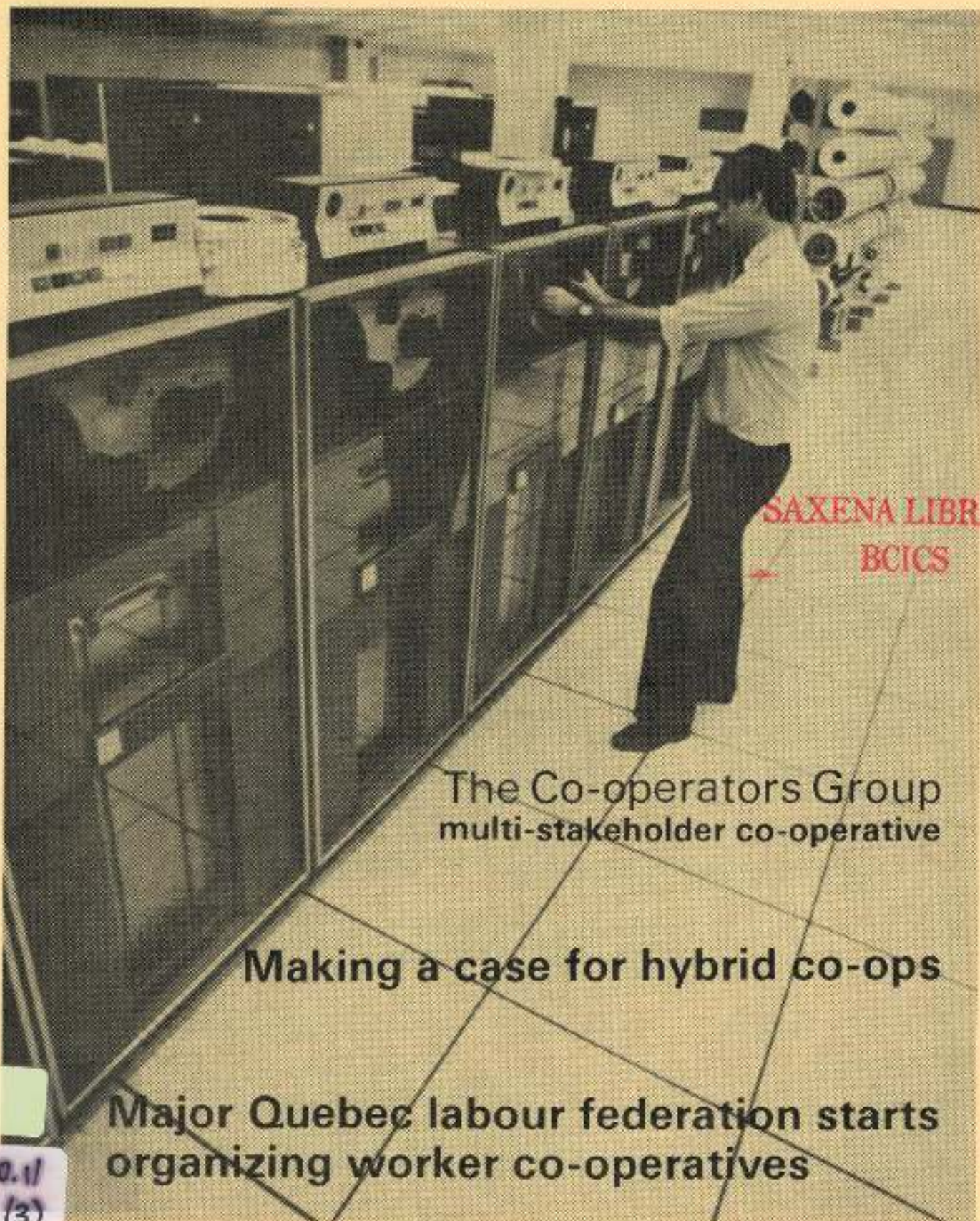


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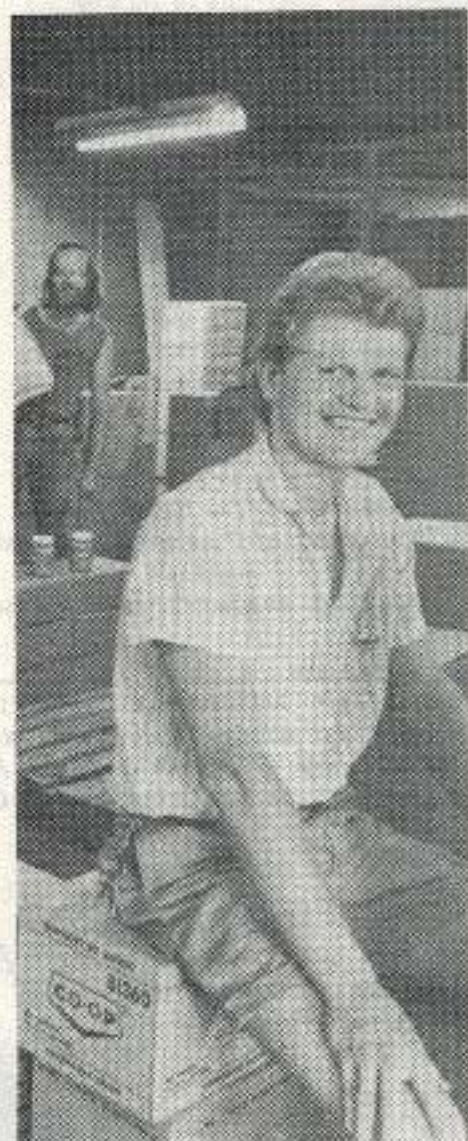
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Two staff members of Ontario Federation of Food Co-operatives and Clubs in the OFFCC warehouse. (See story, page 15.)

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Ad Size	Cost per issue /per 4 issues
3"x 5"	\$40/\$150
1/2 page	\$100/\$375
Full page	\$200/\$750

Alain Côté
French language
co-ordinator

J.J. Forrestal
Rosemary Oliver
Steve Schildroth
Copy editors

Louis-Philippe Beaudin
Marty Donkervoort
Marketing managers

Paul Jones
Book notes

Production: *The Centre for the Study of Co-operatives,
University of Saskatchewan, Saskatoon, Saskatchewan.*

Mailing: *Worker Ownership Development Foundation, Toronto.*



Jack Quarter
Jean-Claude Guérard
Editors

Jo-Anne Andre
Production manager

Margret Asmuss
Production assistant

Joanne Lindsay
Reviews

Chris Axworthy
Treasurer

Worker Co-ops is an independent,
quarterly magazine.

Indexed in the **Alternative Press
Index**. ISSN 0829-576X

English language submissions to:
Worker Co-ops
253 Willow Ave.
Toronto, Ontario
Canada M4E 3K8

French language submissions to:
Worker Co-ops
Jean-Claude Guérard
Centre de gestion des co-opératives
École des HEC
5255 avenue Decelles
Montréal, Québec H3T 1V6

Send subscriptions/backorders to:
Worker Co-ops
c/o Centre for the
Study of Co-operatives
Diefenbaker Centre, U. of S.
Saskatoon, Sask. S7N 0W0

Individual subscriptions:
Canada \$12/yr; \$22/2 yrs
U.S. \$13/yr; \$24/2 yrs
Overseas \$15/yr; \$27/2 yrs
Institutions: \$15/yr; \$27/2 yrs

Cover: *Roger Tiffin of Co-operators Data Services Ltd. in Mississauga mounts a tape at the Meadowvale Data Centre. In a feature article on page 10 Teunis Haalboom and John Jordan describe the multi-stakeholder co-operative concept implemented at Co-operators Data Services.*

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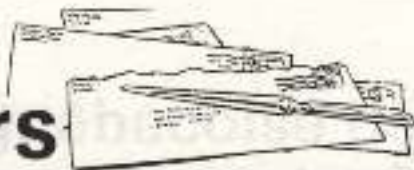
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Letters



Mondragon official comments

I have read with pleasure the discussion of Mondragón in the Worker Co-ops magazine by people who have studied our experience--such as Terry Mollner, David Ellerman and also Chris Axworthy. It is not my intention to begin a debate, mainly because I represent the Mondragon group; nevertheless, I would like to make one comment.

We call our work "experimental" because it is both a project and a reality in constant evolution. Our group has become large, and in turn this leads to some difficulties in having active participation, though this remains an objective that must always be present.

I would like to share with you my optimism regarding the possibility of the working classes controlling their own destiny. This requires much effort in

training and in thinking. I strongly believe that every year we should demand from ourselves greater commitments in terms of participation, information, communication, democracy, dialogue, training...

It would be a mistake to think that what we already have is enough. We have advanced the workers' movement, but it remains a never-ending process. This should not discourage us. I'm certain that progress in democracy and in participation is and can be possible.

In relation to Father Jose Maria Arizmendarrieta, for whom the 10th anniversary of his death was in November, it seems that some people discuss the spirit of his service. Father Arizmendarrieta created the means to wealth for the community, although he himself always remained poor.

He made the community progress, but he never dominated. Whoever is able to give himself to others by creating wealth and power but not profiting or dominating is welcome to do so, because any community would be grateful for that.

We have a lot to learn; I hope you can help us by sending news or any information about others' experiences, and particularly those opinions that are critical of us. That's the only way to learn and to improve.

Jose Ramon Elorza
Director of Co-operative
Development
Iksabide Institute
Mondragón, Spain

*(Translated from Spanish by
Gabiella Lopez)*



Conferences

Lecture tour by Menachem Rosner

A leading expert on kibbutz industry, Menachem Rosner of the University of Haifa, will make a lecture-tour of Canada in either March or April (exact dates to be announced).

In a recently published discussion paper on the "Emancipatory use of new technologies in kibbutzim", Rosner argues that kibbutz members have welcomed "labor-saving technologies" because they "will not cause unemployment but rather a different social distribution of work -- e.g., an increase in services which

will allow a higher level of satisfaction of needs -- and finally a shortening of working hours". This is because the kibbutz has a member-based economy, and the size of the kibbutz's labour force is not affected in any significant way by the introduction of labour-saving technologies.

Also, Rosner argues that new technologies have been introduced into kibbutz industries "in a manner that is friendly to man" because the members of each work-unit are an integral part of

the decision-making process, and they are assisted in adapting to the technology by the consultants of the kibbutz socio-technical department and by the kibbutz institute of robotics.

Information on Rosner's lecture-tour (which will include Victoria, Calgary, Saskatoon, Toronto and Montreal) is available from Christopher Axworthy, Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Saskatchewan S7N 0W0: (306) 966-8503.■

International conference on co-operative-state relations

An international conference on co-operative-state relations will take place at the Université de Sherbrooke from May 31 to June 4, 1987. The conference has been organized by l'Institut de recherche et d'enseignement pour les coopératives (IRECUS) at the Université de Sherbrooke. The conference will bring together university researchers, government spokespeople and participants from co-operative organizations. Papers will be presented in several broad areas: modes of state intervention in the co-operative sector; needs of co-operatives and their conceptions of the role of the state; co-operative-state relations: stakes and alternatives.

For more information, contact Ms. Nicole St.-Martin, Directrice, IRECUS, Faculté des Arts, Université de Sherbrooke, Sherbrooke, Quebec J1K 2R1; (819) 821-7220.■

Invitation to participate in seminar series

The Centre for the Study of Co-operatives in Saskatoon extends an invitation to researchers with an interest in co-operatives to offer a paper in the Centre's ongoing seminar series. Given enough advance notice, a substantial audience can be secured from amongst the University of Saskatchewan's academic community. If you are planning a visit to the West, please consider making Saskatoon a stop.

For more information, contact David Laycock, Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Sask. S7N 0W0; (306) 966-8508.■

Call for papers

The Canadian Association for Studies in Co-operation (CASC) will hold its annual meeting in Hamilton, June 4-6, to coincide with the Learned Societies Meetings at McMaster University. Persons interested in giving papers should get in touch with David Laycock (Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Saskatchewan S7N 0W0; (306) 966-8503.

Memberships in CASC are \$25 (\$10 for students, unemployed and retired) and can be obtained by contacting Laycock. Included in the membership is the CASC newsletter.■

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Study tour planned of Mondragon co-ops

CUC - A study tour of the Mondragon co-operatives in Spain is being planned for April 5-11 from the University College of Cape Breton in Sydney, N.S.

The study tour, intended to provide a holistic appreciation of the Mondragon experiment, will consist of lectures and discussions each morning with visits to Mondragon sites in the afternoon.

Students will be provided with video cassettes and literature to study before the tour. Total cost, including transportation, room, meals and resource people, will be from \$2,000 to \$2,500. The tour will likely depart from Montreal.

Inquiries may be addressed to Greg MacLeod, University College of Cape Breton, P.O. Box 5300, Sydney, N.S. B1P 6L2.■

A.C.E. Institute, 1987

The 1987 Institute of the Association of Co-operative Educators will be held June 17-19 in Saskatoon. A.C.E. members from Canada, the United States and the Caribbean are expected to attend. The program for the symposium is built around three key concepts -- innovation, education, and change -- and their impact on the role of the co-operative educator. The fee for the three-day event is \$210.

Details of the program and registration information are available from Janice Wall, Chairperson, 1987 A.C.E. Institute, c/o Co-operative College of Canada, 510-119 4th Ave. South, Saskatoon, Saskatchewan S7K 5X2; (306) 244-3600.■



Worker co-operatives and employee-owned companies are fundamentally different

Marty Donkervoort

The debate on employee ownership initiated by Wally Brant and continued by George Melnyk and Richard Long (see *Worker Co-ops*, Summer and Fall, 1986) has ignored two central issues: the definition of an employee-owned company and the question of who has "control". In addition, the argument has been confused by the introduction of "ESOPs" (Employee Stock Ownership Plans). ESOPs are a U.S. tax concept and not applicable to Canada.

Employee ownership suggests that employees own their company (i.e., more than 50 per cent of the shares), and it also implies some broad distribution of ownership among the employees. However, empirical data on most so-called employee-owned companies reveal that this is not the case, and therefore, the label "employee ownership" is misleading.

Most employee-owned companies are owned and controlled by a few employees, usually managers. For example, it is quite common for fewer than 10 per cent of the employees to own more than 50 per cent of the shares. If this is employee ownership, it could also be argued that a company owned by a single entrepreneur who also works in the company is an employee-owned firm.

A definition is needed that addresses both the level and diversity of ownership required for genuine employee ownership (e.g. 50 per cent of the employees own at least 50 per cent of the shares). Keep in mind that in a

worker co-operative, usually 100 per cent of the members own 100 per cent of the voting shares.

Control is the key

The value given to broad-based workers' control is central to deciding if the worker co-operative movement can be advanced by "entering through the door" held open by profit sharing and other non-co-operative forms of employee ownership.

The importance of control is recognized throughout the corporate sector. Major battles are fought over control. Millions of dollars are spent on inflated shares, and control is seldom surrendered without a fight.

If this simple fact of economic life (the importance of corporate control) is recognized, the argument (put forth by Brant and supported by Long) that employee ownership represents a transition to broad-based workers' control is very weak.

It is no accident that most employee-owned companies in Canada are controlled by a few employees. These companies have more in common with traditional forms of ownership and values than with worker co-operatives. They are attractive to managers who can afford and can accumulate shares and who are interested in exercising control and in benefitting financially.

Broad-based workers' control and workplace democracy usually are not issues in employee-owned companies. If they were, the worker co-operative model of one member/one vote would be considered at the outset.

There are lessons to be

learned from these employee-owned companies. Foremost is that ownership and control tend to be centralized. In my experience, there is no evidence that worker co-operatives are more likely to start from employee-owned businesses than from any other form of business. There is some evidence, however, that employee-owned businesses may revert back to corporate or entrepreneurial control (e.g. Pioneer Chainsaw). There are no structural safeguards in an employee-owned company to prevent this from happening.

Long argues that employee-owned companies are not a threat to the development of worker co-operatives. Since these kinds of companies have little in common with worker co-operatives, what Long says should be true.

Realistically, however, employee-ownership is a threat because its advocates, like worker co-operative advocates, are also addressing the issue of workers' ownership. An appropriate analogy is the effect of a right-leaning political party with a few progressive items in its platform. Does it lead to significant change or does it prevent significant change from happening?

Only time will tell! In the interim, it's up to all of us in the worker co-operative movement to advocate worker co-operatives directly and to keep their attributes front and centre.

Marty Donkervoort is a consultant with *Co-operative Work*, 357 College Street, Toronto, Ontario M5T 1S5; (416) 928-9568. ■

U.S. tax law encourages employee ownership

Corey Rosen

For the last 12 years, U.S. tax law has provided significant tax incentives for a particular form of employee ownership, the "ESOP" (Employee Stock Ownership Plan). Although the new U.S. tax reform act cut back on many business tax incentives, ESOPs actually emerged in somewhat better shape than before. The new tax law also makes it easier to combine the financial benefits of an ESOP with the governance of a worker co-operative.

ESOPs are a type of employee benefit plan, governed by the same laws that apply to profit-sharing, pension and other benefit plans. In an ESOP, a company sets up a trust fund. It then either makes tax-deductible contributions of new issues of its own stock to the plan or it uses cash to buy existing shares. Alternatively, the ESOP, unique among employee-benefit plans, can borrow money to buy shares. In this case, the company makes cash contributions to enable the ESOP to repay the loan.

Employees almost never buy the stock directly and rarely give up wages or other benefits to acquire the stock. Most ESOPs are simply an additional benefit for employees. A 1985 N.C.E.O. (National Center for Employee Ownership) study found that the typical employee in the typical ESOP would accumulate \$31,000 (U.S.) over 10 years.

The stock in the ESOP is generally allocated to accounts for all full-time employees with more than a year's service. In most plans, allocations are made according to relative pay, although they can be made more equally or even *per capita*.

The stock is subject to gradual vesting over five to seven years. Employees receive their stock when they leave the firm and can sell it back to the company either at its market value or at a value set by an outside appraisal in private firms. ESOPs can own anywhere from one to 100 per cent of a company's stock. About one-third of all ESOPs will eventually own a majority of the stock.

Employees must be able to vote their allocated shares on all issues in public companies and on certain major issues (not including board elections) in private companies.

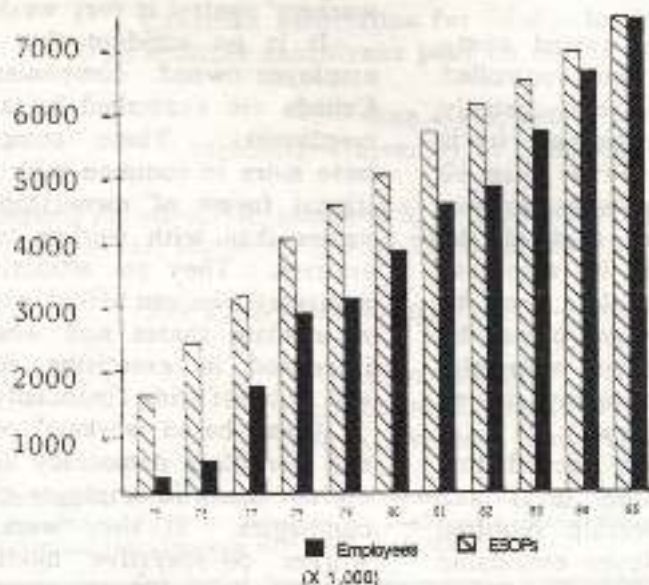
There are now 7,500 ESOPs in the U.S., covering about eight million employees. In about 700 companies, employees own a majority of the stock through ESOPs, and in the next few years this figure will increase markedly. Companies with ESOPs range from as small as 15

employees to large corporations with thousands of workers. A recent N.C.E.O. study of these companies indicates that they are growing about 40 per cent faster than prior to the ESOP's introduction. The factor which seemed to account for this improved performance was employee participation in decision-making at the job level.

