Democratizing Capital: Building Union-Coop Partnerships through Economically Targeted Investing and Crowdfunding Innovations in the U.S.

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In today's era of increasingly mobile capital and corporate centralization, the challenges to worker well-being are well-documented and profound: uprooted local communities, stagnant and declining wages, economic informalization and increasingly precarious employment (Standing, 2011; Arnold and Bongiovi 2012). But organized labor has a portentous tool at its disposal in facing these conditions: the power of worker's capital itself, pooled in massive worker's pension funds, deployed in targeted private equity funds, and distributed widely in the pocketbooks and individual investments of workers themselves (Barber and Rifkin 1978; Marens 2004).

The scale of this "workers' capital" is immense. The total assets of global workers' pension funds alone was $15.7 trillion in 2017 (WillisTowersWatson 2017). Led by investments in the U.S., Canada, the UK, Japan and Australia, these pension funds account for 1/3 of the total investment capital in the world (Quarter, Carmichael and Ryan 2008; Hebb and Beeferman 2008; Calabrese 1999). In just the U.S., pension assets were equal to 62.5% of the entire national GDP in 2016 (Global Pension Assets Study 2017), while the total value of U.S. public employee pension funds in 2016 reached $4.7 trillion (Mcavoy 2016). In addition, workers invest in individual IRAs, hold stock in ESOPS, invest in targeted private equity funds, and (increasingly) provide direct support to small and medium sized businesses seeking small-donor support through such new innovations as crowd-funding.

All told, “workers own much of the world”—at least indirectly—through their own investments (Quarter, Carmichael and Ryan 2008, xiv). The challenge is how to organize, coordinate and deploy the potential power of this “workers’ capital” in a way that can humanize the broader economic system—how to help worker’s find their voice by developing a self-conscious, pro-labor “workers’ view of capital” and a set of investment tools to best express that view (Barber and Rifkin 1978; Hebb and Beeferman, 2008; Quarter, Carmichael and Ryan 2008). In terms of organizing the voice of labor in the cause of democratizing capital, labor unions and worker owned cooperatives have long been key institutions of labor empowerment. However, ever since workers’ pensions and other investment funds grew to significant scale in the 20th century, there has been little active role for these institutions to play in managing workers’ capital. Instead, the massive pools of worker capital in pension funds—“deferred wages that belong to them” (McGill 1984)--have been mostly controlled by a small number of professional financial managers, who have traditionally focused these funds on investments calculated to generate maximum rates of return, without any consideration of the kind of companies invested in, or of the corollary social consequences of that investment. As an organized force, labor has simply been denied “an active democratic say (in the sense of providing meaningful involvement as well as broad control) in deciding how to allocate finance and investment” (Malleson 2014; Block 2014; Marens 2004).

The result has been predictable. “The financial professionals hired to manage multi-employer pensions frequently invested and voted against union interests” (Maren 2004, 112; Investor Responsibility Research Center 1979). In Canada, for example, ten well-heeled money managers control the investments of 44% of all union pension money (Quarter, Carmichael and Ryan 2008). Such managers pursue maximal rates of return before all else, are external to the labor movement, and certainly don't bring a view of "pension socialism" (Drucker 1976) or labor-friendly investing to their management philosophy.

However, the last two decades have seen a challenge to this traditional investment model through a surge of interest in what has been called "socially responsible investing," "activist investing," "relational investing," "targeted investing," or "double/triple bottom-line investing" (Quarter, Carmichael and Ryan 2008, 8; Hebb and Beeferman 2008). As part of that growth of socially responsible money management, the recent introduction of equity "crowdfunding" offers a dramatic new tool in the efforts to democratize capital in ways friendly to workers. Equity crowdfunding—the mobilization of small scale investments from a crowd of individuals, typically through internet appeals—has recently been legalized in advanced economies across the world and thousands of small businesses are now using crowdfunding portals to raise billions in equity investments every year (Kang, et. al. 2016).

This paper begins by examining to what extent labor unions have sought the democratization of capital through targeted pension fund investments in worker-friendly businesses such as union shops or worker cooperatives, and examines the historical obstacles facing labor unions (such as anti-labor laws like the U.S. Taft-Hartley Act) in pursuing this cause. We then explore developments in the last few decades that have opened the door to more effective forms of socially responsible and economically targeted investment. Focusing on one particularly promising new development, equity crowdfunding, the paper then argues that crowdfunding provides a new tool for labor unions to support worker owned cooperatives, and we discuss several strategies for doing so. By educating and encouraging union members to utilize crowdfunding platforms to support labor-friendly businesses like worker cooperatives, unions can build new partnerships between worker cooperatives and organized labor and can help people at the grassroots level choose how their capital is deployed in the broader economy.

"Pension Fund Socialism": Historic Obstacles from Taft-Hartley to ERISA

Considering the massive accumulation of capital in workers' pension funds over the years, Drucker (1976) coined the term " pension fund socialism" and argued that "if 'socialism' is defined as 'ownership of the means of production by the workers'… then the United States is the first truly 'socialist' country" (1-4). Although Drucker believed that worker ownership of capital in the form of pensions allowed the potential of labor-friendly targeted investments, he was deeply concerned that labor pension fund investments in the end would "undermine unions and strengthen the free market as workers gained a direct self-interest in the profitability of corporate America" (Calabrese 1999).

Drucker's concerns were shared by Leo Gerard, the previous president of the United Steelworkers of America (USW), who argued in 2001 that the "use of workers capital is one of the key challenges facing the labor movement today." Labor's investment efforts have "not altered financial market operations in any significant way," Gerard argued. "All too often, investments made with our savings yield short-term gains at the expense of working people" (Fung, Hebb, and Rogers 2001).

Amalgamated Clothing and Textile Workers Union Secretary-Treasurer, Jacob Sheinkman, drew the same conclusion that workers' pension funds are far too-often used against the interests of workers themselves.

> The massive sums accumulated in pension fund assets are often used against the direct economic interests of the workers in whose name the funds were created. The banks and insurance companies in

> charge of such funds, under agreements with sponsoring companies or labor unions, have used them in ways that foster and even hasten the flight of jobs and capital to the largely unorganized areas of the sunbelt or overseas. The money managers would say they are seeking a better business climate, but almost invariably the pension fund assets--in effect, billions of dollars of deferred wages of American workers--end up subsidizing a climate hostile to workers (cited in McCarthy 2014a, 471).

