers, such as family childcare providers and private household workers.¹¹⁸ For example, Smith describes

¹⁰⁷ Eichner M., *Market-cautious feminism*, in *Studies in Law, Politics and Society. Special issue: feminist legal theory*, 69, 2016, 141 and 143, available at <https://doi.org/10.1108/S1059-433720160000069006>.

¹⁰⁸ Eichner M., nt. (107), 143 and 165.

¹⁰⁹ Eichner M., *ibid*, 143.

¹¹⁰ Eichner M., *ibid*, 145.

¹¹¹ Eichner M., *ibid*, 173.

¹¹² Eichner M., *ibid*.

¹¹³ Choike A.M., *Local firm governance*, in *Harvard Business Law Review*, 15, 1, 2025, 41 and 44, available at https://journals.law.harvard.edu/hblr/wp-content/uploads/sites/87/2025/03/02_HLB_15_1_Choike41-98.pdf.

¹¹⁴ Choike A.M., *ibid*.

¹¹⁵ Choike A.M., *ibid*, 44 and 64.

¹¹⁶ Choike A.M., *ibid*, 64-65.

¹¹⁷ Choike A.M., *ibid*, 68.

¹¹⁸ See, e.g., Smith P.R., *Organizing the unorganizable: Private paid household workers and approaches to employee representation*, in *North Carolina Law Review*, 79, 1, 2000, 45 and 51, available at the following link: <https://scholarship.law.unc.edu/nclr/vol79/iss1/4>.

how domestic service as “the archetypical form of ‘women’s work’” pays low wages, lacks benefits, and is unstandardized.¹¹⁹ Organized labor did not traditionally attempt to organize household workers.¹²⁰ The article explains how even though labor laws exclude “private paid household employees from coverage,” these workers can engage in meaningful concerted action short of collective bargaining.¹²¹ Specifically, the paper asserts that worker cooperatives offer “a promising approach to organizing paid household workers”.¹²² She envisions worker cooperatives as a form of hiring hall where the “loose-knit” cooperative association provides members access to a pool of housekeeping jobs.¹²³ The members rotate staffing the cooperative and engaging in outreach and marketing, and they pay dues to cover these administrative costs.¹²⁴ The cooperative provides training and the skill acquisition empowers “workers, providing them with a greater sense of autonomy” and commanding greater respect from employers.¹²⁵ She notes that “establishing a cooperative as a formal legal entity can enhance the job security of workers”.¹²⁶

Smith challenges the notion that worker cooperatives can “drastically alter working conditions”, but recognizes that they “serve an important first step in any organizing strategy – namely helping to identify and unify workers” and that a cooperative’s shared resources may enable workers to access otherwise unavailable benefits.¹²⁷ She documents how the first U.S. union representing solely childcare workers arose out of a Philadelphia-based worker cooperative.¹²⁸ She also described how the worker cooperative Day Care Justice Cooperative was affiliated with SEIU and played a role in Rhode Island to win state-provided benefits for childcare workers.¹²⁹

Another article discusses how the home care industry negatively impacts the elderly and disabled care consumers in addition to the “women who provide care”.¹³⁰ The author asserts that an “intersectional lens that critically considers home care policies and practices on the basis of gender and disability – along with race and class – is thus vital to creating coalitions that will empower both the providers and consumers of care”.¹³¹ This intersectional lens favors states promoting home care worker cooperatives.¹³² The agency model would then

¹¹⁹ Smith P.R., *ibid*, 47.

¹²⁰ Smith P.R., *ibid*.

¹²¹ Smith P.R., *ibid*, 51.

¹²² Smith P.R., *ibid*.

¹²³ Smith P.R., *ibid*, 86.

¹²⁴ Smith P.R., *ibid*.

¹²⁵ Smith P.R., *ibid*, 89.

¹²⁶ Smith P.R., *ibid*, 93.

¹²⁷ Smith P.R., *Laboring for child care: A consideration of new approaches to represent low-income workers*, in *University of Pennsylvania Journal of Labor and Employment Law*, 8, 1, 2006, 583 and 598, available at <https://scholarship.law.upenn.edu/jbl/vol8/iss3/1/>.

¹²⁸ Smith P.R., *ibid*, 611.

¹²⁹ Smith P.R., *ibid*, 616-617.

¹³⁰ Kozak-Oxnard A., *Care and community empowerment: Coalition-building between home care workers and disability rights activists*, in *Columbia Journal of Gender and Law*, 35, 1, 2017, 70 and 74, <https://doi.org/10.7916/cjgl.v35i1.2766>.

¹³¹ Kozak-Oxnard A., *ibid*, 75.

¹³² Kozak-Oxnard A., *ibid*, 111.

pay for overhead costs without “sacrificing resources to a third-party, profit seeking corporate entity”.¹³³ The article cites CHCA as an example.¹³⁴

Another article identifies the predominately female industry of modeling as lacking adequate employment law protections.¹³⁵ The article proposes the use of worker cooperatives in California to both comply with current laws classifying gig economy workers as independent contractors and to provide the primarily female workers in the modeling industry with better compensation and working conditions.¹³⁶

Relatedly, those scholars writing from a health justice perspective “aimed at eliminating health inequities” recognize that the childcare sector was significantly impacted by the pandemic, with one third of centers remaining closed in April 2021.¹³⁷ A health justice approach “recognizes that health disparities stem from upstream determinants of health that are structured by law and policy” and uses “law as a tool for promoting health equity”.¹³⁸ The article proposes that worker cooperatives can help protect “low-wage essential workers – the majority of whom are people of color, women, young adults, or immigrants...”.¹³⁹ The article advocates for the passage of cooperative statutes and the elimination of the Small Business Administration requirement that an owner with at least a 20% stake in the business sign a personal guarantee.¹⁴⁰

Other scholarship focuses on documenting the use of worker cooperatives by historically disadvantaged workers to provide economic sustenance and survival.¹⁴¹ For example, one groundbreaking study about race and cooperatives, including worker owned cooperatives, in the U.S. is Nembhard’s *Collective Courage*.¹⁴² The book documents the long history of Black cooperatives in the U.S. and explains how they often went undocumented precisely because they were a method of survival in a hostile economy.¹⁴³ Prominent historical examples are enumerated. *Collective Courage* explains how, in 1930, Ella Jo Baker was a co-founder of the Young Negroes’ Co-operative League and how, in late 1960s and early 1970s, Fannie Lou Hammer, a former sharecropper, and other poor Black workers made a living through the

¹³³ Kozak-Oxnard A., *ibid*, 258.