Tax advantages of ESOPs

ESOPs have a number of tax advantages. Perhaps the most important of these is that owners of closely-held companies can defer taxation on the sale of their stock to an ESOP that owns at least 30 per cent of the total company stock. In these transactions, the company actually buys the shares and can deduct the cost of doing so. Employees do not buy the stock. When an ESOP borrows money, the company's contributions to enable the

CUMULATIVE GROWTH OF EMPLOYEE OWNERSHIP PLANS, 1975 - 1985



Source: National Center for Employee Ownership, Inc., Arlington, Virginia

plan to repay the loan are also tax-deductible; the company can deduct the principal as well as the interest of the loan. Banks also receive a tax break for loans to ESOPs. Banks pass these tax breaks through to the companies, in part by charging a lower interest rate. Finally, a company can simply contribute new shares of its stock to an ESOP and deduct their current value from its tax.

ESOPs and co-operatives

People often assume that ESOPs and worker co-operatives are competing employee-ownership structures. In fact, an ESOP is a financial structure while a worker co-operative is primarily a governance structure. The new tax law makes it very easy to combine a worker co-operative and an ESOP.

Under the previous ESOP law, employees voted their shares. However, a company could choose to limit employee share-based voting to the few issues requiring it, and have a side agreement directing the trustee of the ESOP to vote the shares according to a separate one person/one vote election on all other issues. This arrangement, though, was cumbersome and still required share-based voting on some issues.

The new tax law carves out an explicit provision for ESOP/co-op combinations, allowing a company to allocate one vote to each member instead of a vote to each share. Co-ops can now participate in all the tax benefits of ESOPs without changing their governance system.

Critics of ESOPs have argued that too often they are used to serve the needs of management

and that they should not be allowed unless employees have full voting rights. While this argument seems persuasive at first, it ignores some important realities. Since almost all ESOPs involve no employee sacrifices or contributions (despite a public impression to the contrary), should the government require employee participation in management? Is a company with an ESOP and no voting rights worse than one with no ESOP and no voting rights?

About half of all ESOPs are used to buy the shares of a retiring owner. The sale usually takes place gradually over several years. Should the owner be forced to give up control once the ESOP owns 51 per cent of the shares, even though he or she retains an important financial stake in the company? If this were the law, few owners would sell to an ESOP, and would choose instead to sell to competitors or liquidators.

There is, unfortunately, not enough room here to explore these issues in the depth they deserve. Certainly ESOPs are abused by some companies, as are most tax incentives. There may be specific uses of ESOPs (such as those in which workers either make a financial contribution or make wage concessions), where a very strong argument for voting rights can be made.

To prevent their abuse, the laws governing ESOPs can be tightened. On the whole, however, ESOPs have helped broaden the distribution of the ownership of wealth and have made it possible for employees in many companies to have a much greater say in corporate affairs than would otherwise have been the case.

Implications for Canada

U.S.-ESOP legislation may have some important implications for Canadians promoting worker co-operatives. A trust-based approach like an ESOP offers several advantages. The trust can be required to include most or all employees and can hold the stock on a tax-deferred basis for workers till they leave the company. New employees are, by law, automatically included once they meet service requirements. Also, making corporate contributions to a trust rather than to individual employees may be more appealing because the trust maintains ownership for most or all workers at all times, rather than providing individually-held benefits for some employees.

The ability of an ESOP to borrow money and to repay it in pre-tax dollars is another appealing mechanism, one that helps ESOP-firms raise capital. The most important, and possibly easiest incentive to adopt, however, is the tax preference for the sale to employees of privately held companies.

Many profitable, private firms are sold to liquidators, competitors (who may shut down the operation to get its customer lists), large companies or even foreign firms in order to generate cash for the owners. By selling to the employees, local employment and independent business ownership are retained. By providing (as the U.S. law does) that the company can deduct the cost of the buyout and that the owner can defer taxation on the sale by reinvesting in other companies, owners are given a considerable incentive to sell to an employee-ownership plan (including a worker co-operative in the U.S.).

The U.S. law has resulted in thousands of ESOPs set up to buy out owners, but the costs have been minimal (probably under \$100 million a year). The ESOP concept is widely supported by both political parties in the U.S. If there were one single intervention I could choose for a country wanting to encourage employee ownership, the ESOP would be it.

Corey Rosen is executive director of the National Center for Employee Ownership, a non-profit membership and research organization located at 426 17th St., Ste 650, Oakland, CA 94612.■

Etats-Unis: la nouvelle législation et l'ESOP

Au nom des employés, l'employeur établit une fiducie (ESOP) autorisée à recevoir des contributions versées par l'employeur. Ces contributions servent à racheter les titres, actions ou obligations, de l'employeur et ce, au nom des employés.

Du point de vue fiscal, l'employeur bénéficie d'une réduction de son revenu imposable pour ses contributions versées à l'ESOP. Les revenus réalisés par l'ESOP ne sont pas imposables. Quant aux employés, ils ne sont assujettis à l'impôt sur le revenu que lorsque l'ESOP leur verse de l'argent, mais ils peuvent alors se prévaloir de certaines déductions

fiscales. Même le banquier, prêteur à l'ESOP, a droit à certaines déductions fiscales.

L'ESOP s'avère aux Etats-Unis un excellent véhicule financier pour promouvoir la participation des employés à la propriété de leur entreprise.

La nouvelle législation fiscale ne touche pas au programme ESOP, si ce n'est qu'elle permet aux coopératives de se prévaloir de ce programme et de bénéficier de tous ses privilèges fiscaux.

Résumé de l'article de Corey Rosen par J.-C. Guérard, Centre de gestion des coopératives, École des Hautes Études Commerciales, Montréal.

The Co-op/ESOP debate in the U.S.A.

David Ellerman

Several years ago, the "Great Co-op/ESOP Debate" raged in U.S. worker-ownership circles. Today the situation has significantly changed. Those of us on the co-op side of the debate have learned how to adapt the ESOP framework to our ends. We have also learned to appreciate the usefulness of having a model for partial worker-ownership. The co-op and ESOP camps in the U.S. have entered a phase of friendly competition and, perhaps, fruitful co-operation.

In the U.S.A., ESOPs have quite significant tax breaks which do not extend to co-ops. For instance, if a bank makes a loan to an ESOP (as opposed to a worker co-op), 50 per cent of the interest paid back to the bank can be excluded from the bank's taxable income. Such tax breaks imply that most sizable worker ownership deals, even for 100 per cent worker-owned firms, are

forced to use the ESOP legal structure. Hence the I.C.A. (Industrial Co-operative Association) has invested the time and energy to develop a democratic one person/one vote structure for ESOP companies (see Peter Pitegoff's, "Democratic ESOPs" available from the I.C.A.)

Peter Barnes, an I.C.A. consultant in California, had already pioneered the democratic ESOP at The Solar Center in San Francisco during the late seventies. The I.C.A.'s first democratic ESOP is the U.A.W.-organized Seymour Specialty Wire in Seymour, Connecticut. This company, which has 250 workers is now in its second year of profitable operation.

"Typical" consultants don't help

Typically, "professional" lawyers and consultants tell workers that they do not vote ESOP-shares until the debt load is paid off. Following this advice can

lead to the postponement of significant worker control, even in companies for which the ESOP has majority or total control. Also, consultants often tell workers that voting must be according to the number of shares allocated to an individual rather than the one person/one vote rule typical of co-operatives. We found the ESOP structure flexible enough to change both of these "typical" features.

At Seymour, the buyout was both leveraged (the workers took wage cuts) and 100 per cent worker owned. The ESOP was structured so that the workers exercised the vote from the beginning and elected the initial board of directors. The voting is on a one person/one vote basis. Democratic empowerment is now being extended to the shopfloor with an I.C.A.-assisted "Workers Solving Problems" program.

In short, none of I.C.A.'s worker co-operative goals has been sacrificed at Seymour

Specialty Wire because of its ESOP structure. In addition, the ESOP was crucial in obtaining commercial financing on advantageous terms; the \$10-million package was financed through a commercial bank at an interest rate below the prime (the bank passed some of the tax break back to the workers).

We have come to appreciate several other aspects of ESOP structure. Co-ops tend to be all-or-nothing affairs, while many situations call for a gradual ramp-building up to majority or full, worker ownership. The ESOP affords a tax-favoured hybrid structure which allows the workers to block-vote their share of ownership as determined by a worker majority on a one-person/one vote basis.

It can also be an advantage to have a separate ESOP trust holding workers' shares. An ESOP trust contains share-capital accounts which, for the most part, simulate Mondragon-type internal capital accounts. Thus a democratic ESOP, like a Mondragon-type worker co-op, avoids the investment disincentive problems of the common-ownership, equity structure used in many U.K. worker co-ops. The trust also avoids the "petty capitalist" problems resulting from individually-marketable shares in partially worker-owned firms.

ESOP as a partner

An ESOP provides a much-needed "third party" in a gradual worker buyout from a retiring owner. For many reasons, it is not appropriate for workers to be buying shares individually from a retiring owner. Tax laws mitigate against having the company

buy back or redeem the shares and then issue the shares to the workers. A worker-controlled ESOP is a useful third party which can take out a loan to buy shares from the owner and then secure a tax break in paying off the loan.

For reasons such as these, the I.C.A. has learned to use a democratic ESOP as a legal structure of choice in certain situations. In debating co-ops and ESOPs, one must be careful to use language clearly. "Worker co-op" can refer either to a generic type of a democratic worker-managed firm or to a specific legal structure. If used as a generic type, a democratic ESOP is a worker co-op. Thus a "Co-op versus ESOP" debate would be ill-posed. If "worker co-op" refers to a concrete legal structure, then we have found that a democratic ESOP is another legal structure which can be used to construct a democratic worker-managed firm.

In England, considerable interest is building in ESOPs and, on the political left, in democratic ESOPs. A Tory backbencher proposed many U.S.-style ESOP provisions in the recent finance bill, but the government postponed the ESOP initiatives. More ESOP legislation is being drafted, and is being actively discussed with Treasury. The Alliance of the Social Democratic and the Liberal Parties energetically supports ESOP development in the U.K. (see Keith Bradley and Alan Gelb, *Share Ownership for Employees*, Public Policy Centre, London, 1985). Labour Party policy groups have supported democratic ESOPs, and top Labour politicians now speak of "social ownership", using worker co-ops and democratic ESOPs as

examples rather than "nationalizing the commanding heights of the economy".

The most promising institutional development in the U.K. is the creation of a labour bank, Unity Trust (U.T.). It was first financed by selling shares to unions with the consumer-co-op-based Co-operative Bank buying an equal amount. Unity Trust exceeded its initial goal of £3.5-million and is now embarked on its second goal of £11-million by selling additional shares to the unions.

The board of directors includes many veteran union leaders, and the president of the board is Ron Todd, the head of Britain's largest union, the Transport and General Workers' Union (TGWU). The initial office is in London, and a branch is being opened in Birmingham. One of Unity Trust's early initiatives was a less expensive charge-card for workers. The U.T.'s managing director, Terry Thomas, and the staff have developed a plan for a British-ESOP arrangement which could be implemented without new legislation. Future legislation could streamline the ESOP structure and add to the tax incentives.

It is clear that ESOPs in one form or another are going to be developed in the U.K. Current developments will determine which parties and institutions have a leadership role, whether the U.K.-ESOP model can avoid the abuses that plague the U.S.-ESOPs and whether the U.K.-ESOP model will be democratic.

David Ellerman is a staff economist at the Industrial Cooperative Association, 58 Day St., Ste. 200, Somerville, MA., USA 02144; (617) 629-2700

The multi-stakeholder co-operative

The Co-operators Group is including its employees in a hybrid co-operative model. Will other established co-operatives be influenced?

**Tennis Haalboom
John Jordan**

For the past two years a "Structure Review Committee" of The Co-operators Group Limited (which includes Canada's largest general insurance company) has planned a reorganization in two of its member companies, Co-operators Data and Co-operators Development Corporation Ltd. This reorganization, referred to as 'The Multi-Stakeholder Co-operative', includes staff and service users in the ownership and control of these companies.

In the following article, Tennis Haalboom (Chief Executive Officer) and John Jordan (Vice-President of Planning and Development) describe and analyze this innovation.

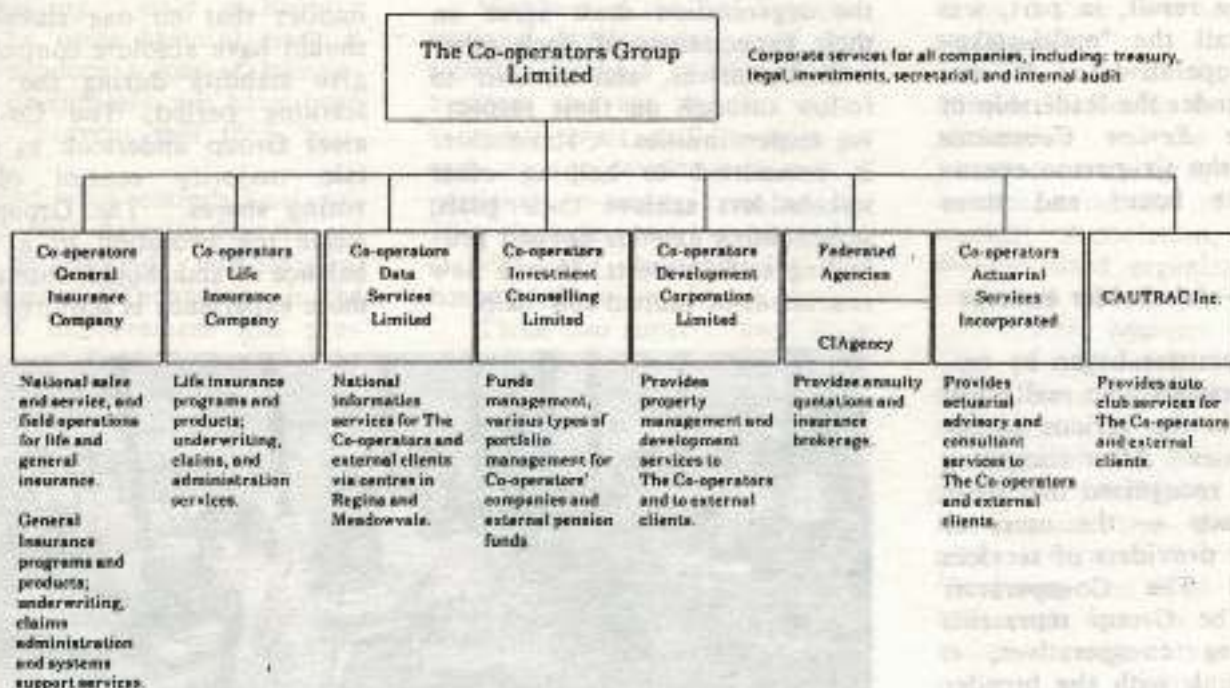
Co-operative insurers have usually been atypical co-operatives, at least in organizational form. This is partially for statutory reasons; in most jurisdictions, it is not legally possible to incorporate an insurance company as a co-operative. There is also a belief that insurance is not a sufficiently major part of most people's life-space to form the basis for an effective membership organization. In addition, the law requires separate insurance companies for life and general insurance (homes, cars, etc.). Therefore, some mechanism is needed to tie together these two different types of insurance companies.

To solve this problem, the leaders of Saskatchewan and Ontario co-operative insurers formed (in the mid-1970s) an

umbrella or holding company which is owned by major co-operatives and which in turn owns and directs the insurance companies. But tying together two insurance companies (Co-operators General and Co-operators Life) created another problem. To bring about change, policyholders (the users) had to influence the umbrella company rather than the insurer with which they did their business.

As long as The Co-operators was in only the insurance business, this problem was manageable. A variety of forums and committees enabled direct input from policyholders. But in the early 1980s The Co-operators began to extend the range of its services and gradually organized these into separate companies (see next page).

The Co-operators' Group of Companies



One of the first was Co-operators Data Services Limited which provides a broad range of computer services, particularly to credit unions, insurance companies and other financial institutions. Although it has a relatively small number of users, Co-operators Data is critical to their well-being. Some users believed they should be able to influence Co-operators Data directly without going through the umbrella company, Co-operators Group.

The identity principle

These problems are particular to The Co-operators and reflect its insurance origins and increasing diversification. Aspects of these problems also apply to co-operatives in general. For the past century, co-operatives have

respected the *identity principle*: the owners, the users and those who direct the co-operative are the same people. The co-operative serves its members who in turn own and direct it. Many believe that this distinctive attribute is the genius of the co-operative approach to organization.

At the same time, this strength can be a limitation. It can bind the co-operative to the founding group and make it difficult to move into new areas. The identity principle can be a source of inflexibility. There is also a subtle implication in the identity principle: a co-operative is organized to include only one of the groups that is central to its effectiveness. There are consumer co-operatives and producer or worker co-operatives, but not co-operatives which embrace the

different groups which together bring about results.

Staff participation a problem

In the Canadian setting, where most co-operatives are consumer- or producer-based, there has been a long-standing question of how staff are best enabled to participate. Over the past decade, The Co-operators has tried a variety of participatory approaches to worklife -- quality circles, participatory management, quality of worklife -- with varying degrees of success. But none really enfranchised the staff.

When The Co-operators was formed, the board committed itself to reviewing its democratic structure at least every five years. When the most recent review got underway two years ago, the

board agreed to search for solutions to the broad structural issues the organization was facing. The result, in part, was what we call the "multi-stakeholder co-operative." It was developed under the leadership of a *Structure Review Committee* comprising the six-person executive of the board and three managers.

The multi-stakeholder concept

The committee began by trying to understand who really had an interest in the various operating companies. After compiling long lists, it recognized that there were constants -- the users of services, the providers of services (staff) and The Co-operators Group. (The Group represents the founding co-operatives; it provides a link with the broader co-operative community and usually supplies the initial capital for new companies. It ensures co-ordination among Co-operators' companies.)

The committee agreed that the success or failure of the operating companies are co-produced by its owners, customers and staff. Results should be better if all three groups can identify themselves explicitly with the organization and with its success.

For this to occur, three elements seemed important:

- *commitment* among stakeholders to work together for the good of all;

- *financial participation*, which normally includes subscribing capital, sharing in the profit or loss and possibly receiving patronage dividends; and

- *voice and vote* in determining the direction of the organization.

The stakeholder status is an *option or opportunity*. To activate the option, the stakeholders and the organization must agree on their expectations of each other and themselves, and commit to follow through on their respective responsibilities. A stakeholder is committed to helping other stakeholders achieve their goals; stakeholding extends beyond protecting self-interests. It is a new enactment of mutual self-help.

To maintain a desirable balance among all stakeholders, the multi-stakeholder concept implies that no one stakeholder should have absolute control. To give stability during the initial learning period, The Co-operators Group undertook to maintain majority control of the voting shares. The Group will guide the evolution to a better balance of stakeholder interests as more experience is acquired.



(Above) Workers at the Meadowvale Data Centre. (Below) A meeting of the structure design committee for Co-operators Data. Some of the participants were (clockwise) Lorne Motton, Tymen Donkersgoed, Peter Hlushko, Dennis Deters, Father J.J. MacDonald and Maggie Rankin.