In the US, workers' private pension programs in the early 20th century, before the Taft-Hartley Act of 1947, were mostly built by labor unions directly, in the form of levying a dedicating a percentage of regular union dues to a union-controlled pension fund (Cook 2002, 30). The very first such union-sponsored pension plan was founded by the Pattern Markers League of North American in 1890, but it never paid benefits to workers. The first successful union pension program that actually delivered benefits to workers was established by the International Typographical Union. Following this innovation, nineteen pension plans were created by sixteen international labor unions between 1890 and 1932, and sixteen of these pension plans actually functioned to deliver retirement income to workers (Cook 2002). In 1932, ten of these labor pension plans still existed, covering "930,000 union members or 28 percent of total union membership" (Cook 2002, 31). However, few of these plans survived the Depression and by 1949, only "four unions-sponsored plans" remained (Cook 2002, 31).

While union-controlled pension plans struggled to survive the Depression, the funds that did survive were quite sizable and as union density grew from 11.7% in 1930 to 35.8% in 1940 (partly due to the passage of the union-friendly National Labor Relations Act in 1935), the potential for future growth of union-controlled capital through these pension funds was tremendous (Cook 2002). As an example of that potential power, John Lewis (President of the United Mine Workers of America from 1920 until 1960 and founding president of the Congress of Industrial

Organizations (CIO) demanded in the 1940s that employers contribute ten cents for each ton of coal mined to be used for establishing an "employer-financed, union-controlled welfare fund for the coal industry" (Cook 2002, 33-34). John Lewis won employer support for several such funds through a series of labor actions and strikes, and the labor community then found itself with substantial new capital to be used to fund pensions and other worker welfare plans. With these funds, Lewis began "using the fund to buy up stock, buy up companies, and even buy up the National Bank of Washington" (Geoghegan 2010, 245).

Conservative politicians and Wall Street money managers were deeply concerned with the rise of democratized capital through these worker funds. U.S. Representative Fred Hartley (R-NJ) stated that "certainly it is not in the national interest for union leaders to control these great, unregulated, untaxed funds derived from exactions upon employers." (Cook 2002, 35). Senator Robert Taft (R-Ohio) also believed that "the tendency is to demand a welfare fund as much in the power of the union as possible. Certainly unless we impose some restrictions we shall find that the welfare fund will become merely a war chest for the particular union, and that the employees for whose benefit it is supposed to be established, for certain welfare purposes, will have no legal rights" (quoted in McCarthy 2017,100)

Influenced by such concerns, the passage of the Taft-Hartley Act in 1947 was in part an attempt to stop labor unions from controlling their own pension funds. While Taft-Hartley is well known for being an anti-labor law that banned "sympathetic strikes, secondary boycotts, and mass picketing" (Montgomery 1976, 166), and that made labor unions liable for any damages to employers incurred through of violation of written contracts (such as through a wildcat strike), the law also contained important provisions to minimized the power of labor unions in controlling the investment of workers' pension. Cook (2002, 34) describes the Congressional hostility toward

John Lewis' idea to create worker-controlled pension funds through exactions and taxes on employers.

> In 1946, Congress was disturbed by the demands of certain unions that the employers contribute to "welfare funds" that were in the sole control of the union or its officers and could be used as the individual officers saw fit. The United Mine Workers' demand that mine operators create a welfare fund for the union by contributing ten cents for each ton of coal mined caused Congress to act. The Case bill, 79th Cong., 2d sess, H.R. 4908, which regulated welfare funds in a manner similar to Section 302, was enacted in 1949, but was vetoed by the president. The following year, the Taft-Hartley Act containing Section 302 was passed over another veto.

Section 302 of the Taft-Hartley Act made it illegal to "pay, lend or deliver… any money or other thing of value" to a union representative, unless such payments "are for the exclusive benefit of the employees and their dependents" (McCarthy 2017, 100). Through this provision, the Taft-Hartley act made it " illegal for employers to contribute to a welfare fund established by a union" (McCarthy et al 2016, 758). Its intension was to protect "American business from a new threat--the threat of 'union capitalism' a labor dominated-economy, with labor leaders like Lewis making the deals" (Geoghegan 1991, 245). In addition, the original version of the Taft-Hartley Act proposed that any workers' pension funds should be controlled by financial trustees chosen by employers themselves, and not by workers through their unions.

However, this specific proposal did not fare well as the U.S. Senate rejected the proposal to give employers full control over workers' deferred wages in this way. Senator Joseph Ball of Minnesota argued that "these funds represent money earned by the employees…. All we are doing is protecting the rights of employees whose toil creates these welfare funds." Also, Senator Wayne Morse of Oregon argued "is not the fund…really for the employees? Should not the employees, therefore, have the right to administer it?" (Cited in Cook 2002, 36).

In the end, Section 302 was amended and the final version validated the legitimacy of union pension funds which invested their assets in publicly traded equities, and that would be administered through joint trusteeship of both employer and union representatives on the funds' governing boards, in an arrangement by which "employers had to control half or more of the pension board seats" (McCarthy 2014, 466; see also Cook 2002). Though labor unions gained the right to appoint trustees to Taft-Hartley pension funds, John Lewis' more radical vision of fully labor-controlled pension investment funds had been regulated out of existence.

In addition, because Taft-Hartley pension funds were to be governed with a minimum of half the board seats controlled by employers, and in accordance with strict rules that the funds were to be used only for retirement investing to benefit individual workers, and not for any corollary union-defined social cause, these funds were denuded of their once radical potential to challenge and remake the world of investment capital. As a result, after the Taft-Hartley Act, most unions chose to play little to no part in investment decisions of the resulting pension funds, as "company executives controlled the private pension funds," professional fiduciaries managed the portfolios, and the general assessment was that funds must be invested only with attention to generating robust rates of return, and without any focus on such social causes as supporting union jobs, high wages, or community economic stability (McCarthy 2014a, 463).

This interpretation was more clearly codified into law with passage of the 1974 Employee Retirement Income Security Act (ERISA), which was understood as mandating that fund managers focus only on a "profit-driven investment strategy" before all else, as a means to maximize worker's retirement income (Quarter, Carmichael and Ryan 2008, 5; Marens 2004). For decades after this law went into effect, the common understanding was that ERISA required that financial managers must exclusively focus on the fiduciary obligations of *prudence* (seek a healthy or even maximal rate of return before any other value) and of *loyalty* (seek to benefit only the fund beneficiaries, and must ignore "corollary" benefits such as a clean environment or union-friendly business philosophy) (Adler and Youngahl 2010). It was perceived that these fiduciary obligations required a unitary focus on maximizing fund returns, and prohibited pension fund managers from any broader considerations of social, environmental, ethical or business-governance issues, in deciding where to deploy worker's retirement capital. ERISA was also perceived to forbid considerations of the impact of investments on local workforces, regional health, or community stability (Yaron 2008; Lincoln 2000). Under this interpretation, plan fiduciaries were obligated to act "solely in the interest of participants and beneficiaries" for the "exclusive purpose of providing benefits" to them (Freeman 1985, 89).