¹³⁴ Kozak-Oxnard A., *ibid*, 112-113.

¹³⁵ Baumgarten B., *A runway for change: How California’s Proposition 22 and an inside-out approach to reform may pave the way for long awaited change in the modeling industry*, in *Arizona State Sports & Entertainment Law Journal*, 11, 1, 2021, 1-2, https://asuselj.org/wp-content/uploads/2022/02/Vol.-11_Iss.-1_Website.pdf.

¹³⁶ Baumgarten B., nt. (135), 37-40.

¹³⁷ Libman K., Adler S., Musburger P., nt. (1), 739.

¹³⁸ Libman K., Adler S., Musburger P., *ibid*.

¹³⁹ Libman K., Adler S., Musburger P., *ibid*, 740.

¹⁴⁰ Libman K., Adler S., Musburger P., *ibid*, 742.

¹⁴¹ See, e.g., Gordon Nembhard J., *Collective Courage: A History of African American Cooperative Economic Thought and Practice*, Pennsylvania State University Press, University Park, 2014; Gordon Nembhard J., *Black political economy, solidarity economics, and liberation: Toward an economy of caring and abundance*, in *Review of Radical Political Economics*, 55, 4, 2023, 525, <https://doi.org/10.1177/04866134231163216>.

¹⁴² Gordon Nembhard J., 2014, 1.

¹⁴³ Gordon Nembhard J., 2024, 1.

Freedom Farm Cooperative.¹⁴⁴ Nembhard also calls attention to how W.E.B. Du Bois advocated that Black Americans “should voluntarily form a group economy based on a sense of solidarity and use producer and consumer cooperatives... to serve economic needs separately from the white economy”.¹⁴⁵

Toussaint also briefly details the history of the solidarity economy in the Black American community.¹⁴⁶ He explains how the Jackson-Kush Plan was established in 2008 by the Malcolm X Grassroots Movement and incorporated the principles of participatory democracy “into a grassroots effort to develop the eastern Black Belt portions of Mississippi, including the city of Jackson”.¹⁴⁷ Today, Cooperation Jackson’s mission is to “create jobs with rights, dignity, and justice that generate wealth and distribute it equitably based on the principles of cooperation, sharing, solidarity, and democracy”.¹⁴⁸ Mayor Chokwe Antar Lumumba planned to make Jackson “the Mondragon of the South” and Jackson publicly finances “economic development through local cooperatives”.¹⁴⁹

In his article, Gurss describes Cleveland’s ecosystem of worker cooperatives.¹⁵⁰ He describes how, in Cleveland, worker cooperatives provide services to universities and hospitals which spend billions of dollars each year.¹⁵¹ These anchor institutions and cooperatives thereby raise “the low income communities of Cleveland out of poverty by putting that money directly into the pockets of local workers”.¹⁵² He notes that “many have raised concerns that the cooperatives do not pay workers high enough above the industry standard to make a significant difference”.¹⁵³ In response, he points out that “cooperatives provide social services for their members in addition to high wages, helping to create a sense of social cohesion, and community engagement.”¹⁵⁴

Huertas-Noble describes how the predominantly Latina women workers of CHCA (Cooperative Home Care Associates), are an example of a worker cooperative, where the workers have unionized, providing job security and contributing to possibly stemming “the growth of income inequality”.¹⁵⁵ She describes how CHCA was founded on the belief that when workers own their business they can maximize their wages and benefits, and that when workers are better trained and treated, they offer better care for their clients.¹⁵⁶ The business

¹⁴⁴ Gordon Nembhard J., 2014, 23 and 112-13.

¹⁴⁵ Ifateyo A., Gordon Nembhard J., *An interview with Professor Jessica Gordon Nembhard*, 27 May 2014, available at <https://geo.coop/story/black-co-ops-were-method-economic-survival> (last accessed on 24 May 2026).

¹⁴⁶ Toussaint E., nt. (25), 409-412.

¹⁴⁷ Toussaint E., nt. (25), 408-409.

¹⁴⁸ Toussaint E., *ibid*, 410.

¹⁴⁹ Toussaint E., *ibid*, 411.

¹⁵⁰ Gurss T., *Coop businesses: Ownership for the disowned*, in *Public Interest Law Reporter*, 20, 3, 2015, 140, <https://lawcommons.luc.edu/pilr/vol20/iss3/6>.

¹⁵¹ Gurss T., *ibid*.

¹⁵² Gurss T., *ibid*.

¹⁵³ Gurss T., *ibid*, 143.

¹⁵⁴ Gurss T., *ibid*.

¹⁵⁵ Huertas-Noble C., *Worker-owned and unionized worker-owned cooperatives: Two tools to address income inequality*, in *Clinical Law Review*, 22, 2, 2016, 325 and 343, available at the following link https://www.law.nyu.edu/sites/default/files/upload_documents/Huertas-Noble%20-%20Worked-Owned%20Cooperatives.pdf; see also Dyal-Chand R., *Collaborative Capitalism in American Cities: Reforming Urban Market Regulations*, Cambridge University Press, Cambridge, 2018, 18-27 (describing history of CHCA).

¹⁵⁶ Huertas-Noble C., *ibid*, 347.

was started with little capital and grew by “leveraging union clout and securing government contracts”.¹⁵⁷ CHCA worker-owners earn double the industry standard, are guaranteed more hours per week than prevalent in the industry, and have an “improved quality of life”.¹⁵⁸

Hempel and Krishna describe the recent history of cooperatives for Latina workers.¹⁵⁹ They describe how in the mid-1990s a nonprofit in the Bay Area “began developing cooperatives with the specific goal of promoting economic security for low-income Latina workers”.¹⁶⁰ Also in the late 1990s, immigrant workers participated in worker centers and created cooperatives for economic independence and cultivating leadership skills.¹⁶¹

One study concludes that the cooperative work-structure provides immigrant women “a foundation of solidarity” protecting them from the “vulnerabilities of precarious work”.¹⁶² It does so by providing “flexibility in work arrangements and collective financial structures”.¹⁶³ Key components of flexibility are flexible scheduling and provision of medical and caretaking leave.¹⁶⁴ One component of the collective financial structure is that co-workers donate part of their earnings to cover leave for others and donate other necessities, such as blood for a colleague undergoing chemotherapy.¹⁶⁵ Flexibility is enabled “by colleagues covering shifts, security reinforced by pooled savings, or having a voice through collective decision-making”.¹⁶⁶ Additionally, the co-ops have formalized collective financial structures, such as “group savings programs [and] emergency loans...”.¹⁶⁷ The workers felt a sense of security “knowing that collective resources would be mobilized when needed”.¹⁶⁸ The co-op also facilitates access to banking services because the women are no longer working in an informal domestic work industry, and are able to bank with the co-ops’ credit unions.¹⁶⁹ The authors conclude: “Because the sample consisted entirely of women, participants’ accounts reflected the intersection of immigrant and gendered precarity” and working at the co-ops was “a response to exclusion but also a strategy of resilience and community building”.¹⁷⁰

