

WORKER CO-OPS

Reflections on the uneven history of worker co-operatives in Canada

History Issue

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of worker co-ops

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James-John Harpell vers 65 ans.

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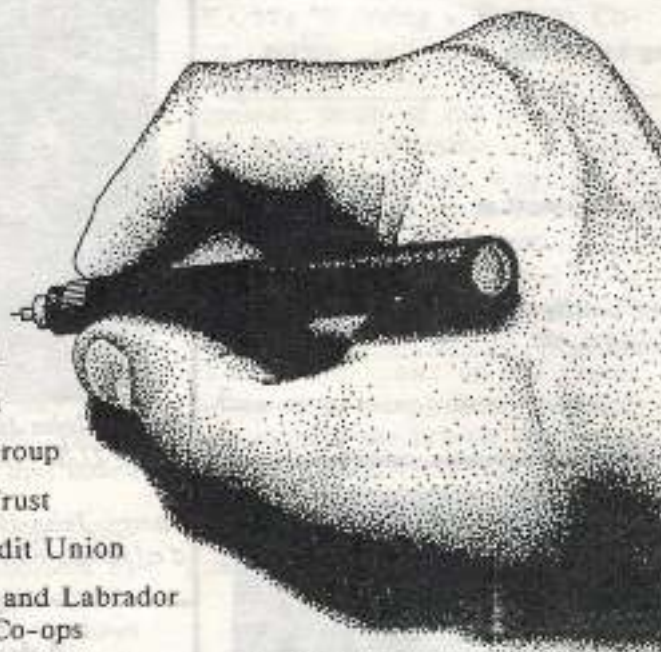
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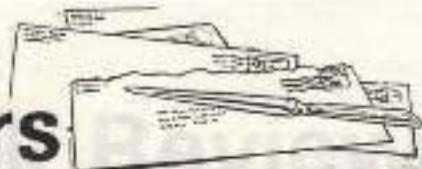
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Worker Co-ops welcomes letters from its readers. These should be sent to the Worker Co-ops magazine, 253 Willow Ave., Toronto, Ontario M4E 3K6.

International Community Development Program

New Hampshire College is currently accepting applications to its International Community Development Programs for the September 1987 term. The College offers both a Bachelor of Science degree specializing in Human Resource Development and a one-year, three-semester Master of Science in International Community Economic Development. Both programs are designed to provide advanced train-

ing to adult practitioners with experience in development programs. Emphasis is on addressing problems of developing communities through self-reliance, small-scale economic development and the creation of capacity-building institutions.

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Upcoming Conference

I would hope that you could give notice of a conference on co-operatives we are holding in our Graduate Program in Social Economy and Social Justice on August 5th to 7th.

You may also want to take note of two books I have authored treating the subject of co-operatives, worker self-management and community development: *The Field of Social Investment* (Cambridge University Press, 1987); and *Beyond the Market and the State* (Temple University Press, Fall, 1987). The latter book is co-edited by myself with James Meehan.

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Conferences

CASC Annual Meeting

The annual meeting of the Canadian Association for Studies in Co-operation will take place in conjunction with the Learned Societies' Meetings at McMaster University in Hamilton, Ontario, June 4 - 6.

The opening session on Thursday focuses on Education and Co-operation and features Skip Kutz and Doug Holland (Co-operative College of Canada), S.J. Saxena (York University) and Jack Quarter (O.I.S.E.)

Two joint sessions are on the program for Friday: one with the

CSAA, featuring Barbara Spronk (Athabasca University), Jeffrey Kantor (University of Windsor), Evelyn Pinkerton (UBC) and Ahmad Azim (University of Calgary); and one with the Canadian Association of Rural Studies with George Melnyk (Canadian Plains Research Centre), Sheila Van Wyck (University of Toronto), M. Gobeil and B. Jean (Université du Québec à Rimouski), and Tapani Koppa, (University of Helsinki).

Also scheduled for Friday is a session on the Economics of Co-operatives with Daniel Côté and Marie-Claire Malo (Centre de

gestion des coopératives, Université de Montréal), Murray Fulton (University of Saskatchewan), and Martin Browning and Wayne Lewchuk (McMaster University) whose topic is *Workers' Preferences for Co-operatives: The Canadian Porcelain Case*.