As a result, managers of the massive pools of workers' capital held in pension funds have traditionally deployed those funds into typical high-yield funds, stocks and bonds, without "active ownership" of workers themselves (throughout their organized unions), and without scrutiny of the social impact of the kinds of investments workers' were making through these funds. In this way, the passage of ERISA led the pension governance focus more on "rate of return, often to the exclusion of extra-financial factors, such as the environment, corporate ethics, or social impact" (Weststar and Verma 2007, 388; see also Hebb and Beeferman 2008; Bogle 2005; Marens 2004).

Driven by ERISA's investment guidelines, pension investments in the 1980s pursued short-term financial gains and ignored any broader social concerns. Investment strategies became "short-term and myopic, often pushing firms for quarterly profits and frequently churning stock in their portfolios" (cited in Hebb and Beeferman 2008). This short-term investment focus was well described by Ian D. Lanoff, of the US Department of Labor.

> What the pension plan fiduciary needs to determine about an investment is not, first, whether it is socially good or bad, but how

> the proposed investment will serve the plan's participants and beneficiaries. The definition of "serve" is limited to what will benefit the beneficiaries financially (cited in McCarthy 2014b)

In this way, although ERISA allowed labor unions to share joint trusteeship on pension plan boards, unions were not allowed to push these boards to invest in socially responsible companies. ERISA blocked labor unions from investing in responsible investing practice as the traditional interpretations of prudence, or fiduciary responsibility, "acted as a barrier to alternative investment and governance models" (Weststar and Verma 2007, 388). For instance, when Local 675, International Union of Operating Engineers attempted to use a pension fund to invest primarily in real estate projects involving union labor, the union was sued by the Department of Labor (Fogdall 2002, 220).

ERISA Reformed and the Rise of Socially Responsible Investing

Though these long-enduring obstacles to labor's financial activism continue to present challenges, there have been several labor-favorable developments since the 1990s. As a response to growing frustration with aforementioned pension fund management practices, the AFL executive council in 1991 announced new pension investment principles that challenged the uniform focus on maximal rates of return without any consideration of corollary social impact. Fund managers should take into account the "balancing of interests" the AFL declared, and when choosing companies to invest in, managers should balance considerations of short-term financial benefits to worker-investors with considerations of the "long-term interests" of plan participants in such things as "continuous employment," "improvement in wages and benefits," and "promotion of local economic development" (Loxley, 2008).

As part of that movement towards a more long-term, socially responsible approach to investing, the Department of Labor issued a 1994 interpretive bulletin regarding ERISA which declared that it was legally permissible for fund investors to consider corollary social benefits and long-term effects on worker conditions and community health, in addition to their required fiduciary duty to pursue a reasonable rate of return. This bulletin specifically critiqued the "misperception [that] exists within the investment community that investment in ETIs [economically targeted investments] are incompatible with ERISA's fiduciary obligations" (Manley, Hebb and Jackson 2008, 8). As long as fund managers provided full disclosure of goals and pursued a "reasonable" rate of return, the bulletin declared it permissible for pension fund investors to pursue economically targeted investments designed to generate new jobs and to provide other salutary "local economic ripple effects," such as "affordable housing, urban revitalization, support of small and medium sized enterprises, renewable energy, and clean technology" (Manley, Hebb and Jackson 2008, 8; see also Loxley 2008).

A rise in the concept and practice of "social responsible investing" followed these early 1990s announcements of the AFL-CIO and the Department of Labor. Socially responsible investing was defended as a moral cause—supporting sustainable, healthy and equitable local communities—but was also increasingly seen as an economically viable strategy to pursue strong rates of return. Though some studies found economically targeted investing to result in less well performing funds (Manley, Hebb and Jackson 2008, 211), most studies following the Department of Labor's revision of ERISA standards found that socially responsible investing could be a value-added approach, and that socially responsible firms often performed as well as, or even better than, firms with a poor record of socially responsible behavior (i.e., paying low wages, providing no health care, hiring contingent work forces, or pursuing outsourcing) (Comeault and Wheeler 2008, 16). There is an increasing body of evidence that investment considerations of such things as a healthy and collegial workplace environment, a long-term business commitment to local community health, and provision of attractive wages and benefits can actually result in a highly productive company with loyal employees that posts reasonable and dependable profits (Yaron 2008, 13). As a result of both ERISA's regulatory revisions and the growing understanding of the possibility of robust returns, capital invested in designated "socially responsible" funds experienced a fourteen-fold increase between 1995 and 2005 (growing from $12 billion to $179 billion), amounting to 10% of all U.S. investment dollars by 2005 (Quarter, Carmichael and Ryan 2008, 19). The growth trend has continued recently, as Calabrese (1999, 2) finds that "labor-sensitive alternative investing" more than tripled between 2003 and 2008.

Economically Targeted and Private Equity Investments

While a good deal of this alternative investing occurs by investing pension money into positively screened socially responsible funds (or avoiding negatively screened funds), a more precise variation of socially responsible investing is to pursue economically targeted investments (ETI) in specific public companies or narrowly targeted funds with a specific purpose (such as developing regional green energy sources). Economically targeted investments are defined as "investments designed to produce a competitive rate or return commensurate with risk as well as create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy" (Bruyn 1987, 6).

There is an increasing number of labor-sponsored ETI funds, seeking to maximize impact by carefully targeting investments in chosen asset categories: e.g., real estate, green energy, the agricultural sector, or labor-friendly businesses in specific regions. Examples include the AFL-

CIO's Housing Investment Trust, the Builders' Fixed Income Fund, the Roofers' Loan Fund, the CIGNA America Fund, the Boilerworkers' Go-Generation and Infrastructure Fund and the United Food and Commercial Workers' Shopping Center Loan Fund (Calabrese 1999)

Though ETI investment can be quite narrowly tailored, and sometimes small in scale, it is still out of reach for most small businesses in the United States, including the growing number of worker-owned cooperatives so popular in low-income and immigrant communities. Because most of these small businesses are not listed for investment on public exchanges (as they are not SEC registered for public stock investing), these businesses must rely on direct private equity investing if they are to receive any outside investment at all. Though private equity investments can offer the investor tremendous leverage over the typically small business which is receiving the investment, very few union-sponsored pension or ETI funds make private equity allocations at all (Calabrese 1999). "The barriers to establishing such [investments] appear to include misperceptions on the part of gatekeepers (such as consultants and pension counsel), fund officials, and staff about the nature and performance of labour friendly private equity investments, insufficiently informed and proactive efforts by labour pension fund trustees; claims by mainstream private equity firms that the requirements imposed will impair their ability to secure promised returns…" (Hebb and Beeferman 2008, 18).