Several scholars also discuss the Knights of Labor’s initiative, beginning in the late 1800s, to form worker cooperatives as an alternative to the industrial capitalist system.¹⁷¹ Lin describes how during the Gilded Age, “concentrations of private power within the economy spurred unprecedented levels of interclass solidarity”.¹⁷² One million workers joined the Knights of Labor, the most powerful union of the 1880s – a union that professed a pro-

¹⁵⁷ Huertas-Noble C., *ibid.*

¹⁵⁸ Huertas-Noble C., *ibid.*, 347-348.

¹⁵⁹ Hempel C., Krishna G., nt. (15), 959-963.

¹⁶⁰ Hempel C., Krishna G., nt. (15), 960.

¹⁶¹ Hempel C., Krishna G., *ibid.*, 961.

¹⁶² Kim S.M., Nam Y., Birkenmaier J., Cosey C., *From financial exclusion to collective stability: Worker cooperatives and precarious immigrant workers’ financial capability*, in *The Journal of Consumer Affairs*, 60, 1, 2026, 6, <https://doi.org/10.1111/joca.70039>.

¹⁶³ Kim S.M., Nam Y., Birkenmaier J., Cosey C., *ibid.*

¹⁶⁴ Kim S.M., Nam Y., Birkenmaier J., Cosey C., *ibid.*, 7.

¹⁶⁵ Kim S.M., Nam Y., Birkenmaier J., Cosey C., *ibid.*

¹⁶⁶ Kim S.M., Nam Y., Birkenmaier J., Cosey C., *ibid.*

¹⁶⁷ Kim S.M., Nam Y., Birkenmaier J., Cosey C., *ibid.*

¹⁶⁸ Kim S.M., Nam Y., Birkenmaier J., Cosey C., *ibid.*

¹⁶⁹ Kim S.M., Nam Y., Birkenmaier J., Cosey C., *ibid.*, 8.

¹⁷⁰ Kim S.M., Nam Y., Birkenmaier J., Cosey C., *ibid.*, 9-10.

¹⁷¹ Lin S., nt. (100), 842-843; Morin L., nt. (25), 140.

¹⁷² Lin S., nt. (100), 842.

Black and pro-immigrant view of the economy and supported gender parity.¹⁷³ Members included factory workers, coal miners, independent artisans, and business owners.¹⁷⁴ The union advocated for minimum wage and maximum hour laws and promoted the cooperative economy.¹⁷⁵ They established thousands of cooperatives across the country.¹⁷⁶

Other scholars who have not written specifically about the role of cooperatives in fostering a more diverse, equitable, and inclusive economy make points that bear on this comparative study. Paul, for instance, notes that antitrust law does not apply to those working within a business firm as it does to independent contractors, permitting workers within a firm to organize and bargain terms and conditions of employment.¹⁷⁷ Thus, anti-trust does not apply to workers in a worker cooperative.¹⁷⁸ “A worker-owned cooperative obviates the possibility of the regulatory inconsistency altogether in that the labor/supply market and consumer market are collapsed into one, and any premium from coordination would be paid directly to worker-owners”.¹⁷⁹

Andrias describes a nascent form of labor law in the U.S. that results from the union involved movements for higher wages, such as the “Fight for \$15”.¹⁸⁰ The new labor law would combine sectorial and regional public social bargaining with worksite representation.¹⁸¹ The new framework holds the potential to “achieve greater economic and political equality in society”.¹⁸² She notes that worker ownership is “compatible with and could enhance” the broader project toward social bargaining.¹⁸³

b. Italian Cooperative Movements.

Lomuscio, Tortia and Cori’s article explains how, in the early part of the century, worker cooperatives emerged in southern Italy due to legal and financial support.¹⁸⁴ In 1985, Italy enacted the Marcora Law.¹⁸⁵ This law assists the unemployed by providing a pathway to continue employment through business ownership.¹⁸⁶ More recently a law was passed to

¹⁷³ Lin S., *ibid.*

¹⁷⁴ Lin S., *ibid.*

¹⁷⁵ Lin S., *ibid.*

¹⁷⁶ Lin S., *ibid.*, 843.

¹⁷⁷ Paul S.M., *Uber as for-profit hiring hall: A price-fixing paradox and its implications*, in *Berkeley Journal of Employment & Labor Law*, 38, 2, 2017, 233, 235-236, <https://doi.org/10.15779/Z38QR4NQ7J>.

¹⁷⁸ Paul S.M., *ibid.*, 241.

¹⁷⁹ Paul S.M., *ibid.*, 255 (n. 74).

¹⁸⁰ Andrias K., *The new labor law*, in *Yale Law Journal*, 126, 1, 2016, 2 and 8, available at the link: https://yalelawjournal.org/pdf/a.2.Andrias.100_sa4cc96k.pdf.

¹⁸¹ Andrias K., *ibid.*

¹⁸² Andrias K., *ibid.*, 9.

¹⁸³ Andrias K., *ibid.*, 99.

¹⁸⁴ Lomuscio M., Tortia E., Cori A., nt. (19), 139.

¹⁸⁵ Italian Legge 27 Febbraio 1985, n. 49; see also Mickelsen B., nt. (76), 194; Gonza T., Ellerman D., Žgank T., Široka T., nt. (21), 65; Ammirato P., nt. (16), 23; Lomuscio M., *Financing worker takeovers in Italy: Unveiling the functioning of the Marcora Act framework*, in *Journal of Entrepreneurial and Organizational Diversity*, 13, 1, 2024, 32-33, and 36, <http://dx.doi.org/10.5947/jeod.2024.002>.