Saturday's plenary session is **The Theory and Practice of Co-operative Property**, with Finn Ekelund (University of Toronto) on *The Concept of Co-operative Property*; David Ellerman (ICA) speaking on *Democratic Worker Ownership Trusts*; and John Jordan (The Co-operators) who will outline *The Stakeholder Experi-*

ment at *The Co-operators*. A joint session with the **Canadian History Association** follows, featuring Ian MacPherson (University of Victoria) and Ronald Rodin (Concordia University).

In conjunction with the CASC meetings will be an all-day (Thursday) meeting of the *Worker Co-ops* magazine collective. The group welcomes the attendance of anyone who is interested in the future of the magazine, and who might be able to take on some practical tasks such as marketing, and so forth.

More information and registration materials are available from **David Laycock**, Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Sask. S7N 0W0; (306) 966-8508.■

Workplace Ownership and Democracy

This conference, September 13 to 16 at Grindstone Island, will look at the successes and difficulties in forming a democratic workplace. The proposed agenda includes a report on democratic models in Europe as well as current experiences in Ontario with daycare co-operatives, employee stock ownership, and producer and consumer co-ops.

The conference is sponsored by the Worker Ownership Development Foundation -- a non-profit, charitable foundation committed to research and education in worker ownership and workplace democracy.

Registration is limited to 60 participants. The \$175 fee in-

cludes meals and accommodation. Grindstone Island, near Kingston, Ontario, provides a relaxed outdoor environment for a mix of conferencing and recreation.

For further information contact either the **The Worker Ownership Development Foundation** (357 College St., Toronto, Ontario M5T 1S5; [416] 928-9568); or **Grindstone Co-op** (P.O. Box 564, Station "P", Toronto, Ontario M5T 1S5; [416] 968-9187).■

Co-op Movement Strategy Conference

Leaders, organizers and members of Canadian co-ops will gather at Grindstone for the 8th annual Co-op Movement Strategy Conference from August 9 - 14. Conference themes include: worker co-ops, group process, intentional communities, stakeholder models, and unstructured time.

For further information, contact **Grindstone Island Co-op**, P.O. Box 564, Station "P", Toronto, Ontario M5S 2T1; (416) 968-9187.■

Twin Streams

The sixth annual worker-ownership conference will be held at Twin Streams Educational Centre, June 5 - 7. This event focuses on the growing network of worker-owned businesses in North Carolina, but has implications for worker ownership elsewhere. As well, it provides an opportunity to network and to share in the hospitality of the Twin Streams community.

Registration -- \$70 US -- is payable to **Twin Streams**, 243 Flemington St., Chapel Hill, North Carolina 27514; (919) 929-3316. For more information contact **Wes Hare**.

International Conference on State-Co-operative Relations

The detailed program for this conference, May 31 - June 4 at the University of Sherbrooke, is now available. The speakers include Charles Mayer (Federal Minister responsible for co-operatives), Daniel Johnson (Quebec's Minister of Industry and Commerce) and a variety of academics and administrators from across Canada and abroad.

The fee is \$175 (students) and \$275 (general public). More information is available from **IRECUS**, Université de Sherbrooke, Sherbrooke, Québec J1K 2R1; (819) 821-7220.■

A.C.E. Institute, 1987

The 1987 Institute of the Association of Co-operative Educators will be held June 17-19 in Saskatoon. The program for the symposium is built around the concepts of innovation, education, and change and their impact on the role of the co-operative educator. Registration is \$210.

For program and registration information contact **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.■

The role of government in developing worker co-operatives

Eric Dean

One of the newest buzzwords is "worker co-operative". It has been held out by some to be the solution to job creation for our country. Government bureaucrats have snapped onto it in increasing numbers, and no doubt some of them are sincere. Some know what they are talking about while others have only the vaguest idea.

The 'Mondragon Experiment' in the Basque region of Spain has impressed and even awed many Canadians. However, students of Mondragon know that it is not possible to transplant their system in total to other societies. The challenge is to develop a model based on their successes.

For any idea to be accepted, it has to be perceived as offering the potential for success. Therefore, the critical element for the successful launching of a system of worker co-operatives in Atlantic Canada will be a vision which inspires specific ideas and which in turn can be channeled into viable industries.

Plans for worker co-operatives must be well thought out and studied from both a philosophical and a business perspective. We must be sure that plans submitted to government are professionally prepared. And similarly our politicians should be pressured to ensure that civil servants who review proposals understand worker co-operatives.