Voice and representation

Stakeholders should have voice and vote. It is important to ensure that each stakeholder group can elect its own representatives, such as delegates or directors, rather than having them chosen by an election at large. But on issues other than elections, decisions are made by all of the stakeholders voting together.

It is important that voting rights be allocated to each group on a stable basis so they do not fluctuate with each year's financial results or with the admission of new members to one stakeholder group. Thus, voting rights for stakeholder groups in general meetings would reflect their capital in the company.

Even though The Co-operators Group would maintain a position of control initially, no one stakeholder group would have an absolute majority of

directors. In the case of Co-operators Data, there is an initial board of ten: four from The Group, four from users, and two from staff.

The general manager and members of the management group are not eligible for election to the board of the operating company by which they are employed. They can be staff stakeholders, but not directors. The intent of the stakeholder model was to enfranchise staff generally, not to give additional voice to management.

Financial participation

The financial dimension was complex both to understand and to design. There was a question of the extent to which stakeholders should and could participate in capitalizing the organization and in sharing the financial results. The federal co-operators' act imposed some con-

straints, such as requiring that shares function only at par value.

It was agreed that the capital investment of each stakeholder must be significant from its standpoint. In the case of Co-operators Data, the capital investment of service users would be 15 per cent of annual billings and for staff 15 per cent of average annual salary. In both cases, it could be paid over about five years.

Profit or surplus distribution was more difficult. How much should be allocated to each stakeholder group? And how could a stakeholder receive his or her share?

Co-operators Data is a capital-intensive company. It requires almost one dollar in assets to support one dollar of revenue. It would need to retain as much of its earnings as possible to enable asset growth. If it paid out its earnings, it would be weaker. Yet stake-



holders would not benefit financially from a growing pool of retained earnings through increased share value, unlike shareholders in a joint-stock company, since the co-operative's shares cannot increase beyond their par value.

This was resolved by setting up a capital account for each stakeholder. The capital account idea was influenced by the Mondragon practice. Each year, a return on shares and a share of "patronage" (for all three groups of stakeholders) is "allocated" to each stakeholder's capital account. This capital account remains part of the retained earnings of Co-operators Data and is at risk of future loss.

In addition, it is expected that each year the board will

declare a dividend to be "paid out" of a member's capital account (i.e., a portion of the allocated earnings would be paid out as an annual dividend).

In this manner there is a balance between enabling Co-operators Data to retain earnings that would fund future growth and enabling stakeholders to share in the growing net worth of the organization. At the same time, since this approach deals with the book value of shares, it avoids speculative market values and thus respects co-operative principles.

A Learning Approach

There are not many examples of well-established multi-stakeholder organizations on

which The Co-operators can pattern its efforts. Since the multi-stakeholder model is relatively new, we are proceeding gradually, learning as we go. As a result, we are starting with two companies, Co-operators Data and Co-operators Development Corporation Limited, which provides property development and management services.

During the next two to three years we shall evaluate our experience and think about the meaning of the multi-stakeholder approach for other companies of The Co-operators.

For more information, contact John Jordan, The Co-operators, Priory Square, Guelph, Ontario N1H 6P8; (519) 824-4400.■



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A worker-consumer model for food co-operatives

Douglas A. Holland

There may be great advantages to establishing worker-consumer food co-operatives in major urban centres and especially in southern Ontario, where other forms of food co-operatives have not been very successful.

Compared to the rest of Canada, Ontario has a weak food co-operative sector. The proportion of the food business transacted through co-operatives is less than .03 per cent. Urban, consumer co-operatives were developed some years ago, but total volume of sales, market share and memberships have levelled off or declined.

A functional wholesale distribution system, Ontario Federation of Food Co-operatives and Clubs (OFFCC) is in place, although it is not strong. OFFCC has demonstrated the potential for a larger scale of operation, and its staff is interested in the worker co-operative idea. There is one highly successful, retail-food worker co-operative in Toronto, The Big Carrot natural food market. The Big Carrot is working closely with the OFFCC, and there is potential for more collaboration.

A worker-consumer model could overcome some of the weaknesses and take advantage of the strengths of both consumer and worker food co-operatives.

Consumer co-operatives

Many Ontario consumer co-operatives experience problems because of their reliance on volunteers. Volunteers are part-time workers, and co-operatives with volunteer staff rarely achieve professional standards in, for example, financial manage-

ment and availability of products.

Other critical weaknesses in volunteer consumer co-operatives include under-capitalization, negative public image and poor staff relations. The main strength of volunteer consumer co-operatives is the loyalty and commitment of their members -- people prepared to commit time, money and effort to something in which they believe.

It still may be possible to create a more capable volunteer co-operative system that would provide a serious alternative to the private food industry, but only if these weaknesses can be overcome.

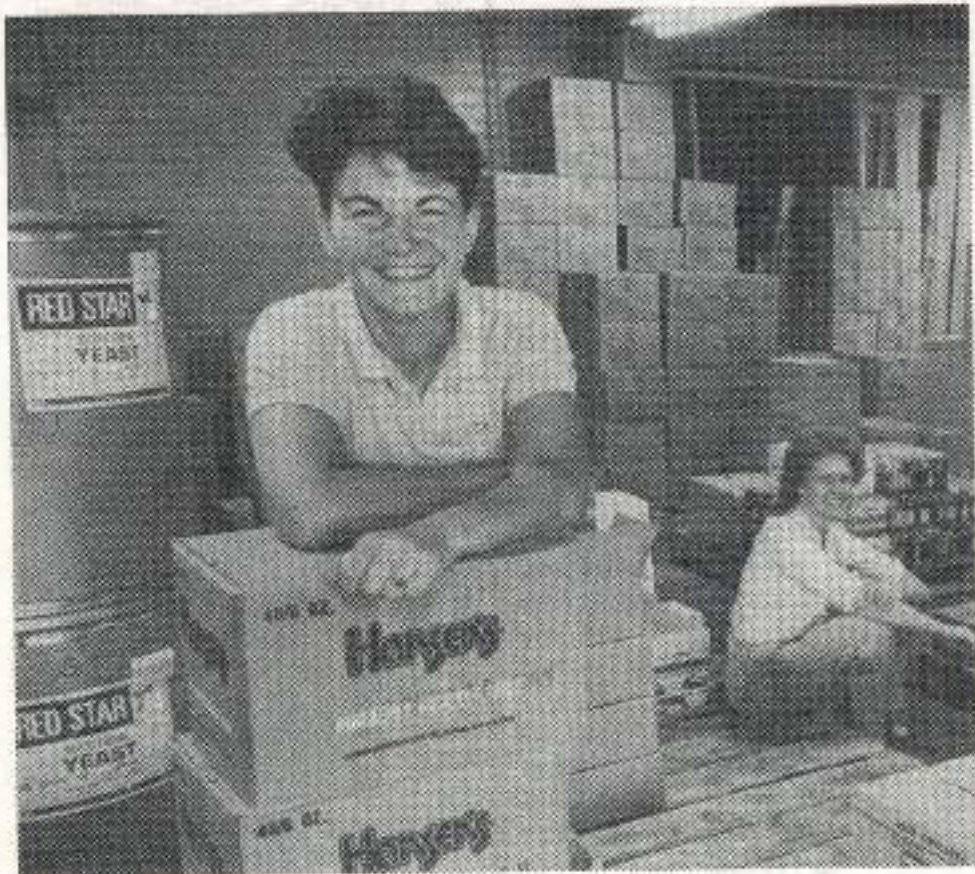
However, the competitive marketplace poses significant

threats to a volunteer consumer co-operative. Superstores, and other models that preceded them, have been major factors in ending the cycle of growth among consumer co-operatives. There also is more competition from private health-food stores.

Worker co-operatives

Given the small number of worker co-operative food businesses, it is difficult to analyze their potential. However, some apparent weaknesses are insufficient financial resources and a lack of expertise in business and co-operation.

Major strengths of a worker co-operative should be the com-



Interested in the worker-consumer co-operative model: staff of the Ontario Federation of Food Co-operatives and Clubs

mitment of its worker-members (because of the close relationship between the success of the organization and the welfare of the workers) and the opportunity for members to have a creative role in the co-operative.

Shutdowns of privately-owned supermarkets as well as increased public interest in worker co-operatives could present significant opportunities. However, worker co-operatives are still relatively unknown.

Worker-consumer co-operatives

A worker-consumer co-operative holds great potential for the food business. One basic strength would be the commitment of both workers and consumers.

The problem of limited financial resources experienced by both worker and consumer co-operatives can be overcome, in part, by pooling consumer and worker resources. Also, workers in a joint model would provide expertise which could be enhanced by the knowledge that has been built up within some of the volunteer consumer co-operatives, the OFFCC and The Big Carrot.

Crucial to the joint model is an educational process that would help workers and consumers develop common goals and appropriate skills. There may be misunderstandings and mistrust between consumers and workers that would have to be overcome. Integrating consumer and worker perspectives into a common co-operative understanding would require considerable effort.

Doug Holland is manager of the democratic studies program at the Co-operative College of Canada. Previously, he was general manager of the Ontario Federation of Food Co-operatives and Clubs. ■

Developing communities through clusters of co-ops

George Melnyk

I work in a neighbourhood called Hillhurst-Sunnyside in Calgary. It has a population of 8,000 in a city of 640,000, or about 1.3 per cent of the urban total. If Hillhurst-Sunnyside were in a rural area, it would be considered a small town. However, I refer to it affectionately as "the village".

My home is on a hill overlooking the village. My office is in the village. My son goes to school in the village. (The school is a beautiful three-story stone structure built in 1911.) My wife and I have our morning coffee in a village cafe before going to work, and on a summer evening you will find us there, as well, having an Italian *gelato*.

Clusters

The cluster theory takes established, urban communities, rather than hypothetical, utopian ones, and attempts to provide a co-operative rationale for their development.

Here's an example.

A health food store, called Earth Harvest, went into receivership. It had served Hillhurst-Sunnyside for a decade, and its closing upset both staff and patrons. They joined together to save the operation. Earth Harvest was viewed not only as a business but also as a community resource. Public meetings were held, and it was decided to set up a consumer co-op which would buy the assets and resume operations.

The new Earth Harvest co-op has been a success so far, and the energy generated by the process

of creating the co-op has indicated that there is a great deal of support for more co-operative development under the banner of community economic needs. The owner of a natural bread store up the street was approached to sell his bakery so it could be organized as a worker co-op, and there was talk of establishing a co-operative restaurant. The desire for community control over the village economy was real.

One group felt that a community development corporation (CDC) provided the best mechanism for developing the village's economy. The corporation would buy commercial property in the area and would lease it at reasonable rates to businesses which served community needs. Although I thought the CDC idea was viable, I was concerned about its monolithic nature and the danger of a single entity falling under the control of anti-community elements. Because private developers were interested in the area, this danger was real.

An alternate or parallel strategy was the development of a cluster of different types of co-ops. At present there are three co-ops in Hillhurst-Sunnyside: The Sunnyhill housing co-op, the Norwest branch of Co-op Centre Credit Union and Earth Harvest Co-op. If we could triple or quadruple the number of co-ops in Hillhurst-Sunnyside in the next five to 10 years, then we would have the critical mass necessary to be an economic force in the village. A vigorous and strong co-op sector, especially with the resources of a CDC behind it, would be able to meet the threat of private developers.

Federation of co-ops

At present, the three co-ops are not linked in any formal way, but a group of co-ops clustered in Hillhurst-Sunnyside could form a federation that could play a major role in preserving the quality of life in the village.

The village is a natural place for such a grouping. Ordinarily, specific types of co-ops form federations, e.g. a credit union central or a federation of food co-ops. What the cluster theory proposes is the lateral federation of small co-ops of various kinds (housing, food, financial, worker).

Such a federation could diversify employment possibilities, develop reciprocal employment agreements and provide mutual economic and political support. Private development schemes for the village have resulted in a limited range of jobs, such as waiters and store clerks. A federation of different types of co-ops should be able to provide a broader and a more rewarding range of occupations.

None of this can happen without the development of a strong co-op sector in Hillhurst-Sunnyside. The tendency of private developers to turn the village into Toronto's "Yorkville" or Vancouver's "Gastown" means Hillhurst-Sunnyside could become a sideshow for tourists rather than the centre of a community.

There are at least two other urban communities in western Canada that lend themselves to the cluster theory -- Edmonton's Strathcona neighbourhood on

Whyte Avenue and Saskatoon's Nutana neighbourhood on Broadway. These are inner city neighbourhoods with populations in the 10,000 range that have a long tradition of community identification.

Clusters of co-ops in urban villages will not create a co-operative community as such, but they will assist the community that has existed there historically to revitalize itself as a first step toward greater integration.

George Melnyk is the author of The Search For Community: From Utopia to a Co-operative Society (Black Rose Books, Montreal, 1985). In that book he proposes the development of "social co-operatives" (co-operative communities such as the kibbutz) as an alternative to the function-specific, "liberal-democratic" co-operatives that currently exist in Canada. Melnyk lives in Calgary (P.O. Box 3683, Station B). ■

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Making a case for hybrid co-ops

Christopher S. Axworthy

Why should co-operatives be restricted to one type of member? Why should the members of a co-operative be either consumers or farmers or workers? Shouldn't the ideas of mutuality and working together transcend traditional boundaries between different groups in a co-operative?

In considering hybrid co-ops, the primary issue is whether to include employees as members of a co-operative for which the original purpose was to serve farmers or consumers or some other group.

Co-operative principles and hybrid co-operatives

It is well known that the co-operative principles make no reference to employees. Similarly, the Rochdale Pioneers introduced a bylaw which prevented employees from voting at meetings of a co-operative. Yet one of the original aims of the Pioneers was to establish worker co-operatives, and indeed they did so.¹

Any lack of clarity on the part of the British co-operative movement with regard to employees' rights and worker co-operatives was resolved contrary to the latter two groups' interests in the 1920s and 1930s. In Canada, where co-operation is still primarily a rural phenomenon, trade unions and worker interests continue to be viewed with misunderstanding and suspicion.

The various articulations of the co-operative principles are one thing, but what is the underlying philosophy? What is the context? The early co-op-

erators saw capitalism as inherently exploitive and felt that freedom, tolerance, equality, harmony and even happiness would be enhanced through co-operation. The co-operative principles are a reflection of the desirability of democratizing the economy. Co-operation presents an image of a concerned and caring society. These underlying notions surely say something about how members with conflicting interests might be combined within one co-operative. The principle that co-operatives should work together to form a co-operative commonwealth should be recalled here. If workers and consumers or workers and farmers cannot work together in one co-operative, what chance is there to spread co-operation more widely?

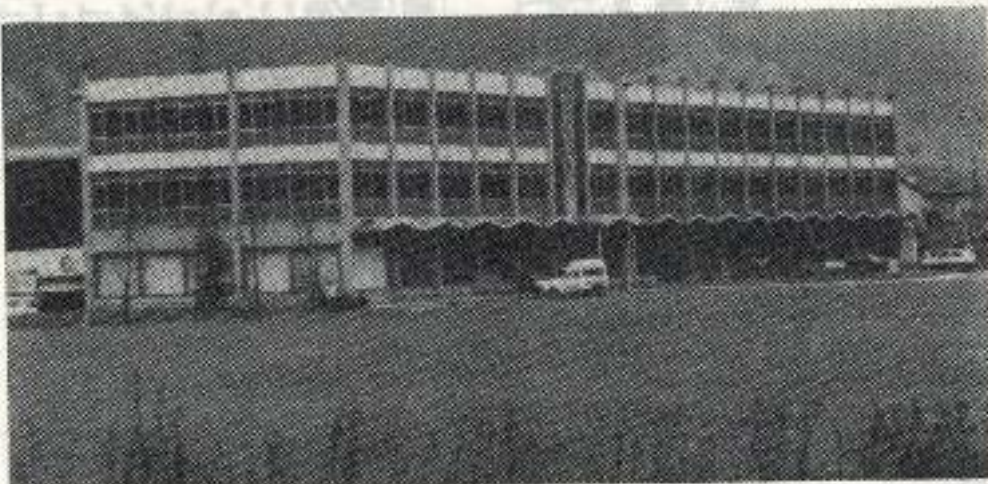
Coping with conflict

Hybrid co-operatives, like all organizations, will experience internal conflicts. This must be recognized and be addressed in the decision-making processes of the co-operative.² The difference between hybrids and single constituency co-operatives will be in how these conflicts are re-

solved. Each group represented in a hybrid co-op will have legitimate interests and aspirations to gain control, so all must have the opportunity for democratic participation in decision-making. The power relations between owners and workers in single-constituency co-operatives usually mirror those of private-enterprise corporations. Hybrid co-ops will need to develop a structure which ensures a sharing of ownership and control.

Generally, a hybrid co-operative will have fewer worker-members than consumer or farmer members. To provide for a meaningful balance of control, Gale, Skwiertz and Zimbelman³ propose some form of proportional representation.

Another alternative is posed by EROSKI, at Mondragon, a hybrid worker-consumer co-operative. The supreme governing body is a general assembly comprised of 500 members, half elected by the 1,200 worker-members and half elected by the 130,000 consumer-members.⁴ EROSKI's board of directors is comprised of six worker-members and six consumer-members with the president always being a consumer-member.



EROSKI at Mondragon: a hybrid worker-consumer co-operative.

Equality between types of members must exist within the hybrid co-operative in order for potential disputes to be resolved. No doubt member education and development will play an important role in ensuring that hybrid co-operatives work. There will be a need (as there is in all co-operatives) to ensure that conflicts are discussed and resolved rather than left to fester. There is a learning process which must be nurtured if constituencies with conflicting interests can be coordinated within one co-operative.

A prerequisite for an effective hybrid co-operative will be some mutually acceptable process for capitalization to which membership groups contribute. EROSKI has its capital contributed primarily by worker-members, who provide the equivalent of a year's pay. Consumer-members pay merely a nominal membership fee. In North America, it is likely that the contributions of the consumer-members would need to be higher in order to capitalize hybrid co-ops properly.

Economic arguments

Evidence is growing of the economic benefits of involving employees in management and ownership of the organization in which they work.⁵ It would be expected that hybrid co-ops, in which workers and one or more other constituencies comprise the membership, would capture these benefits. The successful organizational structure adopted at EROSKI illustrates that a worker-consumer hybrid co-operative can work. (EROSKI is the largest supplier of consumer goods in the Basque provinces of

Spain and the seventh largest in the country.)

Labour-management relations in co-ops

Recognizing that individual action holds little likelihood of success against powerful economic forces, both co-operatives and trade unions seek to enhance their members' legitimate interests through collective action. As is well-known, these common aspirations have not given rise to conflict-free labour-management relationships in co-operatives. Suspicions exist on both sides, and they are likely to hinder the development of hybrid co-operatives in Canada. In the mid-1960s, attempts were made by the Co-operative Union of Canada and the Canadian Labour Congress (CLC) to smooth these frictions. Although the CLC recently issued a brochure stating its sympathy with the co-operative movement, this action does not appear to have been reciprocated.

The extent of the problem can be indicated with some statistics from Saskatchewan. Although co-operatives employ only six per cent of the province's unionized workforce, from 1980-1982, 15 per cent of the province's strikes were in co-operatives, and these strikes accounted for 26 per cent of the total days lost through strikes and lockouts in Saskatchewan. For the period 1983-1985, these numbers had risen to almost 32 per cent and 50 per cent respectively.⁶

Both negative perceptions of co-operatives as employers and mistrust of employees by co-operatives are likely to hinder hybrid development.