In the last decade, however, there has been growing labor experimentation with direct private equity investment. For example, California's goliath CALPERS fund signaled its growing interest in the field with a 2000 release of a private equity ETI fund disclosure (titled "Statement of Investment Policy for Economically Targeted Investment Program"), presenting targeted private equity investment as a strategy to stabilize and build up the state economy while helping socially conscious employers (Manley, Hebb and Jackson 2008). Similarly, the Union Labor Life

Insurance Company (ULLICO) has recently established a Separate Account P—a rare private equity fund dedicated specifically to "creating and preserving union jobs" (Calabrese 1999). The fund operates in accordance with the belief that "direct investing in entrepreneurial young companies, and in middle-market companies needing expansion capital can yield both premium financial returns and 'social' leverage—that is, the ability to demand special covenants, requiring union neutrality and card check recognition, union-build construction, environmental responsibility, and other corollary benefits" (Fung, Hebb and Rogers 2001, 126).

The Canadian Model: Labor Solidarity Funds

In the world of union-friendly private equity investing, it is Canadian labor which leads the way. Almost forty years ago, the Canadian Labour Congress endorsed the view that organized labor should achieve greater control and direction of the investment of their pension funds through the tool of direct private equity investing (Quarter, Carmichael and Ryan 2008, 4). In accordance with that view, in 1983, the Canadian Labor Congress began to establish private equity "Labor Solidarity Investment Funds" (LSIF) with a goal "first, to empower local residents and workers in their ownership and decision-making of companies in their jurisdiction, and, second, to foster economic growth in the community" (Cumming and MacIntosh 2007, 452). Only individual investors could invest in these funds, and only in small amounts (typically under $1000, Canadian), but the Canadian national government was supportive of the funds and offered substantial tax credits to offset individual investment costs, which has helped the funds to grow dramatically. All of these LSIFs pursue union-friendly goals, such as a regional development focus, support of small business, a commitment to creating and sustaining high-wage union jobs, and a prioritization of worker-education programs (Cumming and MacIntosh 2007, 453).

Two of the most important of these LSIFs are the Quebec Solidarity Fund (QSF) and the Crocus Investment fund, which specifically targets worker-owned cooperatives. The QSF was the first labor sponsored fund in Canada, and is now the largest source of all venture capital in the nation (providing 1/3 of all Canadian venture capital), supporting about $4 billion in investment by about 330,000 Quebecers (Lincoln 2000). The QSF includes a core fund, and specialized sectoral funds and regional funds, seeded with core-fund capital, targeting all sixteen administrative regions in Quebec, and providing capital to thousands of small businesses, while supporting tens of thousands of well-paying jobs (Lincoln 2000, 732). All these funds target investments in local businesses that hold promise of providing a reasonable rate of return to shareholders while demonstrating commitment to local economic health and various social purposes.

A separate fund, Canada's Crocus fund, specifically prioritizes employee ownership and targets businesses with a demonstrated commitment to cooperative employee ownership and increased employee participation in all business operations. As a pre-condition to investment, executives from companies are required to attend round-tables and workshops to explore democratic business governance models and the benefits of employee ownership and participation. Employees, as well, are expected to attend education and training sessions on the philosophy and practice of democratic business governance and worker ownership, as well as on such technical subjects as financial statements, Canadian labor law, and human resource policies. In its first five years, the Crocus fund invested in 21 local businesses and maintained, created or saved 4,000 jobs in Manitoba, all with a strong employee ownership and participation dimension (Lincoln 2000, 733).

United States Labor Solidarity Funds

Though the U.S. tax code does not encourage investment in such labor-friendly private equity investment funds, as the Canadian tax code does, there are growing examples of these funds in the U.S. as well. Two notable U.S. funds are the Industrial Valleys Investment Corporation (IVIC) (established by the United Steel Workers of America) and the Northcountry Corporation in the Seattle area. Both of these regional labor investment funds draw on the Canadian model of targeting private equity investments to small and medium sized businesses in a local community that support worker education, regional economic health and a high-wage, pro-union workplace. As in Canada, these funds have a mission to "prudently channel working people's savings into regional industrial development in the middle market manufacturing first that create jobs and strengthen local communities." Believing in worker ownership as well, these funds target companies with worker education programs, a commitment to worker governance, and/or that have fully converted to worker ownership (Croft and Bute, n.d.).

To maximize their impact, these funds have pursued the path laid out by CALPERS (which was itself drawing on the pioneering economic work of Harvard's Michael Porter into "capital gaps" and underserved business markets in low income areas), and have worked to identify underserved capital markets—and "economic niche" (Croft and Bute, n.d.) where a "capital gap" suggests the dire need for new investment, as well as the possibility for robust returns by those creative enough to invest there. As CALPERS noted in its own "emerging markets" ETI plan of 2000, "the objective of this policy is to discover and invest in opportunities that may have been bypassed or not reviewed by traditional, more mainstream sources of investment capital" (Manley, Hebb and Jackson 2008, 219). Pursuing this goal (in partnership with ten different private equity firms which chose to partner with CALPERS with an initial $725 million investment, to match

CALPERS $475 million investment), CALPERs has used its private equity fund to support businesses like the Evergreen Lodge (a San Francisco lodging business to help at-risk youth), the Beacon Fire and Safety Company (a firm committed to hiring low-income workers and helping them develop workplace participation skills), and Picadelly Cafeterias (owned and managed mostly by minorities)—and earned a healthy return rate of 16.3% in the first four years after investment (Manley, Hebb and Jackson 2008).

The Industrial Valleys Investment Corporation (Pennsylvania) and the North Country Corporation fund (Seattle) similarly pursue a "capital gap" model of targeting privately held small and medium sized businesses that are underserved by traditional venture capital, but that demonstrate good potential of creating and sustaining family-wage jobs in union-friendly businesses. The funds prioritize support of businesses with robust "workplace participation and education" programs and that provide other "opportunities for gain sharing and eventual employee ownership" (The Northwest Labor Investment Fund, n.d.).