¹⁸⁶ Mickelsen B., nt. (76), 202.

form social cooperatives, which include worker cooperatives and multi-stakeholder cooperatives.¹⁸⁷ One type of social cooperative – Type B – focuses explicitly on integrating those of marginalized identities, such as those with disabilities, drug and alcohol impairment, and “problems with the law”, into the economy.¹⁸⁸

The Marcora Law permits workers of a closing business to use their unemployment benefits to buy out the business.¹⁸⁹ It was originally proposed by the Italian Minister of Trade and Industry, Giovanni Marcora and entitled “Provisions for credit to cooperation and urgent measures to safeguard employment levels”.¹⁹⁰ Since 2014, the Marcora Law also provides a right of first refusal for workers to buy out a business before it closes.¹⁹¹ The program reduces unemployment and generates sustainable long-term development.¹⁹² By 2016, 300 companies were converted into cooperatives and at least 13,000 jobs saved.¹⁹³ By 2022, the number had risen to more than 380.¹⁹⁴

Professor Gonza proposes that the Marcora Law be used as a model for all European countries.¹⁹⁵ Doing so would address widespread job losses due to insolvency of small and medium businesses.¹⁹⁶ He explains the process of converting a business to a worker cooperative using the Marcora framework.¹⁹⁷ Various triggering circumstances grant the financing for cooperative ownership for workers who face unemployment, such as the threat of plant closure or the ability for a group threatened by layoffs to join with an already laid-off group of workers to form a new cooperative.¹⁹⁸ In situations where a business is closing, the right of first refusal permits the employees to establish a worker cooperative that buys or leases the business assets.¹⁹⁹ The new cooperative does not assume the debt of the insolvent company.²⁰⁰ The Marcora Law provides the workers with an advance on their unemployment insurance benefits to invest in the cooperative.²⁰¹ A cooperative fund and the national unemployment system make the advance and purchase of shares or debt possible.²⁰² The cooperative funds are financed through the legal requirement that cooperatives contribute 3% of their net annual income to a cooperative fund.²⁰³ The workers contribution of a lump

¹⁸⁷ Ammirato P., nt. (16), 24; Sherman Rogers W., nt. (88), 271-272.

¹⁸⁸ Sherman Rogers W., nt. (88), 271-272.

¹⁸⁹ Mickelsen B., nt. (76), 194.

¹⁹⁰ Gonza T., Ellerman D., Žgank T., Široka T., nt. (21), 63, citing Italian Legge 27 Febbraio 1985, n. 49.

¹⁹¹ Mickelsen B., nt. (76), 194; Ammirato P., nt. (16), 120.

¹⁹² Mickelsen B., nt. (76), 194; Ammirato P., nt. (16), 23.

¹⁹³ Rieger S., *Reducing Economic Inequality through Democratic Worker-Ownership*, The Century Foundation, 2016, 29, <https://production-tcf.imgix.net/app/uploads/2016/08/10210652/reducing-economic-inequality-through-democratic-worker-ownership.pdf>; see also Viola A., Frangi M., *A unique support system for worker buyouts: The Marcora Law and CFI*, in Roelants B. (ed.), nt. (20), 271 and 276-277, <https://doi.org/10.4324/9781003666332-26>, reporting 320 buyouts between 1986 and 2024.

¹⁹⁴ Lomuscio M., nt. (185), 33 and 36.

¹⁹⁵ Gonza T., Ellerman D., Žgank T., Široka T., nt. (21), 72.

¹⁹⁶ Gonza T., Ellerman D., Žgank T., Široka T., *ibid.*

¹⁹⁷ Gonza T., Ellerman D., Žgank T., Široka T., *ibid.*, 64.

¹⁹⁸ Gonza T., Ellerman D., Žgank T., Široka T., *ibid.*

¹⁹⁹ Gonza T., Ellerman D., Žgank T., Široka T., *ibid.*

²⁰⁰ Gonza T., Ellerman D., Žgank T., Široka T., *ibid.*

²⁰¹ Gonza T., Ellerman D., Žgank T., Široka T., *ibid.*

²⁰² Gonza T., Ellerman D., Žgank T., Široka T., *ibid.*

²⁰³ Gonza T., Ellerman D., Žgank T., Široka T., *ibid.*

sum of anticipated benefits is matched by the external funding provided by the government at a ratio of 1:1.²⁰⁴

Lambert explores the span of management, decision-making as to investment and hiring, and governance input from local communities in a sample of U.S. worker cooperatives.²⁰⁵ In doing so, he notes that in reliance on the Marcora Law, scholars have suggested providing workers access to unemployment benefits to convert firms to worker cooperatives.²⁰⁶ He also theorizes that a more homogenous group of workers, in education, skills, and backgrounds, enables a worker cooperative to stay in business longer.²⁰⁷ He implies that while government support is a more critical factor in longevity, in the Italian system the laid off workers are homogenous in the sense that they have previously worked together for some time.²⁰⁸

Gonzales' article examines the impact of the two primary cooperative associations in Italy on the social cooperatives', including 'Type B cooperatives, ability to maintain their mission.²⁰⁹ The paper explores the different emphasis of Lega, on a corporatist model—one which focuses on workers and partnership with government, and Confcooperative on an associational model, which focuses on building communities independent from government and integrated of different stakeholders.²¹⁰ The paper acknowledges that as to the 'Type B cooperatives, Lega relies more on volunteers and other stakeholders because of the goal to integrate the marginalized workers into the economy.²¹¹

Rogers describes the Italian social cooperative as a particularly successful form of multi-stakeholder cooperative, with approximately 11,000 in operation.²¹² Type A cooperatives join providers of social services and the beneficiaries of the services as members and provide health, social, or educational services.²¹³ Type A cooperatives allow for volunteers to comprise up to 50% of the membership.²¹⁴ Type B cooperatives can operate in any economic sector and join previously employed and previously unemployed people as members.²¹⁵ Type B cooperatives may target those disadvantaged "based on physical and mental disability, drug and alcohol addition, developmental disorders",²¹⁶ and "children of working age in difficult

²⁰⁴ Gonza T., Ellerman D., Žgank T., Široka T., *ibid*.

²⁰⁵ Lambert T.E., *US worker co-operatives and their spans of management, decision making, and governance: An exploratory analysis*, in *Journal of Co-operative Organization and Management*, 5, 2, 2017, 80 and 84-85, available at <https://doi.org/10.1016/j.jcom.2017.09.001>.

²⁰⁶ Lambert T.E., nt. (205), 82.

²⁰⁷ Lambert T.E., *ibid*.

²⁰⁸ Lambert T.E., *ibid*, 81.