Conclusions

The formation and effective operation of hybrid co-ops will not be easy. Conflicting interests will need to be addressed in a "co-operative" way; it will not be possible for one interest group to "legislate" the resolution of disputes. Resolution will require a conciliatory process of groups with differing interests working together. Nevertheless, the economic and social gains from hybrid co-operatives could be considerable, and their development should be encouraged and nurtured.

¹ See C.S. Axworthy, "Co-operatives and Their Employees: Towards A Harmonious Relationship", Occasional Paper, (Saskatoon: Centre for the Study of Co-operatives), 1986, pp. 2-4.

² W. Gale, J. Skwartz and K. Zimelman, *Hybrid Co-op Structure: Mixed Worker and Consumer Ownership and Control*, (Ann Arbor: NASCO), 1982, p. 15.

³ Gale, et al, p. 20.

⁴ See *Worker Co-ops*, (Summer, 1985), p. 5.

⁵ See e.g., the studies referred to in *Worker Co-ops* (Winter, 1985) p. 45, and R. Mason, *Participatory and Workplace Democracy*, (Carbondale: So. Ill. University Press), 1982.

⁶ See K. W. Wetzel and D.G. Gallagher, "Union-Management Labour Relations in Co-operatives", Unpublished paper, 1986, p. 4.

Chris Axworthy is director of the Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Saskatchewan S7N 0W0; (306) 966-8503.■

Major Quebec labour federation starts organizing worker co-operatives

Léopold Beaulieu

In recent years there have been numerous closings of enterprises represented by affiliates of the CSN labour federation. In some cases workers' committees have attempted to keep the business open. But, to do this, workers have needed appropriate technical assistance. It was in response to this need that the CSN formed an advisory group to assist affiliated unions.

Constituted as a non-profit corporation, this advisory group helps workers identify alternatives, including a worker or producer co-operative if deemed feasible.

The advisory group aids local unions once difficulties are visible in an enterprise or when there is a possibility of closure, sale or succession. It is also involved in developing new job-creating activities. Through information provided by the advisory group, workers are in a position to understand the enterprise or the institution on which their jobs depend.

Plant closings usually follow periods of low profitability and low productivity, which result from poor management and inadequate investment in research and equipment in the past years. This phenomenon is induced by an excessively large appetite for short-term profits. Unions must have the power to monitor such

enterprises in a way that allows difficulties to be foreseen, so that necessary measures are taken to avoid catastrophe.

Labour's changing role

According to the current rules of the game, business people determine whether a plant which has been shutdown has the potential to be reopened. This function is outside the normal realm of activities of a labour federation, although labour may be called upon to advise its members and to assure them that their interests are being taken into account.

When a union attempts to revive a plant which has been shut down, it, all too often, lacks the necessary technical expertise. Workers must have access to technical support in order to undertake market and feasibility studies, to prepare the pro-forma statements and to evaluate production methods and equipment. They are also in need of guidance during the initial years of operation as a worker co-operative.

We believe that these experiments in worker ownership need to be supported and must be shared with other workers. Providing support is a special responsibility of our labour federation, not only because this process can contribute to the creation or maintenance of jobs which otherwise would be lost,

but also because these experiments demonstrate an attempt to supply the market with socially useful products and services, which have been made or distributed democratically.

The union organization in a co-operative enterprise

The role of a union in a worker or production co-operative could itself be the subject of an article.¹ We will limit ourselves to briefly identifying some reasons that make the presence of a union necessary.

The experience acquired in democratic functioning through a union constitutes an important skill for the startup of a worker co-operative. We believe that unions can play a role in the development of worker co-operatives and assist with the effective participation of members in their co-operative. Unions can assist co-operatives in arriving at an equitable distribution of profits and hours of work, which takes into account both the need to protect members against arbitrary decisions and the needs and requirements of the enterprise.

Moreover, a labour federation can contribute by sharing the accumulated experience of other workers concerning new forms of work organization. It can augment the co-operative members' knowledge of their sector and thereby strengthen them

economically. In summary, unionized co-operators can count on active solidarity.

This is the perspective of the CSN-sponsored advisory "group for the maintenance and the creation of jobs in Quebec". It is directed by an administrative council comprised of representatives of private-sector federations, of the confederation itself and of two caisses populaires (credit unions) which are members of the CSN. The consultants will provide technical support to groups of workers organized under the CSN umbrella.

¹ For a detailed discussion of this issue, see "Unions and Worker Ownership: Traditional and Emerging Roles" by Sherman Kreiner in *Worker Co-ops*, (Spring, 1986), pp. 7-11.

Leopold Beaulieu is treasurer of the CSN. He can be reached at 1601, avenue de Lorimier, Montreal, Quebec H2K 4M5; (514) 598-2275.

Information on this project is also available from Alain Côté, Dept. of Co-operatives, Ministry of Industry and Commerce, 710, place d'Youville, Québec, Québec G1R 4Y4; (418) 643-5232. ■

CSN

Founded in 1921, the Confédération des syndicats nationaux (CSN) represents 235,000 members of 1875 local unions especially in mining, pulp and paper, forestry, commerce, communications, construction, health services, municipal governments, transportation and education. The local affiliates are represented at the congress of the Federation. They are also organized within 22 regions, called central councils, and within nine labour sectors.

Un groupe-conseil spécialisé au service des coopérateurs syndiqués

Une initiative de la Confédération des syndicats nationaux

Leopold Beaulieu

Les nombreuses fermetures d'entreprises auxquelles ont dû faire face les affiliés de la Confédération des syndicats nationaux (CSN)¹ ces dernières années ont amené plusieurs comités de reclassement de la main-d'oeuvre à envisager la relance des activités de ces entreprises. Mais, pour ce faire, ces travailleuses et travailleurs avaient besoin d'une aide technique appropriée. C'est donc pour répondre à ce besoin que la CSN suscitait, au printemps dernier, la formation d'un groupe de conseillers devant agir particulièrement auprès de ces syndicats affiliés.

Constitué en corporation sans but lucratif, ce groupe-conseil intersectoriel vise à faciliter l'expression des travailleuses et des travailleurs en leur fournissant l'aide technique susceptible

de les aider à cerner leurs alternatives et à formuler leurs projets et leurs propositions, y compris l'examen des possibilités de prise en charge de leurs activités par le moyen d'une coopérative de production ou de travail s'ils le jugent pertinent.

Ce groupe de consultants intervient auprès des syndicats lorsque des difficultés sont prévisible dans l'entreprise, lorsqu'il y a éventualité de fermeture, vente ou succession de même qu'en vue de développer de nouvelles activités créatrices d'emplois. Qu'il s'agisse de négocier les correctifs et les alternatives à une rentabilité défailante ou de redémarrer la production, les travailleuses et les travailleurs sont en droit de connaître pleinement l'entreprise ou l'institution dont dépend leur emploi.

La rentabilité anémique et la faible productivité des entreprises

sont dues trop souvent à une mauvaise gestion et à un manque chronique de réinvestissement dans la recherche et l'équipement au cours des années passées, phénomène induit par un trop grand appétit de profits à court terme. De telles situations risquent de coûter cher en emplois perdus, c'est pourquoi il nous faut pouvoir suivre l'entreprise de façon à voir venir les difficultés et pouvoir négocier afin que les mesures nécessaires soient prises pour éviter des catastrophes.

Démocratiser la production de biens et de services

Les règles du jeu actuel font que c'est d'abord et presque exclusivement les gens d'affaires qui se présentent comme des interlocuteurs crédible lorsqu'il est question d'examiner les possibilités de relancer la production.

Cela dépasse le quotidien des activités habituelles d'une Centrale syndicale, alors qu'elle est pourtant sollicitée pour conseiller ses membres lorsqu'il s'agit de s'assurer que leurs intérêts sont pris en compte dans les décisions stratégiques de l'entreprise.

Or, un syndicat peut très bien être l'initiateur d'un projet de relance de la production. Trop souvent cependant, il n'arrive pas à être considéré comme un interlocuteur sérieux et il rencontre des difficultés quant à l'accès à l'expertise nécessaire.

Un appui technique approprié, une formation adéquate et des mesures d'accompagnement assurées par une organisation située le plus près possible des groupes, s'avèrent donc nécessaires lorsqu'il s'agit de relancer la production ou de démarrer en coopérative.

Les travailleuses et les travailleurs doivent pouvoir compter sur cet appui technique afin de réaliser les études de marché et de faisabilité, les profils, l'évaluation des méthodes ainsi que de l'équipement de production nécessaire. Ils ont également besoin d'être accompagnés au cours de leur démarche au moins durant les premières années d'opération en coopérative de travail.

Nous croyons que des expériences ont besoin d'être supportées et qu'il faut se donner les moyens de les partager. Il s'agit d'une responsabilité particulière, non seulement parce que cette démarche peut contribuer à créer ou à maintenir des emplois qui autrement seraient perdus, mais aussi parce qu'il y a là un effort pour assurer la mise en marché de produits et de services socialement utiles et fabriqués ou fournis démocratiquement.

L'organisation syndicale dans l'entreprise coopérative

Cette question de la présence du syndicat dans une coopérative de travail ou de production pourrait à elle seule faire l'objet d'un article. Nous nous limiterons à identifier brièvement un certain nombre de motifs qui rendent à notre avis cette présence nécessaire.

L'expérience acquise d'un fonctionnement démocratique à travers un syndicat constitue un atout indéniable pour le lancement d'une coopérative de travail, et nous croyons que le syndicalisme doit pouvoir jouer son rôle dans le développement des coopératives de travail.

Le syndicat peut jouer un rôle clef dans la réflexion, la proposition et la convention de moyens pour garantir la participation effective des membres dans leur coopérative. La recherche d'un partage équitable de la richesse et du temps de travail qui tiennent compte également des nécessités et des besoins de l'entreprise, de même que la défense des sociétaires contre certaines décisions arbitraires, sont des questions qui ne peuvent être évitées. À cet égard, les ressources diverses dont dispose une Centrale syndicale en matière de formation et d'animation ne peuvent qu'être utiles aux coopérateurs.

De plus, la Centrale peut contribuer à leur faire partager l'expérience accumulée par d'autres groupes de travailleurs concernant de nouvelles formes d'organisation du travail. Elle peut augmenter leur niveau de connaissance de leur secteur d'activité; ce qui contribuera, certes, à les renforcer à l'égard de leur environnement écono-

mique. En somme, l'établissement de solidarités actives face à ceux qui régissent cet environnement constitue un apport non négligeable et une force de pression sur laquelle les coopérateurs syndiqués pourront davantage s'appuyer.

Dirigé par un conseil d'administration formé de responsables des fédérations du secteur privé qui lui sont affiliées, de la Confédération elle-même ainsi que de deux caisses populaires issues de la CSN, voilà dans quelle perspective "Le groupe de consultation pour le maintien et la création d'emplois du Québec" entend jouer son rôle de support technique auprès des groupes de travailleuses et de travailleurs syndiqués à la CSN.

¹Fondée en 1921, la Confédération des syndicats nationaux (CSN) représente 235,000 membres regroupés dans 1875 syndicats locaux. Surtout implantée au Québec, la CSN regroupe des syndicats tant dans le secteur privé que dans le secteur public. Elle est surtout présente dans la métallurgie, le papier et la forêt, le commerce, les communications, la construction, les services de santé, les municipalités, le transport et les institutions d'enseignement (personnel enseignant et personnel de soutien).

Les syndicats locaux qui lui sont affiliés, en plus d'être directement représentés au congrès de la Confédération, sont également regroupés sur une base régionale (il y a 22 régions appelées conseils centraux) ainsi que sur la base sectorielle (il y a neuf fédérations professionnelles).

Léopold Beaulieu est le trésorier de la Confédération des syndicats nationaux, 1601, avenue de Lorimier, Montréal, Québec H2K 4M5; (514) 598-2275. ■



NATIONAL

Albert Chambers

Governments/co-operative committee

The joint governments/co-operative committee, established after the second meeting of government ministers responsible for co-operatives, is proceeding slowly with its work. Detailed discussions have been held with federal departments, including CEIC and DRIE, to review their programs in relation to worker co-operative needs. No firm date has been set for completion of the project, but work is expected to intensify in the first few months of 1987.

Government announcements expected

The federal government committed itself, in the October 1st Throne speech, "to strengthen Canada's co-operatives and to give recognition to their role in community development". This positive commitment foreshadowed Charlie Mayer's response to cabinet on the report of the National Task Force on Co-operative Development. While details are sketchy, a government policy announcement about co-operatives is expected soon. This would set the stage for specific government responses to the task force agenda, including worker co-operatives.

Co-operative Union of Canada's reorganization

The special committee established at the June 1986, annual meetings of the CUC and the Co-operative College is reviewing

the role that a new national organization should have in domestic development. Worker co-ops are one of the key areas under consideration.

National worker co-op organization

Discussions are continuing about a national organization that would link various activities related to worker co-operative development in Canada. A meeting was held in Toronto December 10 with national representation from both the co-operative and church sectors. A followup meeting is scheduled for February.

For more information, contact Ethan Phillips, Worker Ownership Development Foundation, 357 College St., Toronto, Ontario M5T 1S5; (416) 928-9568.■

Tax incentives for co-operative capital

Representations to the Minister of Finance from the CUC and CCC are focusing on two new proposals. The first is modelled on the tax credit made available in 1985 for labour-sponsored venture-capital funds, while the second would give a different tax treatment to patronage dividends or regular dividends, paid not in cash, but in shares.

While it is doubtful that the next budget will contain these changes, negotiations are proceeding.

For more information, contact Albert Chambers, Director of Government Affairs, Co-operative Union of Canada, 237 Metcalfe St., Ottawa, Canada K2P 1R2; (613) 238-6711.■

BRITISH COLUMBIA

Melanie Conn

Chopstick co-op

Here's an update on Northern Aspen Co-operative, described in *Worker Co-ops* (Winter, 1985). The co-op was sponsored by One Hundred Mile House Co-operative Association (OHMECA), a development umbrella for worker co-operatives and other initiatives. Northern Aspen produces disposable chopsticks using local wood. Members were to invest \$5,000 in shares.

Last summer, the co-op completed its pilot project, using machinery purchased with LEAD funding. This project provided employment for 20 of its members. However, by late fall, the future of the co-op was uncertain. One member explained it this way: "LEAD funding limited the scale of equipment; now the co-op is having a hard time bidding competitively for big enough contracts to build up the business. And there are two other (larger) chopstick plants in the region."

But Rick Valcourt, a co-op co-ordinator, was cautiously optimistic. He'd just closed a deal with a California company that could keep 15-20 members working for the month before Christmas.

Along with developing their own marketing expertise, co-op members are now grappling with the toughest problem of all -- blending marketplace realities with political goals. In order to raise the capital needed to tool-up, the co-op's members are considering changing their structure to allow outside investment. They are determined, though, not to

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abandon the co-op concept. As Valcourt put it, "Our first goal was to set up the co-op, and our second was to make chopsticks. But, we need the business to have the co-op."

For more information, contact Rick Valcourt, Northern Aspen Co-op, C6 Abbs Road, One Hundred Mile House, B.C. V0K 2E0; (604) 395-2112.

Co-op travel

Vancouver will soon have its very own worker co-op travel agency. Airheart Co-operative Travel Centre is scheduled to open its doors on the city's east side in February, 1987. The co-op is the result of several months of dreaming and planning by its seven members, each of whom has purchased \$5,000 in shares. Initially, there will be one or two members who do not work at the co-operative.

The co-operative will provide standard travel services, such as tickets and tour information. It will also stock travel books and accessories such as portable travel pillows and mosquito netting.

In addition to being incorporated as a worker co-op, members are considering membership in a union, probably B.R.A.C. (Brotherhood of Airline and Railway Clerks).

For more information, write Ellen Frank at Airheart Co-operative Travel Centre, 2149 Commercial Dr., Vancouver, B.C. V5N 4B3.

Melanie Conn is director of WomenSkills, 9-4442 Irwin Street, Burnaby, B.C. V5J 1X8; (604) 430-4050. ■

ALBERTA

George Melnyk

Nanny service co-op

Alberta has a new worker co-operative. T.L.C. Nanny Service Co-op was established in July, 1986. The co-op, located in Lethbridge, a city of 60,000, presently has 11 members, all of whom are women.

The co-op was started on the initiative of the Lethbridge Enterprise Trust Society (L.E.T.S.), a non-profit organization interested in using local resources for promoting community development.

L.E.T.S. has recently received a \$250,000 grant from the federal government to train 20 persons (through the Lethbridge Community College) with the skills necessary to set up an automobile re-manufacturing co-op. The co-op would take used cars and do all the work necessary to bring them up to a quality product for resale.

L.E.T.S. has just begun a \$100,000 capitalization drive for the planned co-op. The United Church has already pledged \$17,000, and L.E.T.S. hopes to raise the required money in six months.

For more information on both projects, contact Ed Ouellette, executive director of L.E.T.S. at (403) 329-1881.

George Melnyk can be contacted at the Alberta Foundation for the Literary Arts, Suite 303-1204 Kensington Road N.W., Calgary, Alberta T2N 3P5. ■

SASKATCHEWAN

Lars Apland

New Publication

The Centre for the Study of Co-operatives has added a new publication to its Occasional Paper Series: *A New Model for Producer Co-operatives in Israel* by Abraham Daniel, Department of Labour Studies, Faculty of Social Sciences, Tel-Aviv University. (Individuals \$6.00; institutions \$10.00.)

This and other publications may be obtained by writing to the Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Sask. S7N 0W0.

Lars Apland may be contacted at the Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Sask. S7N 0W0; (306) 966-8503. ■

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MANITOBA

Doug Davison

The Employment Co-operatives Program, one year later

The Manitoba Employment Co-operative Program (ECP) has just concluded the most recent stage of its advertising campaign which included print ads in local newspapers throughout Manitoba. The campaign has spawned approximately 50 written expressions of interest and a great many more informal inquiries. The next stage of publicity will be targeted at particular audiences,

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such as prospective worker-owners, unions, lawyers, accountants, etc.

A total of 16 worker co-operatives, most relatively small, have been incorporated since the ECP was initiated last year. The names of the co-operatives reflect their wide range of activities: GAIA Reforestation; P.A.M.S. Construction (now in negotiations with the provincial housing authority); NEECHI Foods Co-op (feasibility-study stage); C.F. Employment Resources (no corporate activity to date); CITI Books (feasibility-study stage); 3-B Upholstery (now operational); AMIK Tail Tanning (currently acquiring facilities); DSI Tandem Resources (incorporated as a housing resource group); York Boat Builders (feasibility-study stage); Big Badger Drilling (feasibility-study stage); Crocus Information Management; Femmedia Productions; PRT Manufacturing; Riding Mountain Resources; Vent-Air Industries and Accugraphics.

In addition to these 16 corporations, there are 12 enterprises going through even earlier stages of formal assessment. These new projects are in areas such as the production of educational materials, home repairs, automobile servicing and various resource-related industries (a sawmill operation, wild-rice production, and wood-chip processing, to name but a few).

In total, the ECP has created or maintained 108 jobs (2454 weeks of work) since its inception. It is estimated that the program will create a total of 190 jobs in the current (1986/87) fiscal year. Of these, 137 are anticipated to be permanent.