Labor Solidarity Funds and Worker Owned Cooperatives

Worker owned cooperatives well match the worker-empowerment criteria of both these regional investment funds. Moreover. the worker cooperative business sector matches the goal of these regional labor investment funds to target under-invested business sectors with great potential to grow and provide labor-friendly work environments. In fact, while formal unions have found their strength eroding in the new global order of flexible, decentralized production chains and capital mobility, small and decentralized workers cooperatives have grown rapidly, as their organizational model matches the decentralized and fluid dynamics of today's global world. In some countries, like Spain and Italy, workers cooperatives have grown to constitute a sizable share of the national economy. Some studies have found that worker coops have proved more resilient than mainstream businesses after the 2008 crisis, creating more post-recession jobs in many countries than has the traditional business sector (CICOPA 2012) .

In the United States as well, the trend of economic informalization has been coupled with expanding worker owned cooperatives, especially within the service sector (i.e., cleaning, food catering, moving assistance, landscaping, child care), and with an especially notable growth of immigrant worker own cooperatives (Ji and Robinson 2012). In New York City and the Bay Area, worker cooperative networks are rapidly growing. In Cleveland, city, university and business leaders have united behind the innovative "Evergreen Initiative," a well-funded plan to build an expanding network of worker cooperatives across the city (Alperovitz, et. al. 2010; Johnsen,2010).

Though worker cooperatives are growing, they remain a very small sector in the overall economy (Lansley 2015), and the sector overall faces a profound "capital gap" challenge in accessing adequate investment capital to support potential growth (Witherell 2013). Even as workers cooperatives blossom across the globe, with a model of decentralized, small-scale employee ownership that responds well to the growth of the precariat in the informal global economy, these small businesses still lack mass numbers, organizational power, and—most importantly—adequate access to capital resources (California Financial Opportunity Roundtable, 2012).

Non-traditional small enterprises like a local worker cooperative face tremendous difficulties raising adequate capital (Bauer-Leeb and Lundquist 2012; Lehner 2013; Schwienbacher and Larralde 2010). One large problem is that most worker cooperatives are very small and local, and are not listed on public stock exchanges. Therefore, they are beyond the reach of the bulk of national investment capital. In addition, worker cooperatives face difficulties in attracting private equity investments because the typical "social purpose" goals of worker cooperatives are often seen by investors as undermining financial returns. Furthermore, the unfamiliar corporate governance and legal structures of workers cooperatives can dissuade traditional investors (Artz and Kim 2011, 47). There is also a deep cultural distance between the social entrepreneur and the traditional equity investor, who speak fundamentally different languages ("social purpose investing" versus business/managerial excellence) (Lehner 2013, 2-4; Ridley-Duff and Bull 2011). These obstacles help explain why a 2003 bank of England study found that "social enterpreneurs indeed have a hard time accessing traditional debt finance," and why the business plans of small social entrepreneurs are rejected 98% of the time by traditional venture capitalists (Lehner 2013, 4).

Though labor ETI funds seek alternative investment opportunities (targeting labor-friendly businesses in select geographic areas or in defined business sectors like housing, construction, technology or small business)—there is hardly any mention of a worker cooperative focus in the investment principles guiding any of these funds (Quarter, Carmichael, and Ryan 2008). And although there is a National Cooperative Bank in the U.S. (with over $1.6 billion in assets), this bank targets funds to cooperatives of all sorts (not just worker owned cooperatives) and less than 5% of its loans and investments go to worker owned cooperatives (Witherell 2013).

Clearly there is a capital gap facing worker cooperatives, which are dramatically underserved by existing capital markets. The potential for targeted union-fund investment to make a strong difference in this sector is strong. With their decentralized and flexible business model, worker owned cooperatives are a good match for today's globalizing informal economy—yet they lack adequate capital to fully exploit their potential. Unions have deep wells of intellectual capital, financial resources and organizational might, and yet their membership and power is shrinking as they face new economic realities. Both coops and unions, therefore, can benefit greatly from partnership and collaboration. An experienced activist in the world of U.S. union-coop collaborations, Rob Witherell (2013, 5) describes the possibilities.

> For unions, the ability to secure good contracts has diminished as membership shrinks and employers' power continues to grow. For worker-owned co-ops, challenges include access to investments and loans needed to grow their businesses or to start up new co-ops, especially in capital-intensive sectors such as manufacturing, and access to broader support networks…If we can match the challenges faced by co-ops with the strengths of labor unions, and match the challenges faced by labor unions with the strengths of worker owned cooperatives, we could have a potent combination."

Direct private equity investing through regional labor funds such as the Industrial Valleys Corporation or North Country Corporation provide one model for how unions can better fund local worker cooperatives so as to realize the kinds of benefits Witherell describes above. There is even a limited form of possible national U.S. government support for such union-coop alliances. The U.S. Small Business Investment Company (SBIC) provides equity support to small businesses who have raised at least $5 million in private capital (and who certain qualified management and other regulatory oversight regulations). This program allows these small businesses to apply for 3 to 1 equity support from the Small Business Administration, providing the business with up to $15 million in additional equity. This program invested $21 billion to support 120,000 small businesses between the 1958 and 2007 (Cumming and MacIntosh 2007), though pension fund investors have not been active in using pension funds to help small worker-friendly businesses leverage this larger support from the government. This inactivity is unfortunate, because a 1992 "Small Business Equity Enhancement" amendment to the authorizing legislation specifically permits public pension funds to provide all or some of the initial $5 million in private capital that is required for a small business to qualify for this government investment program (The Northwest

Labor Investment Fund, n.d.). The program provides a promising and underutilized tool for union investment funds to target and grow undercapitalized labor-friendly businesses, including worker-owned cooperatives.

The need for such innovative tools is substantial, as most traditional investment vehicles and funds are out of the reach for local SMEs like worker cooperatives, for the simple fact that these businesses are not listed on public exchanges and have traditionally been ineligible from any kind of public offering of stock or investment opportunities. Costs of due diligence, legal counsel, underwriters, SEC filing fees, state securities filing fees, stock exchange fees, accounting fees and insurance fees can add to over $100,000 for a typical IPO, which are simply prohibitive for most small companies. But there is a recent innovation that has the potential to go to the heart of this dilemma and to allow SME's, including local worker-owned cooperatives, to go beyond reliance on large private equity investments by innovative funds or affluent "angel investors" and to instead pursue broad-based public investment in small sizes, through the open market—Equity Crowdfunding (Hernando 2016, 327).