Make-work schemes

Unfortunately, during the past 15-20 years, we have witnessed numerous government-sponsored "make-work schemes" introduced under the guise and umbrella of co-operatives and hatched primarily to achieve short-term solutions to long-term problems. The "scheme" often fails and results in one more black mark against co-operatives.

Governments have only a passing interest in co-operatives, and most politicians have only the vaguest understanding of the subject, much less a commitment to co-operation. For that reason, in seeking government assistance to co-operative development, we must not be taken advantage of for political purposes. **Co-operatives must be structured to stand on their own and to serve those who put forth the effort.**

This should not be interpreted as opposition to some government funding to establish a worker co-operative. But it does mean that acceptance should be on terms of "no strings attached". We have a right to articulate our own direction and to insist on no strings attached for any resources offered by government.

The question facing Atlantic Canada communities is what has to happen first to get something going. Mechanisms are not in place to provide guidance and help to people interested in starting worker co-operatives.



Arizmendiarieta: nurturing and development

Public education needed

Public education is important because there is limited awareness of worker co-operatives. Funding also is important, for without it little can be done. With socially responsible organizations such as Co-op Atlantic, The Co-operators, St. Francis Xavier Extension, Nova Scotia Credit Union Central and the Nova Scotia Federation of Labour already demonstrating a willingness to be catalysts, initial funding for a pilot project is being set in place.

Next in importance will be support staff. Much of this will have to be on a voluntary basis, at least in the beginning. The resources are available to assist with such tasks as creating sound business plans and educating members. Make no mistake about it -- workers in a worker co-operative have more at stake than those who work for an

employer. They have to not only recognize the difference, but they must understand it as well. Co-operatives are not a quick fix and must not be held up as such!

And of course, we can't overlook the element of leadership. A successful worker co-operative must have leaders who possess the talents and visionary outlook required to make the project succeed in the long-term. A worker co-operative cannot depend indefinitely on support groups for leadership and drive. The part-

icipants must desire success and must be prepared for the numerous challenges bound to confront them as they pursue their ideas.

Father José Maria Arizmendiarieta said it best during a lecture on the Mondragon complex in May, 1969: "In a modern company what is most important is not the initial act of promotion but the subsequent nurturing and development required by the accelerated evolution that is necessary today."

These are truly the words of

a visionary, one who understood the critical element for the long-term life of a business enterprise.

Eric Dean is the manager of the Retail Development Division of Co-op Atlantic, P.O. Box 750, 123 Halifax St., Moncton, New Brunswick E1C 8N5; (506) 858-4863. Dean also was a member of the Co-operative Union of Canada's 'worker co-operative project' and has participated in a study tour of Mondragon.■

Co-operatives must become more political: a response to Eric Dean

Sid Pobihushchy

With the increasing realization of the state's and capitalist economy's complete failure to address effectively the debilitating unemployment in Canada, the idea of the worker co-operative has been greeted with euphoric expectation by politicians, state and corporate bureaucrats, the unemployed and every variety of do-gooder. In the midst of this hectic euphoria, Eric Dean's observations come as a welcome and sobering call for serious and responsible reflection. Given his long experience in, and active commitment to, the co-operative alternative, I value his comments and would like to share my own reflections on the matter.

Dean makes three main points: the worker co-operative should be neither viewed nor

dealt with as a job-creation or unemployment-solution strategy within the framework of the *status quo*; co-operators ought to view their relationships to government (the state) with a healthy dose of skepticism; and the success of worker co-op development is a function of the participation of the entire co-operative movement. While I cannot take issue with the position taken on each of these points, Dean has not said all there is to say on them.

Within the context of the dominant values and structures of Canadian society (capitalism), the notion of work takes on a very special meaning -- i.e., it is the activity and effort involved in the production of wealth, which in turn is appropriated by the employer of the worker. While benefits such as creative fulfill-

ment and wages may flow to the worker from her work, the important point is that the system's principal rationale for formal work (employment) is the production of wealth. And the importance of the value attached to and the virtue of work is trumpeted far and wide, especially by those who stand to gain most from the work of others: investors, corporate and state managers and politicians. Within this context designed by the managers of the *status quo*, the worker co-operative has no role to play in its own right, but serves only to exonerate them from the responsibility for the mess they've created.