The Department of Co-operative Development has also

made two moves to improve the ECP. First, Margaret Porcher, a certified management accountant with extensive experience, has been retained as a staffperson to concentrate on the financial assessment of applications. Second, the Department has opened an office in Thompson, Manitoba. Florence Broten has been hired as the Department's consultant in the Thompson office and will be placing a high priority on the development of employment co-ops in the north.

For more information, contact Doug Davison, 200-651 Croydon Avenue, Winnipeg, Manitoba R3M 0W3; (204) 453-6133. ■

ONTARIO

Ethan Phillips

Worker Ownership Development Foundation

The Foundation has made further revisions to a brief outlining a worker co-op fin-

ancial-assistance program for Ontario and is currently meeting with provincial ministries in preparation for a formal presentation to the Treasurer, as part of the process leading to the next provincial budget. The brief's recommendations constitute a logical extension of the Ontario government's current initiatives for the small- and medium-sized business sector.

To further this effort, a meeting is being set up with representatives of the co-operative sector to discuss strategies for facilitating acceptance of the financial-assistance brief and to foster support for the amendments to the provincial Co-operative Corporations Act. These amendments include a substantial worker co-operative component.

The Foundation is also organizing a conference about worker co-operatives that is oriented toward organized labour. *Meeting the Challenge: Strategies for a Democratic Economy* is co-sponsored by the Labour Council of Metropolitan Toronto and the Canadian Centre for Policy Alternatives. It will be held at the Ontario Federation of Labour

CO-OP

**The Farm Store...
and more!**

QUALITY PRODUCTS FOR YOUR
HOME AND FARM

UNITED CO-OPERATIVES OF ONTARIO

Across the Nation

building in Don Mills, Feb. 11th.

The Foundation is always seeking new members and donations. All donations are tax deductible.

More information about the Worker Ownership Development Foundation and its activities (including the upcoming conference) is available from Ethan Phillips, Director, Worker Ownership Development Foundation, 357 College St., Toronto, Ont. M5T 1S5; (416) 928-9568. ■

Co-operative Work moving ahead

Co-op Work, a worker co-operative, management-consulting business and a resource group to the worker co-op sector, has just completed its third year of operation. In 1986 it was hired by 16 client groups, including groups in Sudbury and Vancouver. The workload included five feasibility studies and business plans for new businesses as well as financial, marketing, planning and member development for existing co-ops.

Perhaps the most interesting contract is a feasibility study for the Ontario Ministry of Government Services on the Sudbury Citizens' Movement proposal for the co-operative development of the Burwash Complex. For this project, Co-op Work is teaming up with Peat, Marwick and Partners and Marshall Macklin Monaghan Ltd., two industry heavyweights.

Co-op Work is expecting a productive year in 1987 and possible government support funding to complement its fee-for-service contractual work which has been its sole source of revenue to date.

For more information, contact Marty Donkervoort, 357 College

St., Toronto, Ontario M5T 1S5; (416) 928-9568.

Youth, worker co-ops

The Youth Employment Office of the Ontario Ministry of Skills Development sponsored five odd-job worker co-operatives for students this past summer. More demonstration projects are planned for the summer of 1987, and plans are being considered to broaden the youth co-operatives program.

For more information, contact Jo Hoffman, Manager of Special Projects, Youth Employment Services Branch, Ministry of Skills Development, 2nd Floor, 700 Bay Street, Toronto, Ontario M5G 1Z6; (416) 965-5722.

Conservators consider co-op

Nearly 40 conservators -- people who restore and preserve historic and artistic works -- met in Ottawa, October 25 and 26 in response to the latest government rumour: cutbacks in National Museums from a staff of 95 conservators to 12.

In Europe, especially Italy, many conservators offer their services through worker co-operatives. Their work is labour intensive, but requires studio space and some expensive equipment. Costs can be shared by several workers, each with specific expertise, and they can refer clients to each other.

Connie Mungall, from the Ottawa worker co-op, Bespoke Co-operative Enterprises, spoke to the conservators about the advantages and the requirements of forming worker co-operatives in Canada. She referred to the experiences of the 16 employee-owned companies she visited

across the country in gathering material for her book, *More Than Just a Job* (published by Steel Rail).

Bespoke Co-operative Enterprises is in the process of incorporation and is taking on its first consulting jobs. Its brochure defines "bespoke" as an adjective meaning custom made, dealing in or producing made-to-order articles. Bespoke offers services in communications, economic and social research, computer consulting, property management, counselling and advisory services.

For more information, contact Connie Mungall, 27 First Ave., Ottawa, Ontario K1S 2G1; (613) 235-3617. ■

CRPO looks for money

The Co-operative Resource Pool of Ontario (CRPO), established several years ago to provide financial assistance for co-operative development, needs help.

Recently, CRPO was offered a 6.5 per cent interest in the major expansion of Toronto's Big Carrot worker co-operative in return for a \$50,000 loan to help finance this project.

The loan bears interest at prime plus two per cent and is repayable upon refinancing of the project in several years.

CRPO seeks to borrow that \$50,000, on the same terms, from supportive co-operators, in order that it may take up the offer, and, ultimately, utilize revenue generated by The Big Carrot's development, for its activities.

For further information, contact Brian Iler, c/o Iler, Campbell & Associates, Suite 201, 136 Simcoe St., Toronto, Ontario M5H 3G4; (416) 598-0103.

The Big Carrot continues its remarkable growth

The Big Carrot Natural Food Market continues to show why it has become Toronto's most-talked-about worker co-operative. Started three years ago by nine unemployed workers, and with modest financing of \$125,000, this dynamic business quickly amassed sales in excess of \$2 million.

Not content to rest on their laurels, members of this enterprising co-operative have been looking for a way to expand. A fortunate coming together of land across from The Big Carrot and a developer interested in worker co-operatives has resulted in a multi-million dollar deal which is now called *Carrot Common*.

Carrot Common will be a collection of approximately 10 retail stores facing into a central courtyard. The Big Carrot will occupy 7,000 of the total 23,000 square feet, a large increase from its present 2,000 square feet.

Mary Lou Morgan, president and a founding member of the co-operative, explains: "We hope the new store will provide one-stop shopping for customers. We hope to further our marketing of organic fruits, vegetables and grains. The customer demand for products grown without sprays and pesticides is increasing dramatically."

By usual standards, the new store will be a supermarket. However, since that term is not appreciated by natural food aficionados, Morgan prefers to call it just a natural food market. The business is being modelled after stores in California.

The Big Carrot's membership will also increase from its current total of 14 (11 others are on probation) to about 40. As before, each member will purchase \$5,000 of Class B shares

and one common or voting share, worth \$1.00. This share must be returned to The Big Carrot on leaving.

Financing of the new store is also coming from loyal conscientious customers. These Class A preferred shareholders earn 10 per cent interest. However, because The Big Carrot is a worker co-op, the worker-members will retain all voting control.

As with worker co-ops in general, raising the financing has been a problem. In spite of its enviable business record, The Big Carrot was turned down by conventional banks and the Credit Union Central of Ontario in its bid to arrange a business loan of \$300,000. According to Morgan, "arranging the financing has been terribly time consuming and nerve racking. We feel very grateful to our customers for

their faith in us and we're excited by their commitment to this project. The financial package is still not completely in place."

In spite of the skepticism of the financial community, the members of The Big Carrot are cautiously optimistic about their new venture.

Right now, the new site (formerly a used car dealership) is under construction, and it looks like it has been hit by a bomb. However, the phoenix will rise from the ashes -- in two stages. The first, in late spring of 1987, will include the expansion of The Big Carrot into its new location. The rest of the project is targeted for early summer.

For more information, contact Mary Lou Morgan, The Big Carrot, 355 Danforth Ave., Toronto, Ont. M4K 1N7; (416) 466-2129. ■



Enthusiastic members of The Big Carrot in Toronto in the Carrot's future home.

QUÉBEC

Claude Carbonneau

Important projet pour les coopératives forestières de la région du Saguenay - Lac Saint-Jean

Les coopératives forestières de la région du Saguenay - Lac Saint-Jean étudient présentement un important projet d'investissement. Il s'agit de la construction de la plus grosse usine de panneaux gaufrés au Canada. Ce projet dont la valeur est estimée à 60 \$ millions serait réalisé en collaboration avec le syndicat des producteurs de bois de la région et la compagnie Normick Perron.

Le groupe coopératif est composé de sept coopératives forestières dont les plus importantes sont celles de Laterrière et de Ferland-Boileau. Il est également prévu qu'une coopérative de travailleurs soit formée pour regrouper les travailleurs de l'usine.

Rappelons que les coopératives forestières sont des entreprises qui oeuvrent sur les terres publiques. Elles font la coupe du bois de même que d'autres activités connexes (aménagement forestier, plantation, etc.). Depuis quelques années, elles ont également commencé à diversifier leurs activités au niveau de la transformation du bois (scierie) et de la production d'arbres (serres). Pour leur part, les membres du syndicat des producteurs de bois sont des propriétaires de boisés privés. Enfin, la compagnie Normick Perron est déjà le plus important producteur de bois de sciage et de copeaux dans l'Est du Canada. Elle est également présente au niveau de la

production de papier journal et autres produits dérivés du bois.

Protection publique, une coopérative qui fait sa marque

La Coopérative de protection publique du Québec offre divers services dans le domaine de la sécurité et de l'investigation. Depuis sa création en 1985, elle s'est plus particulièrement appliquée à développer des services qui n'étaient pas encore offerts dans la région de Québec. Elle a pu ainsi se tailler une place parmi les entreprises de son secteur.

Au cours de la dernière année, cette entreprise a réussi à décrocher plusieurs contrats de surveillance dans les principaux parcs industriels de la région. De même, elle est très active auprès des entreprises tant par ses services de gardiennage que pour ses services d'investigation.

Pour améliorer encore la qualité de ses services, la coopérative vient de se porter acquéreur d'un immeuble situé à Charlesbourg, en banlieue nord de Québec. Cet investissement lui a permis d'accroître l'efficacité de son système de communications. Cela lui a également permis de garder des chiens qui sont affectés à la surveillance des parcs industriels. La coopérative entend continuer à développer de nouveaux marchés dans des secteurs connexes.

Magma, une coopérative en croissance rapide

La Coopérative d'exploration minière d'Abitibi-Témiscamingue, Magma a su tirer profit de l'activité intense qui se déroule dans l'industrie minière

de cette région. Depuis plus d'un an, sa croissance est très rapide. En fait, elle a triplé son chiffre d'affaires antérieur.

Créée en 1983, Magma offre des services de première ligne en exploration minière (jalonnement, coupe de lignes, levées géodésiques, etc.). Elle regroupe 17 membres et, en période de pointe, emploi jusqu'à 25 personnes. Cette entreprise vient d'investir 60 000 \$ de façon à faire face à cette croissance. Cette somme a servi, entre autres, à la relocalisation des bureaux de la coopérative ainsi qu'à l'achat d'équipement.

Première assemblée annuelle de la Fédération québécoise des coopératives de travail

Quelques semaines après la tenue de leur congrès d'orientation, les coopératives membres de la Fédération québécoise des coopératives de travail se réunissent de nouveau. Il s'agit cette fois de la tenue de la première assemblée générale annuelle de la Fédération. Cette rencontre a eu lieu le samedi 13 décembre 1986 au Cegep Edouard-Montpetit, situé à Longueuil.

Rappelons que la Fédération regroupe actuellement une trentaine de coopératives. Son mandat consiste à faire connaître et à promouvoir les coopératives de travail auprès du public, et à travailler à la mise sur pied de certains services collectifs (assurances, etc.) qui aideront les coopératives à se développer tout en donnant de meilleurs avantages à leurs membres.

...

Across the Nation

Forestry co-ops plan new factory with organized labour

Seven forestry co-operatives of the Saguenay-Lac Saint-Jean region are studying the construction of the largest patterned wood-paneling factory in Canada. This project, with an estimated cost of \$60 million, will be developed in collaboration with the local wood producers' union and the Normick Perron Company. It is expected that the factory workers will be organized as a worker co-operative.

These forestry co-operatives cut timber and are involved in related activities (forestry management, planting, etc.) on public lands. Over the last few years, they have diversified their activities, branching out into wood processing (sawmills) and producing nursery stock.

The wood producers' union controls private stands of timber in this region. And the Normick Perron Company is already the most important producer of wood for cutting and for woodchips in eastern Canada. It also produces newsprint and other endproducts made from wood.

A co-operative makes its mark

Created in 1985, the Public Protection Co-operative offers security and investigation services. Over the last year, this enterprise managed to win several surveillance contracts in principal industrial parks.

The co-operative has recently acquired an office building at Charlesbourg, north of Quebec City, thereby improving its communications system and enabling it to keep specially trained dogs. The co-operative expects to continue to develop new markets.

Rapid growth for Magma

Magma, the mining-exploration co-operative of Abitibi-Témiscamingue, has realized a profit because of the intense mining activity in this region. For more than a year, Magma's growth has been very rapid, and the company has tripled its previous business.

Created in 1983, Magma offers services in mining exploration (surveying, line-cutting, etc.). The co-operative has 17 members and employs up to 25 persons in peak periods. Magma has just invested \$60,000 in order to relocate its offices and to purchase equipment.

Quebec Federation of Worker Co-operatives

A few weeks after their orientation congress, the members of the Quebec Federation of Worker Co-operatives held their first annual general assembly, December 13, 1986, in Longueuil.

The Federation promotes worker co-operatives to the public and develops collective services, such as insurance, for its 30 worker-co-operative members.

For more information Claude Carboneau can be contacted at the Société de développement des coopératives, 430 Chemin Ste. Foy, Québec City, Québec G1S 2J5; (418) 687-9221.

(Translated by Jo-Anne Andre)■

WORK CO-OPERATIVE

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Le maintien de la S.D.C.

Nous avons appris des sources généralement bien informés que le Ministre de l'Industrie et du commerce, M. Daniel Johnson, a confirmé le maintien de la Société de développement coopérative. Les programmes qui lui sont confiés seront, cependant, revus sous-peu.

S.D.C. to be maintained

According to informed sources, Quebec's Minister of Industry and Commerce, Daniel Johnson, has confirmed that the government intends to maintain the Société de développement coopérative. The agency's programs will, however, soon come under review.

Worker co-op policy under review in Newfoundland: two reports released

Robert Thompson

Two major reports which may affect the future of worker co-operative development in Newfoundland and Labrador were released recently. *The Royal Commission on Employment and Unemployment* states that worker co-operatives are a promising but under-utilized form of enterprise and recommends a series of measures to create a strong sector over the long term. The second study, sponsored by the federal and provincial governments, argues that although opportunities exist for worker co-operative development in certain industry sectors, worker co-ops should form a minor part of an overall development strategy. Government and co-operative sector representatives are reviewing the reports' recommendations carefully before they decide on new initiatives.

Newfoundland unemployment severe

The Royal Commission report contains a wide-ranging analysis of the Newfoundland economy and its acute unemployment problem, the most severe of any province. The Newfoundland and Labrador Federation of Co-operatives (NLFC) made a formal submission to the Commission during the public hearing process, and also hosted a less

formal, half-day meeting on co-operatives which was attended by all commissioners and two senior staff.

This high level of input had positive results for the co-operative sector in general and indirect benefit for worker co-operatives.

The Commission's analysis places co-operatives in the general context of small business development and entrepreneurship. Co-operatives, and their potential for employment creation, are regarded as "one of the best kept secrets in Newfoundland". The Commission believes worker and producer co-operatives, in combination with entrepreneurial effort and sound business practices, are "particularly suitable to such community level enterprises as small fish plants, fish markets, fish farms, bakeries and local services such as day care centers". Many of the general recommendations made by the Commission, if they are implemented by government, should have benefits for worker co-operatives:

- increased emphasis on co-ops through Memorial University's Faculty of Business;

- government and NLFC establishment of a Co-operative Business Advisory Service;

- provincial government and NLFC establishment of a Co-operative Development Revolving Fund to assist potential co-op

members to meet initial equity requirements; and

- an experiment allowing unemployment insurance beneficiaries to receive half of their potential benefits at the beginning of their claim period to invest in a new private or co-operative enterprise.

Second study negative

The second study, *Renewing Co-operative Development in Newfoundland*, was initiated by the provincial Department of Rural, Agricultural and Northern Development (RAND). In releasing the study, the Minister of RAND, Robert Alyward, stated the objective was "to provide government with a policy planning tool for co-operative and credit union development".

The RAND report was prepared by a group of private management consultants and reflects a strategic planning approach to the co-operative development issue. Prospects for co-op development in general are assessed on two dimensions: (1) suitability for development by co-op efforts, and (2) industry attractiveness for new entrants in Newfoundland. The implication is that most government and NLFC attention should be devoted to co-ops with high ratings on both dimensions, with secondary support given to co-ops that have high ratings on one dimension.

Across the Nation

The area which receives the highest rating is rural financial services, while worker co-ops rank poorly. The report states that worker co-ops can be successful in certain instances. However, it advises government not to "over-emphasize development of new producer and worker co-ops, given the generally troubled track record of efforts in problematic production-oriented areas".

The report goes on to recommend a series of organizational and program changes in the way co-op development support services are delivered in the province. It says the NLFC should take the lead role, with RAND providing feasibility-assessment services. As well, the report recommends the creation of a revolving loan fund, with conservative lending practices, open to all types of co-operatives.

The implications of the RAND study for worker co-operatives are largely negative. Some support to worker co-ops would result indirectly through the creation of feasibility support and technical services. However, the high profile given to worker co-ops since 1982 as the core of the RAND and NLFC co-operative development strategies would be lost. Scarce resources would be devoted to other types of co-op development (i.e., credit unions, consumer co-ops), and the relatively small support for worker co-ops would be reduced even further.

The RAND study does make the important observation that widespread support for worker co-ops will come only after examples of unambiguous success. There are few such examples in Newfoundland. However, the



Press conference releasing the RAND study. (Left) Wilfred Dawe, Credit Union Council of Newfoundland and Labrador; (right) Robert Alyward, Minister of Rural, Agricultural and Northern Development. Not shown is Don Templeman, representing the Newfoundland and Labrador Federation of Co-operatives.

study fails to analyze why worker co-ops have become the primary targets for co-op development in Quebec and Manitoba. Ironically, the study examines the co-op development infrastructure of these provinces as possible models for the "general" development effort in Newfoundland, but neglects to say that these other provinces created specific programs for worker co-ops.

Sam Kean, the Director of Co-operatives for the provincial government, says the RAND study is not government policy and an extensive round of consultation with co-operative sector and development groups will be conducted before decisions are made.

Glen Fitzpatrick, Managing Director of the NLFC, agrees that the RAND study is only a first step. He says the NLFC

still retains its priority of assisting new worker co-ops. Both Kean and Fitzpatrick agree that the study gave slight attention to worker co-ops and that the reality of unemployment will mean that development assistance for worker co-ops has to be maintained.

Government and the NLFC are also pleased with the profile given to producer and worker co-ops in the Royal Commission report, and they hope this will translate into a more prominent role in provincial economic-development policy.

For more information, contact Robert Thompson, Director of Planning and Research Division, Dept. of Career Development and Advanced Studies, P.O. Box 4750, St. John's Newfoundland A1C 5T7; (709) 576-2734. ■

Across the Nation

NOVA SCOTIA

Grant MacDonald

The Cheticamp Fish Co-operative -- with operations in Cheticamp, Grand Etang and Margaree (Inverness County) -- has become a much stronger co-op since its 185 fishplant workers and 20 office and store employees recently became members. The change was brought about by the need for a substantial influx of equity into the 50-year-old co-op.