The Equity Crowdfunding Revolution

Taking advantage of the democratization of information and connectivity afforded by social media, crowdfunding appeals in the last decade have raised millions of dollars in donations to support thousands of small-scale initiatives. Crowdfunding—the mobilization of small scale donations or investments from a crowd of individuals—has funded activities ranging from indie band tours across America ($60,000 raised by the UK rock band Marillion), the production of independent movies (*The Age of Stupid* film project raised £1.5 million British Pounds), and social purpose ventures (the Tesla Museum project raised $1.4 million). In 2011 in the United States, even before crowdfunding was fully legalized as an investment strategy in 2012, there were over 500,000 crowdfunding appeals made over the internet through crowdfunding portals like Kiva, Kickstarter and IndieGoGo, which ultimately attracted millions of small donors who gave over a billion dollars to small businesses nationwide (Best, Nice and Jones 2012, 25; Drake 2012).

However, before the recent wave of reforms legalized crowdfunding as an investment strategy in most OECD nations, all crowdfunding transactions were required to be *donations* to small businesses, rather than *equity investments*. Consider the situation in the United States, whose laws were similar to those in other advanced democracies on this subject. Under United States securities law, it was illegal for average people to give their support to a small or local business with the expectation of economic return. This is because prior to the crowdfunding law, all companies (even the smallest) were prohibited from offering equity to the general public without full registration with the Securities and Exchange Commission (SEC) and adherence to all SEC rules, which is costly and complicated. Furthermore, only SEC accredited investors (less than 2% of the population [Shuman 2009]) were allowed to directly purchase those equity securities, substantially limiting the kinds of companies allowed to offer their stock publicly and the pool of people who were allowed to invest in those companies. The consequence of such rules, dating back to the U.S. Securities Act of 1933, was to centralize capital formation in a small circle of accredited investors, who were predisposed (and restricted by law) to direct their investment attention to established, SEC registered companies—companies that had the financial wherewithal to pay lawyers and financial experts handsomely to prepare their public offerings.

But rules changed after the U.S.' Jumpstart Our Business Startups Act (JOBS ACT) in 2012. The JOBS Act amended federal securities law to benefit small and emerging businesses by easing rules on public offerings by small businesses and by broadening the base of people allowed to buy equity in those companies. In signing the law, President Obama was responding to a groundswell of pressure from innovative venture capitalists, small businesses locked out of traditional venture capital circles, and progressive economic thinkers who all supported crowdfunding liberalization as a way to decentralize capital formation, foster innovative businesses and social enterprises, and encourage small business florescence (Best, Nice and Jones 2012; Bradford 2012; Sustainable Economy Law Center 2012).

Perhaps the most dramatic reform was Title III of the JOBS Act, which created a new exemption from federal securities law for "crowdfunded" securities offerings. This exemption is meant to substantially democratize investment into small businesses, by making it possible for small businesses to raise money through small investments from a large number of people, even without filing an array of financial and registration documents with the SEC under traditional securities law. Furthermore, small-scale investors in the company do not need to be SEC accredited (Bradford 2012; Vidra 2012). Anyone in the public who is attracted to a small entrepreneur's internet crowdfunding appeal can invest in the company, joining with a crowd of other small donors in mobilizing what can be huge cash infusions into the business. In 2012, for example, Pebble Watches raised more than $10 million dollars in less than 30 days from 69,000 small web donors (Heesun 2013).

There are, of course, restrictions meant to direct crowdfunding to small businesses and to balance the desire for freely flowing, decentralized capital investment with the need to minimize investor risk and the dangers of financial chicanery or ineptitude by either businesses or investors. In the United States, for example:

- A business can sell no more than $1 million of securities in the aggregate to all investors;

- No single crowdfund investor can purchase more than $2,000 of securities, or 5% of the investor's annual income or net worth (10% for investors with annual income or net worth exceeding $100,000);
- The transactions must be conducted through a registered funding portal or broker who must adhere to rules meant to insure investor knowledge of the risks involved.

Hornuf and Schwienbacher (2017, 580) argue that equity crowdfunding has become "a viable alternative form of external finance for entrepreneurial firms in countries that permit the solicitation of the general public without the issuance of a costly prospectus." Because crowdfunding avoids the necessity to incur other expensive legal and compliance costs of a traditional stock IPO it allows small entrepreneurs access to investment by the general public, thereby contributing to the "democratization of the financial markets" and opening up avenues for collaborative economy channeling of worker's capital (Hernando 2016). Small companies with unique business models now have an alternative source of "venture capital," which has historically been controlled by a small circle of traditional profit-seeking investors. These small companies can now turn to "community finance" circles—crowds of small scale donors contacted across the internet and who are more likely than accredited Wall Street investors to support small, local businesses with a "social purpose" (Lehner 2013). In this way, crowdfunding "stands to revolutionize small businesses and entrepreneurial capital raising by permitting any individual to invest in private companies over the internet with limited regulatory hurdles" (Fink 2012, 4). By decentralizing processes of capital formation, crowdfunding undermines the power of traditional capital investors, transfers the social web's model of informal cooperation to the world of investment, "and leads to democratization and transparency in finance" (Rothler and Wenzlaff 2011, 5; see also Best, Nice and Jones 2012, 3).

While the U.S. legalized crowdfunding in 2012. Austria followed suit in 2013. Crowdfunding was legalized in the UK, Belgium and the Netherlands in 2014 and in Germany, Spain and Italy in 2015. With this expanding list of countries adopting substantial reforms to legalize versions of crowdfunding across the world, a new paradigm of innovative investment possibilities has emerged (Hernando 2016). Supporters hail crowdfunding as ushering in an era where average people will have the ability to support local business or social purpose business ventures, and where businesses can turn to sources of capital beyond the Wall Street moguls who prioritize high profit rates over such concerns as local embeddedness, social purpose, or fair labor practices (Elk 2012). In so doing, the JOBS Act represents a democratization of capital formation—a radical "disruption of the finance supply chain and distribution mechanism" that has been previously controlled by a tiny percentage of accredited institutional investors (Drake 2012). Scott Purcell, President of the Crowdfunding platform Arctic Island, argues that the Crowdfunding allowances of the JOBS act "will completely transform capital formation for small businesses, [enabling] small businesses to get the capital they need." (cited in Drake 2012)

The scale of democratic capital that could be unleashed through crowdfunding is immense. Even before the JOBS act, when crowdfunding could only be through donations without any equity return, $750 million was given through 532,000 American crowdfunding campaigns (Best, Nice and Jones 2012, 25). In the wake of global legal reforms like the JOBS Act, available crowdfunding portals have dramatically expanded worldwide, going from 100 portals in 2007 to about 450 in 2012 (Belt, Brummer and Gorfine 2012). Just between 2014 and 2015, crowdfunded capital grew from $16 billion to over $34 billion worldwide, and by 2016 crowdfund capital worldwide had surpassed the entire traditional venture capital industry, which averages about $30 billion each year (Barnett 2016). Observing these trends, Goldman Sachs has described crowdfunding as "potentially the most disruptive of all the new models of finance," and the World Bank predicts that crowdfunding investments will be nearly $100 billion a year in developing countries alone by 2025 (Gaskell 2016).

