



## California Corporate & Securities Law

# Are Worker Cooperatives A “Sea Water Fish In A Freshwater Pond”?

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Jaroslav Vanek is a professor emeritus in the Department of Economics at Cornell University. He is recognized as a leading thinker on the subject of labor managed enterprises. In fact, he wrote a seminal work on the subject in 1970 – *The General Theory of Labor Managed Economies*. In a 1995 magazine [interview](#), he was asked why worker cooperatives aren’t working in the West. In answering this question, he compared workers cooperatives to a “sea water fish in a freshwater pond”.

I don’t know whether [The Sustainable Economies Law Center](#) (SELC) subscribes to Professor Vanek’s theory of labor management. Nonetheless, SELC is trying to address the lack of formal legal structures for worker cooperatives by sponsoring legislation to amend California’s Consumer Cooperative Corporation Law, Corporations Code § 12200 *et seq.*, to permit explicitly the formation of worker cooperatives.

SELC’s bill is [AB 1161](#) and it was introduced by [Assembly Member Nancy Skinner](#). Several states already have workers cooperative laws, including [Connecticut](#), [Massachusetts](#), and [Vermont](#).

Surprisingly, California had a strong proponent of worker cooperatives over a century ago in the person of none other than Leland Stanford. As a U.S. Senator, he actually introduced legislation to provide a legal structure for the incorporation of worker cooperatives, saying “The principle of co-operation of individuals is a most democratic one. It enables the requisite combination of numbers and capital to engage in and develop every enterprise of promise, however large.” In 1990, the Stanford Historical Society published this comprehensive [article](#) detailing Leland Stanford’s life-long attachment to worker cooperatives.

### A postscript on the Ides of March

Today is, of course, the Ides of March. According to the Greek historian Plutarch, a seer warned Julius Caesar of this day while Caesar was on his way to the Senate house:

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ὥς τις αὐτῷ μάντις ἡμέρα Μαρτίου μηνός, ἦν Εἰδούς Ῥωμαῖοι καλοῦσι, προείποι μέγαν φυλάττεσθαι κίνδυνον ἐλθούσης δὲ τῆς ἡμέρας προῖών (“A seer was telling Caesar on this day of the month of March, which is called the Ides by the Romans, a great danger was coming . . .”)

Fifteen centuries after Plutarch wrote these lines, William Shakespeare incorporated the seer’s warning into his play, *Julius Caesar*:

*Soothsayer. Beware the ides of March.*

*Caesar. What man is that?*

*Brutus. A soothsayer bids you beware the ides of March.*

The story, of course, ends with Caesar’s murder in the Roman Senate and a different kind of “March madness”.

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