General manager, Tim Britton, says that the change was made possible by the agreement of the unionized plant workers (members of Local 514, CBRT & GW), to invest five per cent of their annual income in the co-op as equity. This fish co-operative also has nearly 200 fishermen-members. Not only did the fishermen unanimously agree to these changes, but they also increased their own equity contribution from two to five per cent of their personal earnings.

The Cheticamp Fish Co-operative is a venerable community institution, but like so many was much in need of modernization and new management methods. While the additional capital provided by the new ownership arrangement has been important, the change has also brought about a new governance: one employee representative now joins six fishermen and four community representatives on the board of directors. There has also been a change in the composition of the membership: about half the new members are women.

According to Britton, the decision to involve employees in the co-op has already brought about a change of attitude and

spirit. Now, with everybody having a stake in the co-op, it is better able to tackle problems such as the quality and range of fish products and the seasonal nature of the work. These problems have been endemic to the industry.

For further information contact Cheticamp Fish Co-operative Ltd., P.O. Box 569, Cheticamp, Nova Scotia B0E 1H0.

Co-op cleaning

A Sydney distributor of commercial-cleaning supplies and industrial chemicals has just been incorporated as a worker co-op. Island Sanitation Co-op Supplies Ltd. has great hopes for its future as a packaging and sales business in Cape Breton and eastern Nova Scotia.

Peter Tiesdale, manager of business affairs for the co-op, says that he and the other two members are very attracted to the worker co-op concept of equal ownership and equal pay. They hope to take on new members as the business expands.

For information on ISCS, contact Lois Lewis, 152 Reeves Street, Sydney, N.S. B1P 3C5; (920) 539-2812.

Consulting co-op

Integrated Business Development Co-op Ltd. is a Sydney-based consulting co-op specializing, not surprisingly, in co-op enterprise. The new firm has four worker-members with various backgrounds who already are working with three or four fledgling co-ops in the Cape Breton industrial area.

For further information, contact Desmond Harris, 86 Reeves Street, Sydney, N.S. B1P 3C5.

CDC underway

The Community Development Co-operative of Nova Scotia, incorporated in May, 1986, is moving into full operation, fostering the growth of new and existing worker co-operative enterprises. Ron Ryan and Tony Scoggins have been recently appointed co-managers of the co-operative, with support services being provided by St. Francis Xavier University Extension Department.

Although existing funding sources will be tapped as much as possible, a venture capital pool is being created, with investments expected from, among others, Co-op Atlantic, The Co-operators, Nova Scotia Credit Union Central, and the Nova Scotia Federation of Labour. Membership in the CDC is open to groups and individuals, the share capital requirement being \$100.

Pilot project starts

The St. Francis Xavier Extension Department is proceeding to implement a three-year, \$500,000 project on worker co-op training and development. The funds are being provided under the federal government's Innovations program.

Doug MacDonald, an economist formerly with Fisheries and Oceans Canada, has been hired as project co-ordinator. He will work out of the Extension Department's main office in Antigonish.

Grant MacDonald is an adult educator at Henson College, Dalhousie University, Halifax, Nova Scotia B3H 3J5; (902) 424-2526. ■

Across the Nation

PRINCE EDWARD ISLAND

Gilles Michaud
Amand Arsenault

Culture Craft Co-op

With its first summer season over, Culture Craft Co-op is planning to develop a wholesale market in order to attain self-sufficiency. The strategy will be to attend as many craft fairs and exhibitions as possible. On the agenda are events in Charlottetown, Summerside and the Atlantic Craft and Trade Show.

New P.E.I. government shows interest in local development

Concerned about high unemployment, the new government of P.E.I. has indicated that it intends to support the development of community-based industries. One encouraging sign is a new position within the Department of Industry that will be used to assist worker co-operatives in marketing their products. Worker co-operatives and other community-based groups in this area hope to see political rhetoric channelled into concrete actions.

For more information, contact Gilles Michaud, Culture Craft Co-op, P.O. Box 1647, Summerside, P.E.I. CIN 2V5; (902) 436-2727.

Potato chip co-op on its way

After a delay in receiving its equipment from the U.S.A., the P.E.I. Potato Chip Co-operative is off and bagging. The 12 members of the co-operative have attended workshops to help them prepare for their dual roles as workers and owners.

As noted in *Worker Co-ops* (Fall, 1986, pp. 36-37), this worker co-operative will market its chips under the brand name *Olde Barrel*. Production is expected to exceed 500,000 pounds of chips during the first year.

More information is available from Emile Gallant, Marketing Director, Potato Chip Co-operative of P.E.I., Urbainville, Box 85, Wellington, P.E.I. C0B 2E0.

La Coopérative "Les Petits Acadiens" Ltée.

Five Evangeline-area women have established a children's-wear-manufacturing worker co-operative. After assessing the market, using 135 families in the area, they commissioned a formal feasibility study.

Using designs prepared by two members of the co-operative, the feasibility study was positive.

The co-op's objectives are:

- 1) to produce and market high-quality children's wear at competitive prices;
- 2) to support the tourist industry in the area by producing and marketing authentic Evangeline-region souvenirs;
- 3) to provide an opportunity for children as well as parents to have a say in the designs;
- 4) to create jobs in the area;
- 5) to realize a fair return on investment.

Members of this co-operative will be the shareholders and will each have to make an initial, minimum investment of \$1,000 (or 20 shares) at the time of hiring. Each shareholder is, however, entitled to only one vote.

The manufacturing operation plus a factory outlet will be located at the Baie Acadienne Industrial Commercial Centre in Urbainville.

La Coopérative "Les Petits Acadiens" Ltée. expects to create five jobs in its first year of operation and one additional job in each of its next two years. As soon as funding is received, the workers will begin a 12-week training program. Production is expected to start this spring.

For more information, contact Amand Arsenault, Conseil de la coopération de l'île de Prince Édouard, 37 Mill Road, Wellington, P.E.I. C0B 2E0; (902) 854-2595. ■

ARCTIC

Andrew Goussaert

Inuvik Parka

Attempts by Arctic Co-operatives Ltd. to develop the struggling Inuvik Parka Enterprise into a worker co-operative have been unsuccessful.

Set up and run by the government of the Northwest Territories, Inuvik Parka was sold to Arctic Co-operatives in 1982.

As it became obvious, in view of strong competition and the disadvantaged location of the plant, that viability was impossible, Arctic Co-operatives submitted a proposal to the government of the Northwest Territories, calling for subsidies and ownership by a worker co-operative. The proposal was not approved, and the plant was sold to a private owner who received government assistance.

Andrew Goussaert is Chief Executive Officer of Arctic Co-operatives Ltd., 1741 Wellington Ave., Winnipeg, Manitoba R3H 0G1; (204) 786-4481. ■



BRITAIN

A profile of ICOM-co-ops

In 1976, 15 new worker co-ops were formed in Britain; in 1985 there were nearly 200 starts. The business idea that led to most of these co-ops came from the members. Over half of these co-operatives received assistance from co-operative support organizations.

These are some of the facts provided by Keith Jeffries in a profile of British worker co-operatives in the autumn issue of the *New Co-operator* (the journal of the Industrial Common Ownership Movement).

And there is more.

Most British worker co-operatives are small, averaging four members and annual revenues of £80,000. The total revenues for the sector are £275 million, and the 13 worker co-operatives with revenues in excess of £1 million account for 27.7 per cent of the total. Scott Bader is by far the largest worker co-operative with revenues of £50 million.

In 37 per cent of the co-ops full-time members work less than 40 hours a week, and in 50 per cent of the co-ops full-timers work between 40 and 50 hours.

Eighty per cent of the co-operatives have some form of equal pay policy, and in the other 20 per cent the differentials are much less than in conventional, capitalist companies.

Twenty-eight per cent of worker co-op members belong to a trade union and in London the total is 46 per cent. Most often, unions are joined for reasons of "solidarity."

Jeffries notes that "the relationship between the trade union and co-operative move-

ments has at times been a difficult one. However, this situation is now changing, with positive guidelines for working with co-operatives issued recently by the Trade Union Congress and by GMBATU, building upon many individual cases where a trade union branch has helped in the formation of a co-op."

For example, the large transportation-workers union in London has established a branch in the north of the city "specifically for co-op workers".

Subscriptions to the New Co-operator (£5) are available from the ICOM Central office, 748 The Corn Exchange, Leeds, U.K. L51 7BP; (0532) 461-737.

BRITISH WORKER CO-OPERATIVES

Year	New Starts	Currently in Business
pre-1976		36
1976	15	14
1977	15	9
1978	46	37
1979	39	31
1980	48	38
1981	59	33
1982	99	61
1983	152	111
1984	210	182
1985 (data provisional)	190	185
unknown	38	25
TOTAL	911	762

Sector	New Starts	Currently in Business	No. of workers
Chemical industry	3	2	549
Entertainment/Cultural	88	78	470
Food - retail	62	31	419
Clothing manufacturing	47	32	314
Building	77	53	305
Printing	62	48	267
Instrument Engineering	4	4	237
Food - wholesale	16	13	143
Catering	35	30	141
Publishing	24	20	136
Mechanical Eng.	14	13	132
Education & Training	20	14	120
Transport	17	14	110
Architects & Surveyors	22	20	105
Computing & Bus. Services	28	21	87
Books - retail	24	19	79

British co-ops become political

Co-ops for Labour is a British association of worker co-operatives and co-operators campaigning for the return of a Labour government in the next general election. In an editorial on this association, Britain's *Co-operative News* states:

"Worker co-operatives have found out who their friends are since the present government has done so much to undo the help that was given to co-operative ventures by the last Labour government."

The *Co-operative News* is also very critical of Britain's Paymaster General, Kenneth Clarke, who recently extolled the virtues of worker co-operatives to the Tory Reform Group. Clarke, it would seem, has been very influenced by the Mondragón worker co-operatives.

"Co-operators need not jump for joy at what would, at first sight, seem to be one of the greatest conversions since Saul on the road to Damascus. He (Clarke) added a very big BUT.

"So long as they raised capital in the markets, rather than relying on government or local authority subsidy, he believed that co-operatives have a place in a capitalist society.

"In other words, co-operatives can expect no more financial support from a Tory government than they have up to now."

Thus, one of the political battle lines in Britain will be whether governments should provide financial assistance to support worker co-op development.

Subscriptions to the Co-operative News (£47) can be obtained by writing to Progress House, Chester Road, Manchester, United Kingdom M16 9HP.

Labour Party features worker co-operatives

Worker co-operatives have a prominent place in the election platform of the British Labour Party, which features "social ownership in key sectors of industry".

Specific proposals on worker co-operatives include: continued financial support through local labour councils; funding for the Industrial Common Ownership Movement (ICOM) and the Co-operative Development Agency; financial support through the new British Investment Bank; increased support for training programs that encourage new starts and successful operations; tax changes to encourage the investment of profits in co-operatives and to stimulate lending to co-operatives; and encouragement of employee buyouts ("co-operatisation") of existing companies.

The successful track record of small worker co-operatives in Britain appears to have convinced the Labour Party that an expanded worker co-operative initiative might help Britain's ailing economy, and it is consistent with Labour's social objectives.

Chris Green

National conference

Researchers of worker co-operatives in the United Kingdom recently held a national conference. Among the more interesting ideas presented was that less attention should be given to ownership and control and more attention to the effect that the business has on the local community.

In addition, there was an interesting analysis of the Greater London Enterprise Board (GLEB). Over a three-year period (1983-86) the co-op unit of GLEB managed (directly or indirectly) £5.2 million. Of this sum, £3.5 million was distributed to 215 different London co-operatives in the form of loans, grants and other investments, and this assisted in creating 535 jobs. Of all loan approvals within GLEB, 22 per cent were for ethnic minority co-ops, 10 per cent were for women's co-ops and 4 per cent were for ethnic minority women's co-operatives.

However, with the abolition of the Greater London Council by the Conservative government, the GLEB has a vastly reduced investment budget and is considering whether they should focus on particular types of co-ops.

A full list of the conference papers is available from the Co-operative Research Unit, The Open University, Walton Hall, Milton Keynes, United Kingdom MK7 6AA.

ICOM-AGM is different

The 1986 annual general meeting of the Industrial Common Ownership Movement (ICOM) combined its normal business with a number of workshops on various themes.

One half-day workshop, organized by a co-op specializing in co-operative training and games, involved 150 co-operators in discussions of the future of ICOM. Each individual entering the room was given a card with a question (e.g., What were ICOM's eight major achievements during the last 10 years? What changes in government policy should ICOM be seeking?) Everyone had

to request answers to the questions on their cards from eight different people. Then, after a short discussion, pre-arranged small groups each proposed four recommendations regarding the future of ICOM. The resulting 60 or so ideas were later whittled down to 12 concrete suggestions to put before the ICOM Council. The consensus was that this was the best large meeting most of the members had ever attended, and that the conclusions were reached very democratically.

The formal AGM was marked by two noteworthy events: an award to retiring Council member Manuella Sykes, who has been active in ICOM since it began, and the election of considerably more women to the ICOM Council.

For more information, contact Chris Green, Kirklees Employment Development Unit, 5th Floor, Kirklees House, Market Street, Huddersfield, U.K. HE1 2EY; (0484) 22133 - Ext. 633.■

SCOTLAND

Lots of worker co-op activity

Having reached £155,000 of its £500,000 goal, Scotland's Co-operative Venture Capital Fund is already receiving applications from prospective worker co-operatives. One of the more interesting applications is from a business that will provide an anti-corrosion service for steel-hulled fishing boats. There is no similar service in Scotland, and usually Scottish boats have this work done in Holland and Denmark at extra expense to the owners. The service consists of shot blasting the vessel's hull and superstructure, zinc spraying and painting, and costs £20,000 for a large-size fishing boat.

The anti-corrosion co-operative is one of the many, small worker co-operative startups which are listed in the latest issue of SCDC News, Templeton Business Centre, Templeton Street, Bridgeton, Glasgow G401DA, Scotland; (041) 554-3797.

MONDRAGÓN

New products, increased exports

Lankide, the Mondragón co-operatives' publication, describes some new products being marketed by Mondragón co-operatives. OSARU, a co-operative that specializes in electro-medicine, has just developed a product for the treatment of middle-ear deafness.

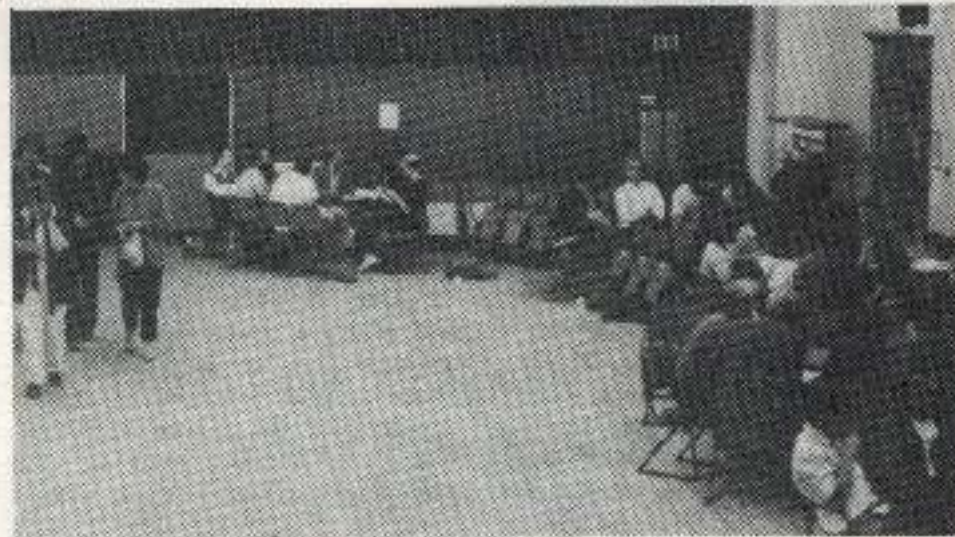
GOGAR is marketing a new line of high-fidelity sound systems, and ULGOR has extended its domestic appliance line to include new types of portable ovens, pressure cookers, kitchen pots and pans, blenders, mixers, heaters, and more.

The Mondragón industries have been increasingly successful at exporting their products. For example, in 1985 ULGOR captured eight per cent of the British market for gas cookers (45,000 units). This figure is quite remarkable considering that it was achieved in just three years. Overall, Mondragón exports increased by 300 per cent between 1979 and 1984.

Balance between technology and humanism

Lankide also marked the tenth anniversary of the death of Jose Maria Arizmendiaretta, the priest who inspired the Mondragón experiment. In a reminder of Arizmendiaretta's mission, Jose Mari Mendizabal cautions about maintaining a proper balance between technological expertise and humanism.

"Our school (the Politeknikoa) has not been distinguished for its advances in philosophy and humanism, but for electronics,



The 1986 annual general meeting of the Industrial Common Ownership Movement.

Around the World

mechanics, robotics and industrial design.

"Stressing only technology could be quite harmful since it might produce a loss of humanism. Fortunately we have been able to prevent this from happening."

Mendizabal reminds *Lankide's* readers that Arizmendiaretta not only emphasized technological development ("Technology is the basis of improvement and progress in all fields."), but that he also stressed humanism: "Education should aim to be humane and social, to value initiative and creativity in the community spirit."

For more information, write to Lankide, Iksabide, Apdo Correos 39, Aretxabaleta, Gipuzkoa, Spain; (Telephone) 797999. ■

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UNITED STATES

Frank Adams

PACE celebrates ten years and six O & O's

In December 1986, PACE of Philadelphia celebrated its tenth anniversary as a resource group to worker-owned and -operated businesses.

In co-operation with the United Food and Commercial Workers, local 1357, PACE has continued to develop the O&O supermarkets.

The first businesses in this Philadelphia-based co-operative system, the Roslyn O&O and the Parkwood Manor O&O, celebrated their fourth anniversaries this fall. Also, in November, PACE opened two new O&O supermar-

kets, in Darby and Upper Darby, just west of Philadelphia.

Members of the PACE organizational-development staff are assisting workers in learning the business and are assisting management teams and workers in each store to develop a successful participative-management system. This includes worker-education sessions and training for the board of directors of each store.

These two supermarkets, with approximately 85 members, bring the O&O network to a total of six enterprises, with anticipated sales of \$50-million (US). There are now enough stores to begin cost-saving through joint advertising and buying.

Regular network-wide meetings of workers with common concerns (e.g. store managers) provide a means of cross-store support, acting as forums for problem-solving and creative ideas for advertising, marketing, merchandizing and education.

In co-operation with inter-store committees of worker-owners and management, PACE will be developing network-wide communications and computerized information systems to enhance joint operational activities.

More information is available from Ginny Vanderslice, PACE, 2100 Chestnut St., Philadelphia, PA 19103; (215) 561-7079.

Agricultural labour co-op

The Peoples' Enterprise Project (PEP) Labor Crews, Inc., is an agricultural labour-contracting co-operative operating out of Apopka, Florida. The members harvest citrus, vegetables, apples and peaches along the eastern seaboard of the United States. This co-operative has two 15-

member crews. They have bought two citrus harvestors and have finished their first season with a small profit.

PEP Labor Crews is the first attempt in Florida to organize an alternative to the exploitive, labour contracting system. Pedro Velasco, a member of the Farmworker Association, a community-based organization headquartered in Apopka, and organizer Tirso Moreno formed the first PEP crew in 1984, structuring it as a democratic co-operative.