The growing scale and ease of crowdfunding clearly offers unions a new way to maximize the deployment of “workers’ capital” in pursuit of a humane economic system. But how can unions, in specific ways, help channel resources into labor-friendly crowdfunding appeals? To be clear, unions would not be allowed under the U.S. JOBS Act to channel their pension fund investment dollars or any other institutional investment fund into crowdfunded worker cooperatives—simply because the JOBS Act targets *individual* donors and frees them to make *small* investments in non-SEC registered businesses. Nor would union leadership be able to offer specific investment advice to their members, urging them to invest in any *specific* crowdfunded business, as such formal investment advice remains illegal under the JOBS act, except when done by accredited brokers, promoting SEC registered companies. But, there are several ways that unions might use the new Crowdfunding law to build on the latent support that their members might have for worker cooperatives, and to bring the efforts of unions and coops closer together. We lay out some possibilities below.

Educate Workers About Crowdfunding. Labor unions could provide effective education for their members regarding crowdfunding dynamics, and with a broader goal to move their members towards broad-minded “social unionism” (Waterman 1993; DeMartino 2004). While union education campaigns have often been confined to specific union issues, such as employer-employee relations and workplace safety, recent approaches in union education have embraced more diverse subjects, helping union members connect their own struggles with surrounding community issues, ranging from sustainability issues to disability and immigrant rights (Read 2007; Luce and Nelson 2008) and even to gay rights (Ceronsky 2012)

Union education campaigns that reach into social issues beyond the union itself are one step to building "workers' collective identities" as social change agents, which are constructed through engaging members into broader social and political education (Levesque and Murray 2006). Considering crowdfunding education campaigns, unions could partner with community organizations to help members understand the benefits of crowdfunding in supporting local cooperatives and building a sustainable economy. Through union education campaigns, members can be made aware of what crowdfunding is, what kinds of businesses can now be invested in, and how to invest. Union members can be taught how crowdfunding can channel individual investment dollars into businesses that share union values, even while earning an equity return for the investor.

Such education campaigns could be modeled on practices like the Labor Letters of Endorsement Program, which the United Way website describes as follows: "the AFL-CIO president asks presidents of AFL-CIO affiliated unions, state federations and central labor councils to send letters endorsing United Way campaigns to their memberships. The Labor Letters of Endorsement Program encourages individual union members to volunteer their time and contribute their resources to United Way campaign." Along those same lines, a Labor Letters of Endorsement or other education campaign could highlight crowdfunding opportunities and demonstrate how individual members can now dedicate their money to gaining an equity stake in innovative social ventures (without advising union members to invest in any identified, specific business, which would be illegal under crowdfunding law).

Scholarship has shown that union education campaigns are very effective at catalyzing charitable giving among union members (Zullo 2011; Ranghelli 2011). For example, the Labor Letter of Endorsement Campaign results in millions of dollars every year in charitable contributions to the United Way by union members (accounting for two-thirds of all funds raised by the United Way each year). Labor unions can make their educational efforts especially effective by building on labor's growing success with new information technology and social media mobilization. For instance, the Minnesota Nurses' Association in 2010 used an extensive social media campaign to rack up its contact numbers, including "495,000 Facebook page views and 11, 285 new fans in a 90 day period," which set a new standard and possibility for labor organizations to learn from (Nemo 2012).

In another example of success, the previously discussed Canadian Solidarity Fund uses such a worker-education strategy effectively to channel individual worker investments into targeted private equity campaigns. Canadian unions assign local union representatives to organize at the workplace and in their communities and to encourage community members to invest in the fund. Sophisticated financial and investment training is provided to these union representatives and to members of the general public (Lincoln 2000). These techniques have been successful in educating union members and other community investors that social goals like environmental sustainability, high wages, and business commitment to the local community can align with economic investment choices, as the Canadian labor investment funds are now some of the largest sources of investment capital in the country (Comeault and Wheeler 2008; Quarter, Carmichael and Ryan 2008).

Certify Unionized Crowd Fund Advisors. The National Crowdfunding Association has launched a Certified Crowdfund Advisor (Best, Nice and Jones 2012) certification program. As described on the CCA website, The CCA certificate "identifies the holder as being an expert in crowdfunding and thus professionally able to help everyone from small business owners to investors regarding how to participate in crowdfunding" (National Crowdfunding Association 2012). Dedicating union dollars to helping members of union locals and state labor federations achieve such certificate would facilitate the educational strategy discussed above, while providing authoritative and specialized investment education to union members interested in building up worker cooperatives.

Establish a Union-Sponsored Crowdfund Portal. Unions have been successful at mobilizing social purpose spending by their members when they have self-consciously created the conditions to catalyze such actions. In the field of crowdfunding, one of those environmental conditions could be to establish a union-sponsored crowdfund portal that facilitates investment in worker cooperatives that share union values of worker empowerment and broader social justice. Such crowdfunding investment portals are necessary because under the JOBS act, crowdfund investors and businesses cannot connect directly. Rather, to better insure the validity of businesses seeking crowdfunds and the knowledge level of potential investors, these two parties must connect through an independent "middleman" portal—a web-based platform that must insure that the businesses on their site meet minimum standards outlined in the law and that small investors using the portal are educated into the risks and opportunities of investing. Many of these crowdfunding platforms already exist, such as IndieGoGo, Kiva, and Kickstarter. Furthermore, many of these extant portals have a specific angle—such as portals that focus on green businesses (Green Unite), arts related businesses (New Jelly), local agricultural initiatives (Three Revolutions), innovative product designers (Christie Street) or on projects friendly to lesbian, gay, bisexual and transgendered individuals (FundPride). There are also several emerging portals already dedicated to cooperative financing, such as coop.org and the crowdfunding co-operative.