²⁰⁹ Gonzales V., *Italian social cooperatives and the development of civic capacity: A case of cooperative renewal?*, in *Affinities:: A Journal of Radical Theory, Culture, and Action*, 4, 1, 2010, 225-226, available at the following link: <https://ojs.library.queensu.ca/index.php/affinities/article/view/6158>.

²¹⁰ Gonzales V., *ibid*, 231.

²¹¹ Gonzales V., *ibid*, 238 (n. 41).

²¹² Sherman Rogers W., nt. (88), 271.

²¹³ Sherman Rogers W., *ibid*; Ammirato P., nt. (16), 24.

²¹⁴ Sherman Rogers W., *ibid*, 271.

²¹⁵ Sherman Rogers W., *ibid*; Ammirato P., nt. (16), 34; Poledrini S., *Unconditional reciprocity and the case of Italian social cooperatives*, in *Nonprofit and Voluntary Sector Quarterly*, 44, 3, 2015, 457 and 464, available at <https://doi.org/10.1177/0899764013518844>.

²¹⁶ Sherman Rogers W., nt. (88), 271.

family situations”.²¹⁷ In Type B cooperatives, at least 30% of its members must be from the disadvantaged target group.²¹⁸

As of 2022, 3,328 Type B cooperatives were in operation.²¹⁹ Additionally, 3,224 cooperatives were mixed (type A & B) social cooperatives carrying out “both service activities and work integration activities”.²²⁰ More than 40,000 of those employed by social cooperatives are “disadvantaged workers”, and that rate of employment is “25 times more people with disabilities than the Italian industrial sector”.²²¹ Guerini concludes that “Italian social cooperatives” are “one of the most successful business models for work integration”.²²²

One example of a cooperative enabling inclusion of a marginalized group in the economy is the Giotto Social Cooperative of Padua.²²³ The cooperative was started in the 1980s and has provided jobs to many workers from marginalized backgrounds including those with disabilities, those with substance use, and prisoners.²²⁴ The Cooperative has run various different types of businesses, including catering, baking, landscaping, and waste collection.²²⁵ Vera Negri Zamagni describes how those with disabilities who work for the cooperative and do not receive a standard wage receive public support to bring them to “an acceptable remuneration”.²²⁶

She also explains how the cooperative enables prisoners to develop a professional character, enabling them to obtain jobs upon release, and reducing recidivism.²²⁷ As of 2026, the cooperative employed more than 600 workers, including not only those classified as disadvantage by law but others with difficult life circumstances who might otherwise have difficulty finding employment.²²⁸ As concluded in the foreword to the paper *Working and forgiveness behind bars: Giotto in the Due Palazzi Prison of Padua*: “Giotto’s case bears evident exemplary characteristics: a social enterprise cooperating with the public sector, combining entrepreneurship and social benefit with significant results, highlighted by the research, in terms of individual rehabilitation, reconstruction of families, and the reintegration of prisoners into the normal fabric of our community”.²²⁹

²¹⁷ Poledrini S., nt. (215), 464-465.

²¹⁸ Sherman Rogers W., nt. (88), 271; Depedri S., *Social co-operatives in Italy*, in Michie J., Blasi J.R., Borzaga C. (eds.), *The Oxford Handbook of Mutual, Co-Operative, and Co-Owned Businesses*, Oxford University Press, Oxford, 2017, 308-310, <https://doi.org/10.1093/oxfordhb/9780199684977.013.21>.

²¹⁹ Guerini G., nt. (20), 247.

²²⁰ Guerini G., *ibid*.

²²¹ Guerini G., nt. (20), 248.

²²² Guerini G., *ibid*.

²²³ See Perrone A., Bardelli T., Bernard P., Greco R., nt. (24).

²²⁴ Perrone A., Bardelli T., Bernard P., Greco R., *ibid*, 11.

²²⁵ Perrone A., Bardelli T., Bernard P., Greco R., *ibid*.

²²⁶ Zamagni V., *How Italian Social Cooperatives Contribute to the European Social Economy*, in Webster T., Spicer J., Manly, J. (eds.), *States of Co-operation*, Bristol University Press, ch. 12, 10-11 (forthcoming 2026) (on file with author).

²²⁷ Zamagni V., *ibid*, 12.

²²⁸ Zamagni V., *ibid*, 13.

²²⁹ Perrone A., Bardelli T., Bernard P., Greco R., nt. (24), 5 (Foreword by Flick G.).

Bridge's article discusses how the cooperatives in Emilia-Romagna might be an example for British Columbia.²³⁰ He explains the diversity of economic activity and high level of economic success of the region.²³¹ Approximately, 45% of the region's GDP is produced by cooperatives.²³² He notes that the country's history and politics are reflected in three groupings of co-ops, one left wing and mainly urban and industrial [Legacoop, mentioned above], one associated with the Catholic Church and mainly rural and agricultural [Confcooperative, mentioned above], and one smaller group associated with the Italian nationalist or republican movement [perhaps AGCI (Associazione Generale Cooperative Italiane)]²³³ The article describes how family-owned businesses and small cooperatives cooperate and form flexible manufacturing networks to compete in the global economy.²³⁴ When one firm procures a contract, they subcontract to the others.²³⁵ The author contrasts this with the prevailing North American approach of mergers and acquisitions.²³⁶

The article specifically discusses social cooperatives and the implementing National Law no. 381 of November 8, 1991. The article quotes the statute as stating that social cooperatives:

Have as their purpose to pursue the general community interest in promoting human concerns and in the social integration of citizens by means of: (a) the management of socio-health and educational services; the carrying-on of sundry activities-agricultural, industrial, business or services having as their purpose to find gainful employment for the disadvantaged.²³⁷

He describes Type A social cooperatives – those with the first listed purpose – as primarily worker cooperatives delivering social services, such as caregivers in a nursing home, or multi-stakeholder cooperatives with a board of volunteers, workers, and consumers.²³⁸ In contrast, Type B social cooperatives must have at least 30% of workers who are disadvantaged persons.²³⁹ Disadvantaged is defined as “physical, psychic and sensorial invalids, ex-patients of psychiatric institutions, those undergoing psychiatric treatment, drug addicts, alcoholics, minors of working age in difficult family situations, and those convicted and sentenced for crimes”.²⁴⁰ The author notes that “Emilia-Romagna co-op members and employees seem prepared to accept somewhat lower pay in exchange for ownership, participation in decision-making, and flexibility”.²⁴¹

²³⁰ Bridge R., *Co-operative enterprises in Emilia-Romagna, Italy: An example for British Columbia*, in *The Advocate* (Vancouver Bar Association), 61, 2, 2003, 203 and 208.