Most of the 20 members are Mexican or Central American immigrants, and the founders plan to expand their number to 60 during the 1986-87 harvest. PEP pays four to six per cent more in wages than its competitors, and despite these higher labour costs, continues to secure long-term contracts from growers looking for productive crews.

The Farmworkers Association also sponsors a credit union, self-help housing and advocates farmwork legislation.

Center for Community Self-Help

In North Carolina, the Center for Community Self-Help (CCSH) has devoted much of its energies of late to the Ragan-Thornton Mills in Thomasville, a knitting mill where 125 worker-owners make socks. The firm converted to worker-ownership with assistance from CCSH in 1985-86.

Additionally, the CCSH Credit Union continues to grow and by the year's end will have \$5 million in assets and over 1,000 members. Loans to low-income housing and worker-owned firms have passed the \$1 million mark. The Self-Help Ventures Fund has

made five investments totalling approximately \$150,000, and a third CCSH financial tool, the Englewood Investment Corporation, recently hired a director.

Home care co-operative

Cooperative Home Care Associates (CHCA), a 120-member service co-operative in New York City's South Bronx, is the first worker-owned home-healthcare company and the largest low-income enterprise in the nation. It was founded in January, 1985 by the Community Service Society of New York to provide skilled, reliable home health-aide services, including nursing and physical therapy.

Most members had worked previously in this historically high-volume, part-time service at wages averaging \$3.50 to \$3.75 an hour. CHCA offered starting wages of \$4.50 per hour, as well as the prospect of ownership. Weeks after the company started operations, other similar firms in New York raised their wages. Today CHCA pays \$4.75 starting, with raises in steps.

Home healthcare is a rapidly growing industry in both New York and other parts of the United States. As a result, organizations in Chicago, Ohio and Boston are watching CHCA closely to determine if additional worker-owned homecare enterprises can be started.

Rick Surpin, recently named administrator of CHCA, has devised an extensive in-service homecare-aide certification. In addition, members of the co-operative receive education in company governance, business and board skills.

Monthly in-service meetings provide the worker-members with an opportunity to meet and to share information, ideas and problems. Much of their work is done alone in homes of the sick or disabled.

CHCA hopes to have a permanent full-time workforce of 200 persons by the end of 1987. Presently, the entire membership is women from minority backgrounds. Membership in the co-operative is \$1,000.

Frank Adams is co-ordinator of education at the Industrial Co-operative Association, 58 Day St., Suite 200, Somerville, MA 02144 USA. He is co-author of a forthcoming book with Gary B. Hansen of Utah State University, titled, Putting Democracy to Work: A Practical Guide for Starting Worker-Owned Businesses. ■

U.S.S.R.

Worker co-operatives encouraged

The *Manchester Guardian Weekly* reported November 30 on a new law passed in late November by the Supreme Soviet, which legalizes small family firms and cottage industries, effective May 1, 1987.

The firms are restricted to members of a single family, and hired labour is forbidden. However if a family firm wants to grow it has to become a worker co-op of up to 50 members. The co-operatives "are even to be given the opportunity of the soviet system's first tax holiday to get them started."

"In the first year they will pay a tax of ten per cent on profits, rising to a maximum tax of 35 per cent in fourth and subsequent years." ■



Cooperative Home Care Associates in New York City.

Opinion:

Services auxiliaires publics: privatiser ou coopérativiser?

Jean-Claude Guérard

Le discours politique vante les mérites de l'entreprise privée surtout dans les situations de compression budgétaire. Dans certains secteurs, en particulier l'éducation et la santé, l'Etat devra toujours prendre en charge les services essentiels. La question de privatisation risque alors de se poser pour les services auxiliaires: alimentation, buanderie, imprimerie, etc.

A la suite d'une décision de privatisation de certains secteurs auxiliaires où le capital est davantage humain que financier, les décideurs doivent s'interroger sur la pertinence de privatiser par la coopérative. La coopérative de travail où les travailleurs sociétaires prennent en charge un service auxiliaire avec possibilité de fédérer leur propre organisa-

tion afin d'en développer l'expertise et la croissance, est-elle un meilleur instrument de protection de la qualité des emplois futurs? L'entrepreneur individuel, propriétaire d'une dizaine de cafétérias d'hôpitaux ne cherchera-t-il pas à rentabiliser son entreprise au détriment de la qualité des emplois, par exemple? Quant au service offert à la population, risque-t-il d'être de meilleure qualité lorsque l'objectif de l'entreprise est davantage axée vers la qualité des emplois que vers la rentabilité du capital? C'est en ces termes que doit-être abordée la question privatiser ou coopérativiser.

Le monde syndical, protecteur des travailleurs impliqués, devient un interlocuteur important dans la réponse à une telle question et dans le changement de mentalité que nécessite chez le

travailleur une telle transformation. Le mouvement coopératif aussi doit être en mesure d'offrir et ce, en relation avec le monde syndical, une information et une formation de qualité aux sociétaires potentiels. Il lui faut une vision plus large que la craintive interprétation actuelle de l'argument "une coopérative vient de la base".

La coopérative vient toujours de la base. L'idée de coopérativiser, elle, peut venir de partout: d'une fédération coopérative, d'un propriétaire d'entreprise désireux de vendre son entreprise, et même d'un ministre!

Jean-Claude Guérard, Centre de gestion des coopératives, Ecole des Hautes Etudes Commerciales, 5255, avenue Decelles, Montréal Québec H3T 1V6. ■

De nouveaux partenaires dans le réseau des affaires sociales à Montréal

Pierre Allard

Formée en 1986, AUXI-PLUS est une agence coopérative de placement d'auxiliaires familiales oeuvrant sur le territoire de Montréal-Laval.¹ Au terme de sa première année d'existence, elle atteindra plus de 700 000\$ de chiffres d'affaires.

Au début de 1985, Carmen Forget, présidente de l'Association des auxiliaires familiales et sociales du Québec, et Hélène Fleury du Centre local de services sociaux (C.L.S.C.) d'Hochelaga-Maisonneuve, traçaient un bien triste portrait de la situation

de certaines auxiliaires familiales au Québec.

Depuis plusieurs années, l'Association se battait pour faire reconnaître le professionnalisme du travail des auxiliaires familiales. Elle avait, entre autres choses, élaboré un module de 867 heures de formation professionnelle pour ses membres, avec l'aide du ministère de l'Éducation du Québec.

Entre temps cependant, les C.L.S.C. de la région de Montréal, qui utilisent abondamment ce type de service, faisaient appel de plus en plus à des agences privées pour leurs excédents de travail. Mais ces dernières qui connaissaient une croissance

rapide, se développaient à même un personnel peu qualifié et pratiquement rémunéré au salaire minimum.

C'est alors que Forget et Fleury, réunies autour d'un noyau d'auxiliaires familiales, envisagèrent la solution suivante: la création d'une agence de placement d'auxiliaires familiales sous forme de coopérative de travail.

La démarche d'implantation

La démarche du groupe fut planifiée avec le support du Groupe-Conseil de Montréal (GCM) qui apporta son expertise

dans l'élaboration du plan d'entreprise.² Le projet était viable. Les 150,000 heures de services vendues aux agences privées démontraient que le marché potentiel était excellent.

Conformément à l'approche préconisée par le professeur Jean-Claude Guérard de l'École des Hautes-Études Commerciales, les promoteurs ont tenu à s'associer un directeur dès le départ pour réaliser les études d'implantation, ce qui aura permis de démarrer les activités moins de quatre mois après son engagement.

Lorsqu'elle débuta ses opérations, en janvier 1986, la coopérative se fixa deux objectifs:

- améliorer la situation financière des auxiliaires familiales ne pouvant obtenir un poste dans un C.L.S.C.; et

- améliorer la qualité des services aux bénéficiaires à l'aide d'un personnel compétent et mieux formé.

Concernant le financement de démarrage, la coopérative a pu compter sur une certaine collaboration de l'Association des auxiliaires familiales, de même que sur des prêts sans intérêt octroyés par des communautés religieuses (environ 30 000\$). Aujourd'hui, comme la plupart des entreprises, AUXI-PLUS bénéficie d'une marge de crédit avec une institution financière.

Un succès instantané

L'importance qu'elle accorde à la formation du personnel et le suivi qu'elle réalise avec ses clients concernant les bénéficiaires, permettent à AUXI-PLUS d'offrir un service de qualité nettement supérieure. Du reste, la croissance rapide de l'entreprise témoigne de l'appréciation de cette qualité de service

par son principal client, les C.L.S.C. En effet, malgré son jeune âge, AUXI-PLUS dessert une vingtaine de C.L.S.C. dans Montréal-Laval sur une possibilité de trente-neuf.

Après seulement huit mois d'activité, la coopérative vend plus de 10,000 heures de services par mois, tout particulièrement dans le Centre-ville et l'Est de Montréal. Quatre employés à temps plein se chargent de répartir le travail parmi les 120 membres. Pour l'année 1986, AUXI-PLUS devrait atteindre un chiffre d'affaires de 70 000\$, alors que pour l'an prochain l'on prévoit vendre pour 1,250,000\$ en services.

Cette réussite économique ne va pas sans profiter à ceux qui en sont l'origine, c'est-à-dire les membres. Ceux-ci ont vu leur salaire augmenter substantiellement par rapport aux agences privées (plus de 2,00\$ l'heure). De plus, les auxiliaires familiales travaillent à leur rythme et réalisent le nombre d'heures qu'elles planifient.

Grâce à un milieu de travail plus valorisant, elles peuvent désormais s'identifier comme de réelles professionnelles de la santé. La coopérative est pour elles une manière d'améliorer leur situation de façon immédiate, tout en étant une force qui leur

permettra, à moyen terme, de devenir de réelles partenaires dans le réseau des affaires sociales à Montréal.

D'autres projets du même type sont actuellement en voie de réalisation au Québec. Pour plus de renseignements sur AUXI-PLUS vous pouvez contacter mesdames Carmen Forget et Denise Boudreault, respectivement présidente et directrice générale, 557, rue Cherrier, Montréal, Québec H2L 1H2.

Pierre Allard est directeur, Groupe-Conseil de Montréal.■

¹Un auxiliaire familiale est généralement un adjoint au personnel infirmier oeuvrant à domicile, tout particulièrement auprès des personnes âgées, handicapées, convalescentes ou encore auprès des malades chroniques.

²Le Groupe-Conseil de Montréal est un organisme qui a pour mandat d'aider les promoteurs de coopératives de travail à réaliser leur plan d'affaires. Treize groupes-conseils existent à travers le Québec, parrainés par des Coopératives de développement régional dans chacune des régions du Québec. Les C.D.R. et les Groupes-Conseils sont en partie financés par le M.I.C. (Ministère de l'Industrie et du Commerce du Québec).■



Équipe de direction de AUXI-PLUS interviewant une auxiliaire familiale.

London co-op trade fair unqualified success

Robert Briscoe

In its heyday, Derry and Tom's was one of London's most fashionable department stores. It was famous above all for its elegant roof gardens, where wealthy shoppers could dine in pastoral tranquility high above the noisy streets of Kensington.

The department store has long since closed its doors, but the roof gardens still survive. And it was in the unexpected, luxurious surroundings of the roof gardens that co-operators and members of the press gathered last summer to celebrate the opening of Co-op 86, London's third exhibition of worker co-ops.

One floor down from the palm trees, colonnades and garden pools, more than 60 exhibitors displayed their products and services. They came from as far afield as the south of France and the north of Scotland. Many were from local development agencies and represented dozens of other co-ops from their own regions.

Scotland and Wales

Community Business Scotland represented more than 60 community-owned co-ops in central Scotland. One of the most ambitious of these community-owned businesses is Poldrait Service and Industry Ltd, which was set up to combat poverty in the east end of Glasgow. It has created hundreds of jobs and training opportunities in fields as varied as contract cleaning, house improvement and in manufacturing thermoplastic road markings.

The West Glamorgan Development Agency represented more than 25 worker co-ops in south Wales. Among the more unusual co-ops in its region are: a firm which charters a fleet of 11 boats for sea fishing and sight-seeing; a

church and churchyard maintenance service; a knitwear manufacturer producing custom-made garments to original designs; a training and employment service for mentally handicapped people; a seven-piece blues band; and Initiatives, a Swansea-based co-op which specializes in organizing conferences, exhibitions and fashion shows. They'll even organize your wedding for you!

From soup to nuts

The range of businesses on display at Co-op 86 was extensive. Exhibiting co-ops were divided into eight sectors: advertising and publishing; architecture and building; clothing and footwear; food and drink; general manufacturing (ranging from a firm making molds and tools for the glass industry to a co-op supplying pressure vessels, heat exchangers and pipe work to the chemical, pharmaceutical, power and fuel industries); printing and design; toys and fancy goods; and

services.

Service sector co-ops included a tour bus company, a variety of management consulting and training groups, a pregnancy advisory service and an import-export agency. Co-Link Services specializes in imports and exports with Spain, importing produce directly from Spanish agricultural co-ops for sale in British whole-food stores and promoting British goods abroad. It also provides a translation service.

Behind the scenes

A visitor attending an efficient, well-packaged trade fair like Co-op 86 easily forgets about the planning and training needed to make the show work so smoothly. After all, most worker co-ops in Britain are young, tiny businesses with very little experience in the treacherous field of public relations. In London alone, 150 new co-ops have been set up in the last three years, and one new co-op per day is registered some-

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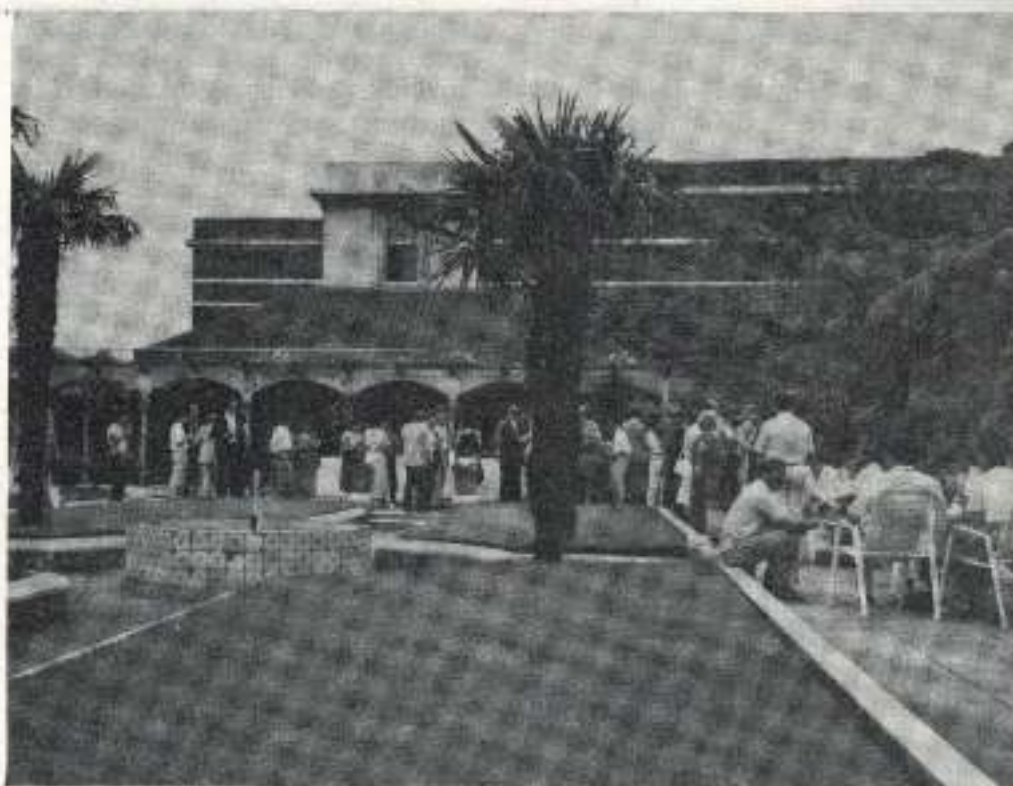
Just east of the Don Valley at Chester subway

Worker owned co-operative.

where in the British Isles.

Margaret Davis, who works for the Greater London Enterprise Board, has organized all three of London's co-op fairs. She took no chances when planning the first one, in 1984. Together with Gerry Finnegan, a marketing specialist from the University of Ulster, she made sure that all exhibitors had the opportunity to attend seminars and workshops on self-presentation, and so ensured that the fair would be a source of pride to the co-operative movement. Her hard work has paid off.

Co-op 86 was sponsored by the Greater London Enterprise Board, the National Co-op Development Agency and Ireland's Youth Employment Agency. For more information, contact Margaret Davis at GLEB, 63-67 Newington Causeway, London SE1 6BD; or The Co-op Development Agency, Broadmead House, 21 Panton Street, London SW1Y 4DR.■



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*(Above) Derry and Tom's roof gardens;
(below) ICOM stand at Co-op 86 fair.*

South African bombs hit close to home for Zambia's Makeni co-ops

Joanne Lindsay

A few miles south of Lusaka, Zambia, an unarmed gatekeeper waves past a familiar visitor on to the grounds of Makeni refugee camp. Maize, beans and other vegetables grow inter-cropped with flowers, to be sold in Lusaka for a cash supplement to the allowances refugees receive from the UN High Commission for Refugees (UNHCR).

Makeni is a transit camp for refugees either en route to a more permanent settlement or prior to returning home. Zambia has a refugee population of around 130,000. The country's stability, since independence in 1964, contrasts strongly with unrest in bordering nations.

Zambian policies have made it almost impossible for refugees to get work in local industries. Consequently, creating their own jobs through non-governmental organizations and international bodies, like the UNHCR, are, for many, the only alternative.

Worker co-ops established in camp

The Christian Council of Zambia took over administration of Makeni from the Lutheran World Federation (LWF) in January, 1986. During its tenure, the LWF set up two training centres within the camp grounds. With help from UNHCR, these training centres are evolving into self-contained economic enterprises, or collective businesses, on their way to becoming what we in Canada would call worker co-ops. Although located on the Makeni grounds, they now operate independently from the camp administration. UNHCR provides support in the form of co-operative and business consultants and loan capital.

These collective businesses do not call themselves co-ops, because they do not identify with the Zambian movement which is dominated by agricultural-marketing and supply co-ops. Every newspaper report of corruption amongst co-op officials strengthens their position on this issue. Although gradual improvements in the sector can be recorded, bad reputations die hard.