Along those lines, a union collaborative could come together to launch a crowdfund portal that features only worker-owned cooperatives that share union-friendly business practices and values. In providing information about businesses featured on the union crowdfunding portal, the portal could publish metrics to rate businesses on a "social purpose" scale, using such tools as the Social Return on Investment (SROI) method, as standardized by the SROI network (www.thesroinetwork.org; see also Lehner 2013). Union members (who arguably are more willing to accept lower rates of return in favor of "social investment" goals [Quarter, et. al., 2001]) could be directed to this portal to facilitate their investments into union-friendly worker cooperatives.

Such a portal would have important legal restrictions on its communications with users. Under the law, crowdfunding portals cannot offer investment advice or recommendations, but it as of yet unclear how the SEC will interpret this principle in terms of what kinds of information portals can and cannot share with their visitors. Clearly portals cannot advise investment in any specific company, but it seems likely the SEC will allow them to act as a kind of educational clearinghouse, focusing all their offerings only on one kind of business (worker cooperatives) and sharing information such as which businesses are union organized and where businesses might be rated on the SROI scale.

Provide Technical Assistance to Worker Cooperatives. Many worker cooperatives lack the technical skills to take most effective advantage of the new investing environment. Unions could develop training academies and outreach efforts targeted at socially responsible worker cooperatives and assist coops in navigating a crowdfund offering. Developing a union cadre of CCA certified crowdfunding advisors would facilitate this goal. Such a strategy would build on unions' long history in facilitating worker-buyouts of companies in America (Hochner, et. al. 1988).

Extend Union Membership to Coop Members. The worker-owners of cooperatives can also be union members. Though many smaller worker-owned cooperatives may not feel they need a formal union to represent workers to management (for example, in the case of a small business owned by just a few worker owners), worker owners may still be interested in becoming "community members" of local unions, as an expression of the shared values of unions and worker cooperatives—especially if those unions were involved in a successful crowdfunding campaign. Unions can reach out to network and build good will among local cooperatives, and can develop mechanisms for allowing coop owners to become community members of the union itself. As AFSCME organizer Lisabeth Ryder (2008) argues, "incorporating worker cooperatives into union membership would broaden our political power and dues base, as well as expand our organizing potential."

Such efforts by the unions to extend membership to coop owners would match DeMartino's (2004) vision of "stakeholder unionism," in which unions no longer restrict themselves to waged workers at specific worksites. Instead, unions might conceive of themselves as a broader alliance of people committed to similar economic and social goals, including even circles of coop owners. "This kind of unionism would welcome as full union members diverse constituencies who share the labor movement's commitment to justice for the marginalized, but who are now excluded from the movement by restrictive notions of just who can be a union member" (DeMartino 2004, 240).

Mobilizing coop owners as full union members can have important benefits to coop members. Unions can provide business planning assistance, leadership development services and legal advice to coop members, and can help "structure and provide healthcare coverage and pension plans" (Gemininjen 2012; Ryder 2008). Through their union association, coop members might also find their political horizons broadened, because "unions can help alleviate the inherent tendency of individual cooperative businesses by increasing cross-company worker solidarity…and provide perspectives on industry-wide trends" (Gemininjen 2012; see also Haller 2011). New York's Cooperative Home Care Associates—a cooperative that is unionized by SEIU—provides a good example of how a unionized cooperative can strengthen its own mission to "raise the floor" for all industry workers, by taking advantage of SEIU's political clout in shaping New York's allocation of health care contracts, and of SEIU's benefits and education programs for workers (Witherell, Cooper, and Peck 2012, 17).

In a case-study review of several "advocatory social movements" in Spain, Diaz and Cacheda (2016) find that participation in cooperative crowdfunding campaigns can help build and sustain these new kinds of union-community connections because crowdfunding campaigns naturally help to disseminate ideas, build collective identities, and organize actions on the ground, and can be a cost-effective catalyst of more broad-based and consequential social activism. Crowdfunding platforms spread progressive values and ideas, they argue, and can facilitate communication about protest actions and campaigns targeting destructive forms of capital in the community. As unions face a new world of decentered and disorganized labor and seek to activate and deploy deep wells of workers' capital in the pursuit of a more humanistic world, the flexible, decentered tool of crowdfunding campaigns may be bring people together in new ways and seed alternative economic imaginations—uniting community and labor in unpredictable but fruitful ways. "This is the main potential of crowdfunding," Diaz and Cacheda (2016, 146) conclude. "It's capacity to articulate a multi-level space for social movements that provide efficient channels of finance, divulgation and involvement. Crowdfunding is creating a new public space through which any organization emits a certain message, which can be amplified through the economic support of the community in social networks, while crowdfunders can interact with promoters to spread social movements' claims and grievances."

Conclusion

The reality of inadequate capital for the worker cooperative sector, and of declining union density due to growing service sector and informal economy, suggest reasons for both institutions to strengthen their mutual ties. As a strategic response to these kinds of challenges, Curl (2010) notes that "the twenty first century's cooperative movement is re-forging a close alliance with the labor movement" (see also Artz and Kim 2011, 7) If unions and worker coops can indeed deepen their relationship by taking advantage of innovations in socially responsible investing and the crowdfunding revolution, "it is possible that the combination of the worker-owned and managed model with such unions will infuse a renewed energy in the membership to democratize and take control of their workplace" (Geminijen 2012).

Unions and worker cooperatives are complementary in pursuing shared goals of worker empowerment and economic justice. While worker cooperatives are well suited to addressing the growing challenges of an informal economy by organizing precariat workers into small scale cooperatives, labor unions are well suited to pursing broad-based political power through collective bargaining, mobilization and political advocacy. Though they have different strengths, deep philosophical commitments ultimately unite coop owners and union members. As Hazel Corcoran, the Executive Director of the Canadian Worker Co-operative Federation (CWCF), stated at a union-coop solidarity conference, both groups believe in "economic democracy, wealth sharing and putting people before profits." It is these shared values that could serve "to move them from indifference to common ground" (cited in Davidson 2011). One immediate and practical way towards building that common ground is to embrace the potentials of socially responsible investing and the related crowdfunding moment, funneling union resources into capital-hungry worker cooperatives, and building union density within the growing cooperative sector. Crowdfunding is a newly empowered mechanism that can help secure union-coop collaboration in practical and meaningful ways, allowing unions and coops to jointly celebrate the coming democratization of capital and the crowdfunded cooperative workplace.

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