²³¹ Bridge R., *ibid*, 204.

²³² Bridge R., *ibid*, 205.

²³³ Bridge R., *ibid*; Ammirato P., nt. (16), 24-31; Guerini G., nt. (20), 242.

²³⁴ Bridge R., nt. (230), 206.

²³⁵ Bridge R., *ibid*.

²³⁶ Bridge R., *ibid*.

²³⁷ Bridge R., *ibid*.

²³⁸ Bridge R., *ibid*.

²³⁹ Bridge R., *ibid*.

²⁴⁰ Bridge R., *ibid*, 207.

²⁴¹ Bridge R., *ibid*.

Stefano Zamagni is described by Bridge as “an intellectual giant, and likely the world authority on cooperative economic theory and practice”.²⁴² Zamagni emphasized that trust and reciprocity are foundations of the region’s cooperative ecosystem, and he believes cooperatives cannot be legislated or regulated into existence.²⁴³ The cooperative owners focus on long term viability of the businesses and community rather than striving to sell the cooperative for a large profit.²⁴⁴

The challenge of raising capital is not an acute barrier to cooperative formation in Emilia Romagna.²⁴⁵ Credit cooperatives focus on financing cooperatives and banks lend to cooperatives because they tend to appreciate the potential for longevity.²⁴⁶ Loans from members also provide funding.²⁴⁷ At least one cooperative has established a different level of share that returns higher dividends for financing members.²⁴⁸

Ammirato notes that “the cooperative sector also includes a number of spurious cooperatives... that may not comply with cooperative principles, may not pay taxes and may practice dubious industrial relations”.²⁴⁹ These are not members of any central association and hundreds are reported to the ministry of economic development annually.²⁵⁰ “Unfortunately evidence suggests that the ministry does not conduct regular reviews of these cooperatives” as required by cooperative law.²⁵¹ Costa, Delbono, and Linguiti point out that that in some sectors, such as logistics, spurious cooperatives are created “to underpay workers” and “circumvent rules” and are “prone to frequent bankruptcies in order to avoid periodical controls by authorities and circumvent fiscal compliance”.²⁵² Ammirato suggests that central associations be empowered to deregister cooperatives that fail to follow governance guidelines and that a new external oversight environment be constructed.²⁵³ Guerini also notes that the membership structure of social cooperatives exposes workers to a risk of “exploitation and opportunistic behavior” because “it is theoretically possible to set up a social cooperative made up of three worker-members that could employ tens or hundreds of workers”.²⁵⁴ He reports that the cooperative associations that are members of the Alliance of Italian Cooperatives are auditing cooperatives as commissioned by the Ministry of Economic Development and Made in Italy and making progress toward ensuring the authenticity of the cooperative operations.²⁵⁵ The Alliance includes AGCI,

²⁴² Bridge R., *ibid*, 203.

²⁴³ Bridge R., *ibid*, 207.

²⁴⁴ Bridge R., *ibid*, 208.

²⁴⁵ Bridge R., *ibid*.

²⁴⁶ Bridge R., *ibid*.

²⁴⁷ Bridge R., nt. (230).

²⁴⁸ Bridge R., *ibid*.

²⁴⁹ Ammirato P., nt. (16), 181; *see also* Kohn M., nt. (17), 105.

²⁵⁰ Ammirato P., *ibid*.

²⁵¹ Ammirato P., *ibid*.

²⁵² Costa M., Delbono F., Linguiti F., *Cooperative movement and widespread prosperity across Italian regions*, in *Annals of Public and Cooperative Economics*, 94, 2, 2023, 475 and 489, <https://doi.org/10.1111/apce.12387>; *see also* Costa M., Delbono F., *Splitting the pie in Italian cooperatives: A comparative analysis with panel data (2014–2023)*, in *Sustainability*, 17, 22, 2025, 10354, 2-5, <https://doi.org/10.3390/su172210354>.

²⁵³ Costa M., Delbono F., Linguiti F., *ibid*.

²⁵⁴ Guerini G., nt. (20), 254.

²⁵⁵ Guerini G., *ibid*.

Confcooperative, and Legacoop.²⁵⁶ “Cooperative audits are scheduled at least once every two years . . . and carried out by auditors . . . appointed by the Ministry of Economic Development or by the national associations representing, assisting and protecting the cooperative movement”.²⁵⁷

4. Literature Review – Internal Cooperative Practices that Solidify or Challenge Pre-Existing Structural Inequality.

This section discusses the scholarship about how industrial relations within cooperatives challenges or reinforces pre-existing structural inequities. The limited available scholarship focuses primarily on gender equality. In 2012, Miller’s paper found that “despite the emphasis on democracy in worker cooperatives, gender inequalities exist”.²⁵⁸ U.S. studies suggest that worker cooperatives with formalized policies and grievance processes may address structural inequalities more effectively than those without.²⁵⁹ Italian research on gender and cooperatives indicates that while some progress is being made within cooperatives, some practices solidify pre-existing structural inequality.²⁶⁰

a. United States Cooperative Industrial Relations Practices.

Hoffman studied the impact of gender on the selection of informal or formal dispute resolution mechanisms in worker cooperatives.²⁶¹ One of her case studies demonstrated that men relied more on informal resolution of grievances because of their power stemming from relationships with male supervisors whereas women relied more on formal grievance processes.²⁶² Similarly Meyers concludes that “formalized but distributed participatory bureaucracy mutes and transforms biases and creates more egalitarian outcomes”.²⁶³ She and Vallas conclude that “governance structures shape the schemas and identities that unfold at the workplace, with powerful effects on the way diversity is conceptualized and put into practice”.²⁶⁴

²⁵⁶ Guerini G., *ibid*, 255, footnote 10.

²⁵⁷ Guerini G., *ibid*, 256 footnote 11, citing Ministero delle Imprese e del Made in Italy, *Vigilanza sugli enti cooperativi*, <https://www.mimit.gov.it/it/impresa/cooperative/vigilanza>.

²⁵⁸ Miller G.R., “Gender Trouble”: Investigating gender and economic democracy in worker cooperatives in the United States, in *Review of Radical Political Economics*, 44, 1, 2012, 8-9, <https://doi.org/10.1177/0486613411418049>.

²⁵⁹ Meyers J.S.M., *Working Democracies: Managing Inequality in Worker Cooperatives*, Cornell University Press, Ithaca, 2022; Hoffmann E., *Dispute resolution in a worker cooperative: Formal procedures and procedural justice*, in *Law & Society Review*, 39, 1, 2005, 51, 56-57, 73-75, <https://doi.org/10.1111/j.0023-9216.2005.00077.x>.