Within the context of co-operation -- the proper framework for the worker co-op -- work takes on an entirely different meaning. Work is the creative

Forum

expression and manifestation of one's participation in the community from which personal and individual identity is drawn. Those who are committed to the development of worker co-ops are not so much challenged by the establishment of enterprises with employment opportunities as they are by the struggle for human dignity and environmental integrity. The prevailing definition of work vulgarizes and severely limits the potential of worker co-operatives. **The real challenge, and this is no small order, is to see the worker co-op enterprise as a manifestation of community.**

Indeed, given the nature and *raison d'être* of the Canadian state, this becomes a formidable task, but not an impossible one. This, combined with Eric Dean's call for a certain skepticism about the state, seems to make it doubly difficult to accept and to act on the challenge involved in worker co-op development. The Canadian state provides very little space for healthy co-operation. This context leads co-operators to react in two main ways: on the one hand, too many co-operators insist on a distant and passive relationship with the state; on the other hand, because the state claims the authority to control access to most (if not all) scarce resources, other co-operators are prepared to accept co-operative development within the parameters laid out by government. Almost without exception, this assigns the co-operative to the periphery of society. The

solution, of course, is a proactive attitude toward co-operation and an aggressive stance toward the state. This means POLITICS!

Co-operators have a claim on the resources the state commands. After all, those resources were acquired from them or appropriated on their behalf by the state. Co-operators need make no apologies in demanding, for example, access to natural resources necessary for the successful development of the co-operative alternative. The exercise of this claim is political action. While some of this might be accomplished by non-partisan action, given the central role of the political parties in the Canadian state, partisan politics ought not intimidate co-operators.

Co-operators have a legitimate claim also on the state's respect for their collective identity as an alternative to the *status quo*. The recent decision by the federal government to allocate to one institution in Atlantic Canada \$500,000 for the development of worker co-operative resource materials betrays both a lack of commitment to and appreciation of the co-operative alternative. Increasing the amount of financial support by a factor of ten and distributing it among all regions of the country would demonstrate a view of worker co-ops as a desirable alternative to the *status quo*, irrespective of the regional variation in unemployment levels. The government's action manifests an "employment creation" mentality to worker co-ops. Co-operators

find that abusive and ought to say so. That's politics too!

Dean's point -- that existing co-operatives, whatever their functional interests, have an important role to play in the development of worker co-ops -- is well taken. It seems to me, however, that more must be expected of them than expertise and resources. Of equal importance is their willingness to purchase or to use products and services of worker co-ops. For if these new enterprises cannot rely on existing co-ops to provide them with markets, then the well-worn pleas for co-operation among co-operatives rings hollow indeed.

It is co-operation among co-operatives that binds disparate and individual enterprises into community. Until worker co-ops become integrated with the great variety of other co-ops, they will remain isolated and fragile, unable to realize their potential in the struggle for human dignity. Integrated co-operative development has yet to be accepted by Canadian co-operators, but that's grist for another mill.

I would be remiss if I were not to mention the value of the *Worker Co-ops* magazine as an important forum for discussion and debate on matters of great moment to the co-operative movement. Keep up the struggle!

Sidney Pobihushchy teaches political science at the University of New Brunswick in Fredericton; E3B 5A3 (506) 453-4829. He is active in many co-operative organizations. ■

Reflections on the uneven history of worker co-operatives in Canada

Ian MacPherson

Co-operative organizations emerge and survive because they meet needs that are real and perceived. While Canadians have been aware of worker co-operatives for over a century, they have not been successful in developing them. There is some evidence that worker co-operatives were proposed during the 1860s, and between 1872 and 1892, three co-operative newspapers, a co-operative foundry, and a cigar manufacturing co-operative were begun in Toronto. In addition, amid the enthusiasm created by the Knights of Labor during the 1880s, worker co-operatives appeared, inevitably for brief periods, in Hamilton, Montréal, Victoria, and Halifax. Similarly, in the early decades of the twentieth century, worker co-operatives appeared and disappeared with some regularity, most noticeably in Guelph, Toronto, and Montréal.

Difficulty establishing worker co-ops

Why has there been this difficulty in establishing worker co-operatives--especially given the success co-operatives have achieved in agricultural marketing, co-operative banking, consumer retail, and, more recently, co-operative housing? Undoubtedly, a close review -- as yet undone -- of the numerous

experiments in worker co-operatives before the 1970s would reveal a long list of pragmatic explanations. Even superficial analysis reveals such standard problems as inadequate capitalization, weak management, poor direction from boards of directors, impossible competitive situations, and inconsistent member-worker commitment. Such problems, nevertheless, do not by themselves entirely explain the failure of so many efforts: they did not stop other forms of co-operatives from suffering similar problems nor do even the failures fully explain why the interest was sporadic and temporary.

local assemblies were established in Canada to pursue the Knights' unique blend of trade unionism, political reformism, fraternal association, and religious brotherhood. Their greatest strength and influence was in Toronto, Hamilton, and railway towns of Northern Ontario and the West.