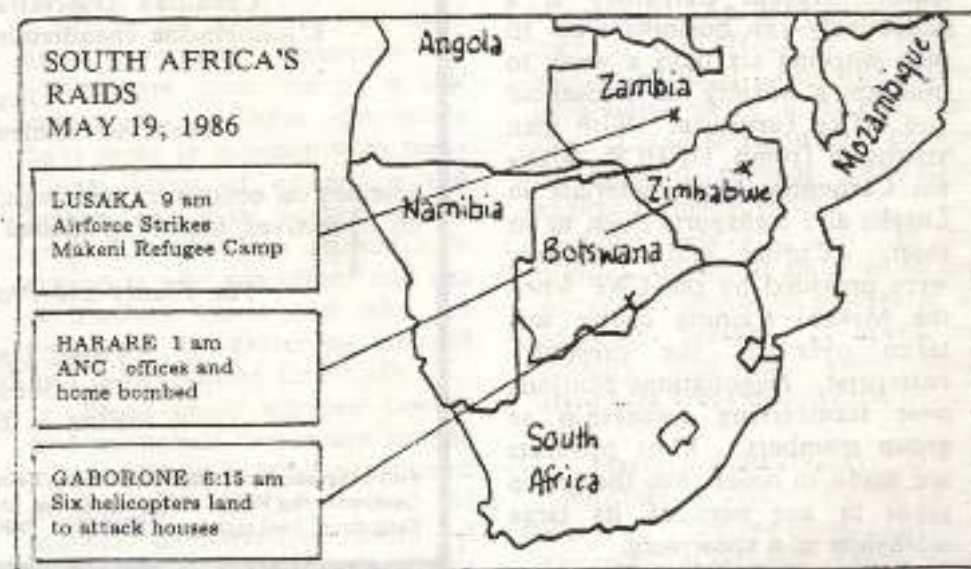
Women shape clothing from local textiles

One of the Makeni training centres teaches women tailoring skills. Machines, trainers, working capital and workshop space are provided by Makeni administrators. As a result of this training, ISIS Tailoring has emerged in the past year as a collective of nine women that produces clothes from chitenge material. Zambia has two textile mills which use local cotton to produce the chitenges that women either wrap around themselves or sling over their shoulders, with a strong knot, as baby carriers.

Although clothes tailored from chitenges are not common amongst rural Zambians, in part because the price is prohibitive, there is a market for them in Lusaka, particularly among tourists and the expatriate community.

The women of the ISIS collective talk shyly to foreign visitors, because they are unaccustomed to the attention paid to their working conditions and decision-making. They keep busy with cutting, ironing and sewing, while nursing and otherwise amusing the few babies in their midst. Older children attend the kindergarten close by. They visit the women at meal times.

All the women have found permanent homes in and around the low-income compounds of Lusaka, but this may require up to three hours of travel to Makeni. They get paid by the piece, at rates they decide upon collectively, averaging about 150 Kwacha per month, about \$30 (Cdn). This may not sound like much (and buying power has definitely been eroded since



Zambia introduced foreign currency auctions in October, 1985), but it's almost twice the salary of a live-in house worker, which is one of the few employment options for a woman unable to go beyond primary education.

Working conditions at ISIS are significantly better than house-based positions. The women work five days a week and hold weekly meetings to plan buying and production. They have elected a bookkeeper and a secretary to take care of administrative tasks. Clothes are designed by a Norwegian volunteer, Monica Wikhaug, who works through UNHCR. She also helps with marketing (through one of the tourist hotels) and with business administration, passing her skills on to the group's members. She acknowledges, somewhat reluctantly, her difficulties in design training, but works with the women in attempting to synthesize Zambian and western styles.

A carpentry collective

The second Makeni training centre teaches carpentry skills to men. Makeni Carpentry is a collectively-run business with 10 men working six days a week to produce a variety of household and office furniture. With loan assistance from UNHCR, Makeni Carpentry buys materials in Lusaka and transports them to its shop. Capital and machinery were provided by the LWF when the Makeni training centre was taken over by the carpentry enterprise. Negotiations continue over transferring ownership to group members. Most products are made to order, but the group plans to use part of its large workshop as a showroom.

Three management positions (bookkeeper, production supervisor and buyer-marketing agent)

are filled by election. UNHCR has recently hired a business consultant to assist members in learning basic management functions. Because education and employment opportunities in their home countries (mainly in South Africa and Namibia), were not freely available to members of the carpentry collective, skill levels are initially low. The carpentry courses help with production skills, but management has been trial-and-error since the group has become independent. Makeni Carpentry has experienced many of the organizational pitfalls inherent in transforming a training centre into a collectively-operated business.

Raids are an operational threat

When the South African raids hit Harare, Lusaka and Gaborone, Makeni was the Lusaka target. One ISIS member was injured and all members were

shaken by the violent reminder of their fragile status as refugees. ISIS plans to relocate in Lusaka, but Makeni's free rent will be hard to give up.

This kind of attack is only one example of how the racist South African regime has aggressively pursued destabilization of economies in neighbouring independent Black states. For industrializing economies, dependent on external sources for basic supplies, such sabotage adds to already cumbersome problems. But numerous small-scale businesses, encouraged by recent government policies, continue to sprout up.

Joanne Lindsay spent seven months studying worker co-ops in southern Africa. Bill Skidmore, who facilitates UNHCR's program for economic groups, assisted her work in Lusaka. He welcomes contact through Box 36812, Lusaka, Zambia.■

1987 Annual Meeting

Canadian Association for Studies in Co-operation
L'Association canadienne pour les études sur la coopération

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Sessions on economic, sociological and historical topics relating to co-operatives, including Special Theme Session:

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David Ellerman, ICA

John Jordan, Co-operators

Finn A. Ekelund, University of Toronto

Full program details available in the February, 1987 *CASC Newsletter*, c/o David Laycock, Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Saskatchewan, S7N 0W0; (306) 966-8502.

La Fédération québécoise des coopératives de travail tient son premier congrès d'orientation

Réjean Montpetit

Le 12 septembre dernier, une centaine de personnes réunissaient dans un cadre champêtre, à la base de plein air Davignon située dans la région de l'Estrie au Québec, à l'occasion du premier congrès d'orientation de la Fédération québécoise des coopératives de travail (FQCT).

Fondée à l'automne 1985, cette toute jeune fédération est le porte-parole des coopératives de travail auprès des organismes liés à leur développement et des gouvernements, et se veut un outil de représentation, de développement et de services.

Ce premier congrès d'orientation portait principalement sur la fonction de représentation de la Fédération, sur son rôle d'information et de formation, sur les services financiers qu'elle veut développer à l'intention de ses membres, sur ses règlements de régie interne et enfin sur les services offerts par les groupes-conseils aux coopératives.

A cette rencontre participaient des représentants de coopératives membres et non-membres de la Fédération et de coopératives de travail en formation, ainsi que différents intervenants issus du milieu coopératif. A titre d'exemple, mentionnons des organismes tels que le Conseil canadien de la coopération, les coopératives de développement régional, les fédérations de travailleurs et le Conseil de la coopération du Québec, qui regroupe entre autres la Confédération des caisses populaires et d'économie Desjardins, la Fédération des caisses d'établissement du Québec, Les Coopérants ainsi que la Coopérative fédérée.

Représentation et promotion

En ce qui concerne les rôles de représentation et de promotion de la Fédération, l'assemblée des participants a adopté des recommandations visant à reconnaître la FQCT comme seul organisme habilité à représenter les coopératives de travail non regroupées en secteurs. La Fédération a notamment reçu des congressistes le mandat de faire connaître et de promouvoir les coopératives auprès du public et de créer une image positive de la formule coopérative. Tout le travail de représentation devra se faire, autant que possible, en concertation avec les autres organismes oeuvrant dans le secteur des coopératives de travail.

Services financiers

Un autre volet du congrès portait sur la possibilité de doter les membres de la Fédération de services financiers collectifs. Notons que toutes les discussions à ce sujet se sont déroulées à partir de propositions rédigées en collaboration avec des intervenants liés au milieu coopératif.

Il a d'abord été question d'assurances collectives. Plusieurs coopératives ne peuvent en effet bénéficier de tels services en raison d'un nombre trop restreint de travailleurs. Les participants ont donc confié à la Fédération le mandat de négocier un programme d'assurance complet, comprenant au minimum une assurance-groupe, une assurance professionnelle et des assurances personnelles calculées au tarif de groupe.

Par ailleurs, après avoir examiné la possibilité de créer un

fonds de développement, les congressistes ont décidé de mettre plutôt la priorité sur l'établissement d'un REÉR (Régime enregistré d'épargne-retraite) collectif et sur l'étude des combinaisons possibles entre cette formule et le RIC (Régime d'investissement coopératif). Ceci permettrait en effet, l'accès à un capital existant plus important que celui constitué par un Fonds de développement.

Information, formation et intercoopération

Les participants ont manifesté la volonté de se doter d'une politique générale d'information efficace et aussi d'axer prioritairement la formation sur l'approche démocratique des problèmes dans les coopératives de travail, tant à l'égard du fonctionnement de leurs instances qu'à celui de l'organisation de leurs opérations. La Fédération devra également diriger ses membres vers les ressources en formation les plus adéquates. Enfin, la FQCT aura à définir les niveaux d'intercoopération avec les autres fédérations ou organismes coopératifs et à fournir à ses membres les outils nécessaires à l'intercoopération.

Groupes-conseils et règlements de régie interne

La Fédération a reçu le mandat de clarifier les responsabilités réciproques des intervenants en relation avec les coopératives de travail tels que: les groupes-conseils, les groupes-conseils spécialisés, les coopératives de développement régional, la Société de dével-

oppement coopérative et enfin le Comité provincial. Il a également été décidé de développer une politique de financement des services de la Fédération, dans une perspective d'auto-financement.

Enfin, l'assemblée a adopté l'ensemble des articles du règlement de régie interne de la Fédération.

Le chemin parcouru

Ce congrès marque le véritable départ de la Fédération, puisque c'est la première fois que les représentants des coopératives membres (et non-membres) ont l'occasion de discuter de contenu et d'orientation, la première assemblée générale ayant surtout été consacrée à des questions juridiques et d'organisation.

Il ne faut cependant pas croire que la Fédération s'est limitée, durant sa première année d'existence, à régler des problèmes techniques ou à faire du recrutement. Au contraire, beaucoup de temps et d'énergie ont été consacrés à établir et à entretenir des liens avec des "alliés potentiels", tels que le Conseil canadien de la coopération et le conseil de la coopération du Québec, de même qu'à faire connaître les coopératives de travail au nouveau gouvernement du Québec. Une commission de la formation a également été mise sur pied en vue d'étudier les problèmes de formation, d'information et d'intercoopération rencontrés par les coopératives.

C'est le chemin ainsi parcouru au cours de cette première année qui a fait de ce premier congrès d'orientation un véritable succès. Les participants ont pu se pencher sur les conditions essentielles au développement du mouvement coopératif et des coopératives de travail au Québec, à savoir, une représentation forte et articulée

auprès des interlocuteurs possibles, et des services, une formation et une information adéquates.



Book Reviews

Pour plus de renseignements sur la Fédération contacter Réjean Montpetit, 3827, rue Ontario Est, Montréal, Québec H1W 1S5; (514) 526-0317. ■

INDUSTRIAL CO-OPERATIVES IN SOME AFRICAN COUNTRIES

by

Sten-Inge Larsson

Present situation and proposed actions for assistance, Swedish Co-operative Centre (Box 15200, S-104, Stockholm), 1984.

Reviewed by Joanne Lindsay

In 1984, the Swedish Co-operative Centre studied the development of industrial co-operatives in six African countries (Ethiopia, Kenya, Uganda, Tanzania, Lesotho and Mauritius) with the aim of establishing policy guidelines for further assistance.

This study, conducted by Sten-Inge Larsson, found that Ethiopia and Tanzania are the only countries of the six to partially fulfill two of the basic conditions for industrial co-operative development: favourable government policy and supporting organizations. In the other four countries, industrial co-operatives are "set up on an *ad hoc* basis without conscious policy and without appropriate support neither (sic) from the government nor (sic) from the co-op move-

ment." Government responsibility for industrial co-operatives gets lost somewhere between the ministries of co-operatives and of industry.

Even in Tanzania where official policies give priority to industrial co-operatives, it is often easier for private entrepreneurs than co-ops to obtain support from the government corporation, the Small Industry Development Organization.

In addition, co-op movement organizations, some of which have industrial co-operative departments, channel most of their energies and financial resources to agricultural co-operatives.

Co-ops studied are small-scale

The industrial co-operatives studied by Larsson are generally small-scale industries using relatively simple methods to make products from local materials for local use. Building supplies, clothes, household goods and simple farm tools are the major products.

Most of these industries are worker co-operatives, in the sense that all workers are members and all members are workers, under a management structure that entails some degree of collective decision-making. All of these co-operatives suffer from problems which plague any industrializing economy dependent on foreign sources for basic and infrastructural needs. These

are shortages of capital, raw materials (including such things as water, gasoline and electricity), technical and managerial know-how and marketing skill.

Larsson believes that there is negligible industrial co-operative development in the six countries that he studied. However, the fact that industrial co-operatives continue to emerge, and that they continue to receive at least rhetorical support from government and co-operative officials, instills a sense of optimism in those trying to develop them.

Larsson proposes an assistance program which attempts to minimize costs while optimizing available resources. A long-term goal for each country is the establishment of an industrial co-operative union, or apex body, which is self-sufficient in financing, training, marketing and other supporting activities.

Despite discouraging results to date, Larsson has urged the Swedish Co-operative Centre to take "an active but cautious part in industrial co-operative development through the International Co-operative Alliance (ICA) offices in Geneva and Moshi, Tanzania". Much of the groundwork has been done. Research has been carried out by donor countries and institutions, as well as by local government and co-operative organizations. Model bylaws and training programs are available.

The stimulus, however, for any fresh initiative remains a mystery. Whatever the stimulus, be it from continued infusions of foreign assistance or from local economic devastation, Larsson is definitive in his call for a coordinated initiative.

Joanne Lindsay recently concluded a seven-month study tour of industrial co-operatives in Tanzania, Zambia and Zimbabwe.

**CO-OPS
WITH A
DIFFERENCE**

by

Maggi Sikking

Worker co-ops for people with special needs, ICOM co-publications (7 Bradbury St., London, United Kingdom N16 8JN), 1986, 65 pp., £4.50.

Reviewed by Robert Briscoe

Tourists who get fed up with the din of London and the dour grandeur of Edinburgh often find themselves wandering through the magnificent, medieval streets of York. The city of York is half way between the two capitals, and it is famous for its city walls, cathedral and winding streets.

For those who are more interested in co-ops than in tourist attractions, York is also the home of a commercially successful worker co-op which was set up for people who have great difficulty finding other jobs. Gillygate Wholefood Bakery provides work for people who are either mentally handicapped or who have a history of mental illness, as well as for people with poor work records, social problems or a criminal past. But Gillygate not only provides disadvantaged people with worthwhile jobs, it also involves them in the ownership and control of the business itself.

About 100 miles to the south, in the town of Northampton, the Daily Bread Co-op is committed to providing jobs for people who are recovering from mental illness. The co-op tries to give them the support they need to

become permanent members or to move on to full-time employment elsewhere. Daily Bread sees itself as a "three-quarter-way house" for people on the road to becoming fully employable.

People with special needs

The stories of Gillygate and Daily Bread are outlined in a new book from the Industrial Common Ownership Movement of Britain. *Co-ops With a Difference*, by Maggi Sikking, discusses the role worker co-ops can play in helping people with special needs.

Though some of the information in the book is of use only to British co-operators (e.g., a section on external funding agencies), there is still much to interest Canadian co-operators, and not just those who work in small-scale, alternative co-ops like Gillygate and Daily Bread. Sikking's book should also prove thought provoking for members of large-scale agricultural, consumer and credit co-ops who are responsible for devising employment policies and setting up work schemes for adults with physical, mental or social handicaps.

Perhaps the most useful section of the book is on the practical problems and opportunities which crop up when working with disadvantaged people. Sikking outlines the kinds of issues raised by a wide range of special needs, including mental and physical handicaps, drug addiction and alcoholism, and the language problems of immigrants. The book's main shortcoming is that this section, though thoughtful, is much too short. Also, more detail in the case studies would have been helpful.

Co-ops like Gillygate and Daily Bread are part of a long tradition, for all of us have

special needs. The whole point of starting co-operatives is to provide opportunities to people who are at a disadvantage in trying to make ends meet in an uncaring, competitive marketplace.

Co-ops like Gillygate and Daily Bread have helped to give

people a chance to get actively involved (often for the first time) in shaping their own world within a friendly environment. They have provided mutual support and a springboard for personal development.

As Sikking says: "... a co-op is not there to build people's lives for them. A co-op gives a social platform and a work platform upon which members may build their own lives. The response of all members who are given a chance to show their worth surprises everyone." ■



Book Notes

Sharing Ownership in the Workplace, by Raymond Russell, 1985, Albany: State University of New York Press, 267 pp., biblio.

In this award-winning book, Russell integrates various ideological perspectives on worker-owned organizations, citing theorists as diverse as Karl Marx, Max Weber, Sidney and Beatrice Webb, Louis Kelso and Peter Drucker. It also traces the history of employee ownership in the United States and Western Europe, and presents three contemporary case studies of businesses that have been employee-owned for generations -- scavenger firms, taxi co-operatives, and professional group practices. Throughout, special attention is paid to the processes that lead to employee ownership, cause it to spread, and cause it to either endure or degenerate over time. ■

Sale of Business to Employees: The Leveraged Buyout, by Jack Bernstein, pp. 116-164 in **Tax Planning for Executive and Employee Compensation and Retirement**, the papers of the Corporate Management Tax Conference, 1985, available from the Canadian Tax Foundation, Publications Department, 130 Adelaide Street W., Suite 1900, Toronto, Ontario M5H 3P5 (\$40.00).

Jack Bernstein is a tax lawyer who works for Laventhol and Horwath in Toronto. Because of employee buyouts such as Tembec, Northern Breweries, National Hardware and Maybank

Foods (Swift Eastern), the Tax Foundation asked Bernstein to write a paper on the legal and tax implications of various employee buyout options. Written for professionals who work in the area, it is the best reference work to date on the subject. It covers sources of assistance and provides advice on whether to structure a sale as a share purchase or an asset purchase. It is particularly relevant for anyone planning a friendly conversion. ■

The Contemporary Director, a Handbook for Elected Officials of Co-operatives, Credit Unions and Other Organizations, by Harold E. Chapman, Douglas A. Holland, Sean D. Kenny, 1985, available from the Co-operative College of Canada, 510 - 119 Fourth Ave. South, Saskatoon, Saskatchewan S7K 5X2, 247 pp. (\$15.00 plus \$1.00 for postage and handling.)

This is the first comprehensive work in Canada for elected officials of co-operatives, including credit unions. It provides information on both the theory and practice of being a director of a business organization owned by its users and operating according to co-operative principles, particularly the principle of democratic control. Some chapters of particular interest to worker co-operatives are "Financial Decision-Making", "Legal Responsibilities of Directors", and "Planning, Evaluation and Policy Making". ■

Employee Ownership: A Union Handbook by Samuel Wessingen and Corey Rosen, 1986, available from The National Center for Employee Ownership, 927 South Walter Reed Drive, #1, Arlington, Virginia, U.S.A. 22204, 126 pp., biblio. (\$25 U.S. members; \$40 U.S. non-members).

Though this material is heavily oriented towards U.S. ESOPs, much of the material has considerable relevance for Canada. There are 15 detailed case studies of unions in employee buyouts, stock for wages deals and ESOPs. The book also contains a survey of union leaders' attitudes to employee ownership and a discussion of the legal issues of employee ownership. One of the particularly interesting points is that employee-shareholders usually are considered to be "employees" under the National Labor Relations Act, and are therefore able to be members of a union. ■

Labour's Charter for Co-ops, 1985, 19pp., £0.35

Workers Co-operatives (An Information Paper), 1983, £0.40. Both available from Labour Party Sales, 150 Walworth Road, London SE17 1JT, U.K. Include £1.5 postage and packing per order.

These pamphlets are useful as examples of how politicians perceive worker co-ops as an industrial policy tool. "Labour's Charter for Co-ops" is mostly about worker co-ops, though ironically it is written for the country that started consumer co-ops. ■

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