²⁶⁰ Martelli A., Paraciani R., Pitti I., *Women’s trajectories in Italian cooperatives: All that glitters is not gold*, in *The Lab’s Quarterly*, 26, 4, 2024, 115 and 122, <https://doi.org/10.13131/unipi/19cq-tr06>.

²⁶¹ Hoffmann E., nt. (259), 51.

²⁶² Hoffmann E., nt. (259), 52.

²⁶³ Meyers J.S.M., *Participatory bureaucracy: Addressing gender inequality in worker cooperatives*, in *Journal of Entrepreneurial and Organizational Diversity*, 11, 1, 2022, 23-24, <http://dx.doi.org/10.5947/jcod.2022.002>.

²⁶⁴ Meyers J.S.M., Vallas S.P., *Diversity regimes in worker cooperatives: Workplace inequality under conditions of worker control*, in *The Sociological Quarterly*, 57, 1, 2016, 98 and 121, <https://doi.org/10.1111/tsq.12114>.

Meyers' book, *Working Democracies: Managing Inequality in Worker Cooperatives*, reaches several conclusions about how worker-owned cooperatives can succeed at dismantling inequality regimes.²⁶⁵ She concludes that worker cooperatives must use bureaucracy and its explicit and documented rules that create accountability and predictability to coordinate "egalitarian economic action".²⁶⁶ The tendency of power to collect around "more socially privileged members under conditions of structurelessness" can be averted by integrating "direct democratic control" into bureaucracy.²⁶⁷ Doing so reduces occupational segregation and "can harmonize the internal and external calls for corporate diversity, inclusion, and equity with productive goals".²⁶⁸ She also concludes that approaches that evade direct acknowledgment of ethnoracial inequality undermine the ability to reduce it while "overt recognition of ethnoracial inequalities among" workers permits a worker cooperative to "identify and change organizational practices" that perpetuate those inequalities.²⁶⁹

b. Italian Cooperative Industrial Relations Practices.

A recent study of Italian cooperatives by Martelli, Paraciani, and Pitti found that women have higher levels of employment in cooperatives than in traditional businesses, yet gender segregation by industry and a significant gender pay gap persists in cooperative enterprises.²⁷⁰ "In Italy, women make up 40.1% of the total number of workers... In Italian cooperatives, 60% of the total number of workers are women... and women's participation increased by ten percentage points between 2012 and 2022".²⁷¹ As to segregation by industry and job "the majority of women working in cooperative organisations are employed in social work, while the same does not apply to male workers".²⁷² However, on a positive note, the gap appears to be narrowing.²⁷³ In addition to horizontal segregation, cooperatives also maintain a glass ceiling. The "low presence of women in top roles also emerges in female-dominated cooperative organisations. However, there are also sectoral differences. While in the agrifood and service sectors women are present but do not reach power roles within organisations, in the social cooperative sector the presence of women is high even at managerial level".²⁷⁴ The authors identify "organisational and associative practices that have been introduced [in cooperatives] with the aim of generating cultural change" including "an increase in gender equality training events, the spread of inclusive glossaries and a growing demand from cooperatives to obtain Gender Equality Certification".²⁷⁵

²⁶⁵ Meyers J.S.M., nt. (259), 230-231.

²⁶⁶ Meyers J.S.M., *ibid*, 231.

²⁶⁷ Meyers J.S.M., *ibid*.

²⁶⁸ Meyers J.S.M., *ibid*.

²⁶⁹ Meyers J.S.M., *ibid*, 230-231.

²⁷⁰ Martelli A., Paraciani R., Pitti I., nt. (260), 122.

²⁷¹ Martelli A., Paraciani R., Pitti I., *ibid*.

²⁷² Martelli A., Paraciani R., Pitti I., *ibid*.

²⁷³ Martelli A., Paraciani R., Pitti I., *ibid*.

²⁷⁴ Martelli A., Paraciani R., Pitti I., *ibid*, 125.

²⁷⁵ Martelli A., Paraciani R., Pitti I., *ibid*, 127.

Relatedly in her article *How Industrial Relations Shape Organizational Equity: The Case of Automobili Lamborghini*, Zaniboni mentions that a renowned researcher and expert of industrial relations “points out that when diversity and inclusion remain a one-sided project of management, they tend to be limited in scope and duration. Conversely, when these issues become part of the formal social dialogue—for example through collective bargaining or joint committees—organisations are more likely to implement concrete, binding measures and monitor their progress transparently”.²⁷⁶

The article describes how the company has developed a system of participatory industrial relations, utilizing “information, consultation, and second-level bargaining”.²⁷⁷ Rather than relegating DEI practices to the sphere of Human Relations, they are integrated into the “structured, bilateral, and continuous” industrial relations process.²⁷⁸ Doing so means that the practices that can generate inequalities, such as working time, shifts, workloads, flexibility, welfare, and lack protections for those in vulnerable conditions or with caregiving responsibilities are addressed at the bargaining and structural level.²⁷⁹ The author notes that “the systemic relationship between industrial relations and equity policies remains underexplored”.²⁸⁰

5. Analysis.

A review of the literature supports the proposition that general cooperative and association laws have enabled or permitted historically marginalized groups in the U.S. to foster equity and their inclusion in the economy.²⁸¹ While the literature available in English does not focus on whether marginalized groups in Italy used cooperative law to foster inclusion and equity, it seems likely based on the prevalence of cooperatives in Italy. Costa and co-authors for instance found: “Regional communities hosting a large presence of the cooperative movement seem capable of thriving better than those lacking such a presence” and that the movement is “potentially capable of reducing income disparities within communities”.²⁸²

The literature also supports the proposition that laws which are tailored to address unemployment and poverty via worker cooperatives also foster diversity, equity, and inclusion in the economy. For instance, states such as Illinois have adopted laws easing incorporation as a worker cooperative, and U.S. scholars have advocated for more cooperative laws specifically focused on workers to further economic inclusion and the

²⁷⁶ Zaniboni A., *How industrial relations shape organizational equity: The case of Automobili Lamborghini* (working paper), 2026, 2 n.5 (on file with author), citing Telljohann V., *Le nuove piste di Lamborghini e Ducati*, in Carrieri M., Nerozzi P., Treu T. (eds.), *La Partecipazione Incisiva: Idee e Proposte per Rilanciare la Democrazia Nelle Imprese*, Il Mulino, Bologna, 2015, 71 ff.