Knights of Labor

Although historians may differ about the depth of class consciousness achieved by the Knights, they do not question the breadth of their concerns or the clarity of their vision. Among the many issues the addressed by

The most significant reason for the development of worker co-operatives — the recognition of their value by a considerable segment of the working class — did not eventualize.

To understand the limited impact that worker co-operatives had between 1880 and 1970, it is necessary to consider them from the perspective of the needs -- real and perceived -- of the parties involved. In this context, it is significant that the era of greatest interest within the working class occurred during the Knights of Labor outburst during the 1880s. The Knights of Labor was established in Philadelphia in 1869 and were active in Canada from 1875 to 1905. Over 250

the Knights was a fundamental concern over control of the workplace. Products of the first great wave of Canadian industrialization, they were perhaps more aware of the world they had lost -- the world of more apparent freedom in the pre-industrial and early industrial circumstances -- than were their descendants. They therefore fought harder to have shared control of their workplaces.

The Knights' vision, however, lost its impact during the late

nineteenth century. Gradually, more conventional ideas of trade unionism dominated, and the working class came to see most of their needs met through collective bargaining for improved wages, shorter hours, better working conditions, and larger pensions. Similarly, labour-management relations, as defined by the North American corporate world, became a special dimension of business activity subsumed by personnel departments -- a cost of doing business. Few labour leaders pushed for worker involvement in decision-making within large firms, and few business leaders approved of profit-sharing, let alone direct worker involvement in the management process. In short, within Canadian trade unionism, the American model of limited concern for specific, basic issues was -- with only a few exceptions -- triumphant. The issue of workplace power raised by the Knights was truncated, restricted to the concerns of "bread and butter" unionism.

Labour and co-op movements disinterested

Thus, the most significant reasons for the development of worker co-operatives -- the recognition of their value by a considerable segment of the working class -- did not materialize. Nor did the organized co-operative movement, as it emerged during the late nineteenth centuries, encourage the development of worker co-operatives or worker power in the

The movement will evolve depending upon the intensity of the real and perceived needs and the appropriateness of the processes that are developed to meet them.

workplace. In part, this dominant attitude can be explained by the limited impact of the total European movement on Canadian co-operative circles. The issue of worker control was addressed most completely on the European continent -- in France, Belgium, Germany, and Italy -- by the more radical forces in the European movement. It was ignored or rejected in British and Danish circles, the two most influential sources for the ideology of the Canadian movement.

In Great Britain, the co-operative movement came to be dominated by the vision of consumer dominance: the idea that the factors of production should be controlled in the interests of consumers, with workers being paid a fair price and the difference between the incomes of workers and managers being kept at a low level. The British movement never resolved precisely how to determine salary levels beyond ultimately comparing with competitors, but the tradition of member dominance was firmly implanted. Moreover, the structure of the British movement -- members electing directors who hired managers who ran the shop -- left no room for structured employee involvement.

In contrast, the Danish movement, with its strong rural base, emphasized the role of the producer. In Denmark, as in most of the agricultural marketing co-ops that emerged in Canada, the co-operative was perceived as an extension of the farm economy. A similar structure to that commonplace in the British consumer movement emerged in Denmark and was replicated in Canada among agricultural co-operatives. Consequently, as in the consumer movement, workers were regarded as employers, in most instances comparatively well-treated but with little direct influence or power.

Thus, the Canadian co-operative movement has weak traditions of worker participation in decision-making within the structures of its institutional traditions. This does not mean that the Canadian movement has treated its employees in a particularly harsh way. In the movement's early days, when most organizations were small, there was undoubtedly a spontaneous sharing of influence and power with employees. Moreover, when a strong movement culture was evident, the dedication and loyalty of employees played

crucial roles in the success co-operatives achieved. There is no question that most co-operatives benefitted from the deep belief many employees had in the co-operative movement and co-operative philosophy, a belief that encouraged a strong sense of belonging and involvement. And, in many instances, co-operative organizations rewarded those employees adequately financially and very well in terms of recognition.