²⁷⁷ Zaniboni A., *ibid*, 3.

²⁷⁸ Zaniboni A., *ibid*, 3.

²⁷⁹ Zaniboni A., *ibid*, 4.

²⁸⁰ Zaniboni A., *ibid*.

²⁸¹ See Section 3.a. of this paper and text accompanying nt. (25) and nt. (106).

²⁸² Costa M., Delbono F., Linguiti F., nt. (252), 488-489.

solidarity economy.²⁸³ In Italy, the Marcora Law has successfully, in many instances, alleviated unemployment.²⁸⁴

Moreover, the literature supports the proposition that laws tailored to address the inclusion of specific marginalized or disadvantaged groups will contribute to including, in the economy as cooperative owners, those facing specific barriers. The Italian Type B social co-op is an example of a law that has successfully integrated the formerly incarcerated and workers with disabilities into the economy.²⁸⁵ Perhaps enacting similar legislation targeted to identities and purposes in the U.S. would further facilitate the inclusion of traditionally disadvantaged groups, such as those living in divested Black communities or low wage working women, into the economy.

The literature, however, also recognizes a tension between classifying workers as owners and providing labor and employment protections.²⁸⁶ In particular, the literature about undocumented workers in the U.S. and cooperatives displays the tension.²⁸⁷ Several authors, describing the U.S. and the Italian worker cooperatives, question whether the jobs provided by cooperatives are family sustaining or low wage, potentially undermining competitive high wage businesses.²⁸⁸ Viola and Frangi, for instance, note that in the Marcora buyout of Ceramica Magica in 2008, the working hours increased from 36 to 40 and the salary was divided between 80% paid monthly and 20% at the end of the year only if financially feasible.²⁸⁹ Costa and Delbono found, however, even after including spurious cooperatives in their data, that although cooperatives have a lower average individual pay, overall, cooperatives exhibit a “stronger commitment to labor remuneration” than do non-cooperative firms.²⁹⁰

Less scholarship appears to address whether the internal industrial relations processes of a cooperative impacts whether preexisting structural inequality is enhanced or challenged. A study of Italian cooperatives finds that glass ceilings and differential pay continue in cooperatives.²⁹¹ Cooperatives are trying to address gender equity by providing gender equality training events, spreading inclusive glossaries and obtaining Gender Equality Certification.²⁹² The available scholarship suggests the internal industrial relations processes will also impact whether preexisting structural inequality is enhanced or challenged. Two U.S. scholars have explicitly noted that industrial relations practices within cooperatives, even small sized

²⁸³ Hempel C., Krishna G., nt. (15), 986.

²⁸⁴ Mickelsen B., nt. (76), 202.

²⁸⁵ Sherman Rogers W., nt. (88), 271.

²⁸⁶ See Bolelli M., Mori A., *WP3 Case Study Report: Italy*, Devcoba, 2025, 9, available at: https://devcoba.unimi.it/wp-content/uploads/sites/71/2023/10/WP3-Report-ITALY_Bolelli-and-Mori-2.pdf, discussing how Italian social cooperatives political unwillingness “to invest in the care sector systematically... could create tensions between unions and Cooperatives around the full implementation of the pay raises stipulated in the NCA”.

²⁸⁷ See, e.g., Hempel C., Krishna G., nt. (15), 989.

²⁸⁸ See Gurss T., nt. (150), 143; Bridge R., (230) 207; Ammirato P., nt. (16), 181; Costa M., Delbono F., Linguiti F., nt. (252), 489; Viola A., Frangi M., nt. (193), 285.

²⁸⁹ Viola A., Frangi M., nt. (193), 285.

²⁹⁰ Costa M., Delbono F., nt. (252), *6.

²⁹¹ Martelli A., Paraciani R., Pitti I., nt. (260), 125.

²⁹² Martelli A., Paraciani R., Pitti I., *ibid*, 127.

cooperatives, that include formal grievance and dispute resolution mechanisms may better challenge preexisting structural inequality than informal dispute resolution mechanisms.²⁹³

Overall, the literature review suggests that a legal framework that supports incorporation of worker cooperatives specifically, in contrast to other types of cooperatives, will further equity and inclusion in the economy. Additionally, laws supporting incorporation of multi-stakeholder cooperatives targeted to assist workers from marginalized groups, such as the laws governing Italy's social cooperatives, will also further diversity and inclusion. Establishing cooperatives is not a panacea, and the industrial relations within the business impact whether cooperatives enhance or challenge preexisting structural inequalities. Finally, guaranteeing the minimum labor standards apply to worker and multi-stakeholder cooperatives remains an area of tension.

6. Conclusion.

This comparative paper, at the intersection of Law, Sociology, and Industrial Relations, reviews what has been written about diversity, equity, and inclusion in worker cooperatives in the U.S. and Italy. It identifies at least five bodies of relevant literature in the U.S. scholarship.

- Legal scholarship focused on the role of clinicians and movement lawyers helping groups form worker cooperatives as part of a larger strategy to empower traditionally disadvantaged communities.
- Legal scholarship mentioning worker cooperatives as an example of a form of business that holds promise to operate outside traditional capitalist economies and promote a solidarity economy.
- Legal scholarship considering worker cooperatives as part of an approach to address gaps in employment law that fail to protect basic rights of certain workers, such as childcare providers and private household workers.
- Legal and social science scholarship documenting the use of worker cooperatives by historically disadvantaged workers to provide economic sustenance.
- Social science scholarship finding formalized industrial relations practices within cooperatives better challenge preexisting structural inequities.

The paper also identifies literature discussing the Marcora Law and of social cooperatives as shedding light on ways Italian cooperatives further diversity and inclusion in the economy. The literature supports the idea that laws specifically supporting two types of cooperatives – 1) worker cooperatives and 2) multi-stakeholder cooperatives that explicitly encourage inclusion of those from marginalized or disadvantaged groups – will aid in fostering a diverse, equitable, and inclusive economy.

The review offers fertile ground for future research on the topic of how worker cooperatives might further inclusion in the economy and challenge or enforce structural

²⁹³ Meyers J.S.M., nt. (259), 231; Hoffmann E., nt. (259), 58.

inequality. Two particular research questions stand out. First, how can Labor & Employment Law and Cooperative Law be designed or interpreted to work in tandem to provide dignified terms and conditions of employment? Second, how can internal industrial relations of worker cooperatives best be structured to challenge rather than enforce structural inequality?

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