As Canadian co-operatives developed rapidly and some of them became very large in the twentieth century, they became strongly influenced by the predominant North American theories of management. Thus, while Canadian co-operatives were willing to devote attention and funds to such obvious and distinct co-operative issues as board-management relations and member involvement, they were satisfied to accept, by and large, the North American norms in labour-management relations, marketing, and planning. Consequently, salary levels for management came to approximate those in private business, and labour-management issues were adjudicated through the collective bargaining process. Inevitably, therefore, from the 1950s onward, the Canadian movement experienced several strikes, particularly in consumer co-operatives, the grain terminals and once, rather embarrassingly, at the Co-operative College of Canada. Some of the strikes were very bitter, perhaps because they

seemed to be such a violent break with the ethos that should permeate co-operative enterprises, and because of the quasi-public nature of co-operative enterprise.

Consequently, in the 1980s, the Canadian movement faces the issues involved in developing worker co-operatives and enhanced influence for employees with a mixed heritage. The needs of working people in these areas are becoming clearer, stimulated by the unemployment and underemployment problems of the age, the examples of Japanese, Swedish and German management systems, the growth of worker co-operatives in Great

Britain, France and Spain, and concerns about increasing productivity. The established traditions of the Canadian movement, however, will not bend speedily or dramatically; as in the past, the movement will evolve depending upon the intensity of the real and perceived needs and the appropriateness of the processes that are developed to meet them.

Ian MacPherson is Chair of the History Department at the University of Victoria. He has written numerous books and articles on the Canadian co-operative movement. ■

1987 Annual Meeting

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

June 4 - 6, 1987

McMaster University in Hamilton, Ontario

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

The Theory and Practice of Co-operative Property

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.

James-John Harpell:

Pioneer of worker co-ops in Canada

Paul Vincent

Harpell's Press Co-operative is a Canadian classic among worker co-operatives in the manufacturing sector. It was created in 1945 when Garden City Press was transformed into a worker co-operative through the efforts of its principal owner, James-John Harpell.

What makes this transformation particularly interesting is that it occurred in a small community of workers which was created by Harpell decades earlier. He was a self-made entrepreneur and a philanthropist who was inspired by the ideas and work of Robert Owen and by the "garden cities" that had emerged in Europe and the United States at the turn of the century.

Situated in Ste-Anne-de-Bellevue, west of Montreal, Harpell's Press Co-operative employs 200 people, of whom about 90 per cent are members or associate members. About a third are women. The co-operative did about \$12 million of business in 1986.

Who was James-John Harpell?

James-John Harpell was born February 4, 1874 in Inverary, near Kingston, Ontario. The young Harpell grew up on their modest family farm. He quit school at 12, preferring to help his father with the farmwork.

At the age of 14 he got a job as an apprentice in a foundry. A fellow worker encouraged the young Harpell to return to school. As a result, Harpell began studying at home after work. In 1901, 13 years after he had started at the foundry, he obtained a Bachelor of Arts Degree from Queen's



J.-J. Harpell in his twenties.
J.-J. Harpell dans la vingtaine.
(Reproduction: Marie Beaubien)

University in Kingston. He went on to study law at Osgoode Hall in Toronto and learned about finance, commerce and industrial production. He married in 1903 and in 1907 got involved in publishing with a former classmate from Queen's.

In 1909-10, Harpell spent 13 months in Europe visiting various industrial centres. Here he was

introduced to the concept of "garden cities" -- cities for workers that were then being developed in Europe and the United States.

Gardenvale: a worker community

On his return from Europe, Harpell and his associates added printing to their publishing activities by purchasing a Linotype machine which they set up in a small shop in Toronto. In 1913 they opened a branch of the company in Montreal, and from that point on Harpell dreamed of establishing a garden city around the printing operation.

In the fall of 1919, Garden City Press began and so did the Garden City Development Company. The goal of the company was "to help the workers of Garden City Press to build and occupy their own homes on a co-ownership basis." It was also to "develop a community through the construction of streets, sidewalks, boulevards, parks, playgrounds, school yards, sewers".

That community was known as Gardenvale, and for more than 20 years, it financed all the expenses related to its development.

The educational component of the project started in 1922. It evolved out of the professional development program at Garden City Press and the creation of an Industrial Arts Institute, a non-

profit organization for worker education. This training was available for both community members and others. The Institute developed correspondence courses and promoted the publication and distribution of books and periodicals that popularized science and economics.

Conversion to a worker co-operative

For many years Harpell had envisioned the possibility that Garden City Press might become the property of its workers. In 1934 he wrote:

"The contract that we are developing in order to pass on the ownership and control of Garden City Press from the shareholders to those employed there for at least ten years, aims to ensure the permanence and stability of the enterprise. Is it not the ambition of every human being to have a voice in the ownership and control of the business to which he devotes his activities and to own his own home?"

In the 1930s, courses on co-operative theory and practice were held for the employees. Between 1935 and 1945, several co-operatives were established. In 1935 the Gardenvale Arts and Crafts Co-operative was formed, and in 1936 the Gardenvale Credit Union got underway. But one important element was lacking in this co-operative environment: the ownership and control of the business by the workers.

During 1939-40, Harpell explored the best way in which the

two parts of Garden City Press, one in Toronto and the other in Gardenvale, could be turned into co-operatives. It was in 1945, when he was 71 years old, that he finally realized his dream. The Toronto section became the Garden Press Co-operative, and the Gardenvale section became Harpell's Press Co-operative. The Toronto co-operative no longer exists.

Harpell was included among the 14 founding members (out of 165 employees) of Harpell's Press Co-operative. He acted as an advisor to the directors although he was no longer in charge, and he was elected president of the supervisory council.

Harpell sold the business to the co-operative for \$500,000. The amount was payable over 10 years in 120 equal payments. He may have had better offers, but his wish was to allow the workers to become the owners. With this act he realized his desire to establish a workers' community based on co-operative principles.

The cost to the workers was minimal. The initial membership fee was \$10, and the co-operative was able to pay the purchase price out of its profits without having to deduct money from each workers' pay. In spite of this, the majority of workers took several years to join the co-operative. Faced with the novelty of a conversion from corporation to co-operative and afraid that there might be losses, they preferred to wait and see what happened.

In 1953, Harpell terminated the repayment contract so that the co-operative paid only \$412,000 for the business. James-John Harpell died in home at Senneville on February 28, 1959 at the age of 85.

The following excerpt which he wrote in 1936 captures the spirit that inspired him throughout his life:

"When, in the twilight of one's life, one looks back over one's accomplishments, the education or the fortune one has acquired only give satisfaction if it has been used to help others. We owe people as much assistance as we are able to provide, not in the form of donations or patronage, but in a way that will encourage the maximum personal benefit to those we help. For that reason, let us preach to the young the spirit of co-operation and let us be the first to set a good example."

Today, only the press and the workers' houses remain at Gardenvale. Yet since 1945 hundreds of workers have experienced the success of worker ownership. This is the legacy of James-John Harpell.

Paul Vincent is the co-ordinator of the advisory group specializing in the conversion of firms into co-operatives, sponsored by the Québec Federation of Worker Cooperatives, 3514 Avenue Lacombe, Montréal, Québec H3T 1M2; (514) 340-6021.

(The article was translated from French by Julia Berry.)

James-John Harpell: Un pionnier de la coopération de travail au Canada

Paul Vincent

L'Imprimerie coopérative Harpell (Harpell's Press Co-Operative) est reconnue comme étant la doyenne canadienne des coopératives de travail oeuvrant dans le secteur manufacturier. Sa création est le résultat de la succession, en 1945, d'une compagnie saine, la Garden City Press, en coopérative de travail et cela à l'initiative de son principal propriétaire, James-John Harpell.

Ce qui confère un caractère particulier à cette succession d'une compagnie en coopérative, c'est qu'elle s'est produite à l'intérieur d'une petite communauté ouvrière créée au début du siècle par James-John Harpell. Il était un entrepreneur autodidacte et philanthrope, inspiré notamment par la pensée et les réalisations de Robert Owen, et par les nouvelles expériences de Cités-Jardins qui émergent à l'époque en Europe et aux États-Unis.

L'Imprimerie coopérative Harpell est située à Ste-Anne-de-Bellevue, petite municipalité de l'extrémité ouest d'Ile de Montréal. Au début de 1987, elle emploie près de 200 personnes dont environ 90% y sont membres ou membres auxiliaires. Environ le tiers de cet effectif est composé de femmes. Le chiffre d'affaires annuel de la coopérative en 1986 se situait autour de douze millions de dollars.

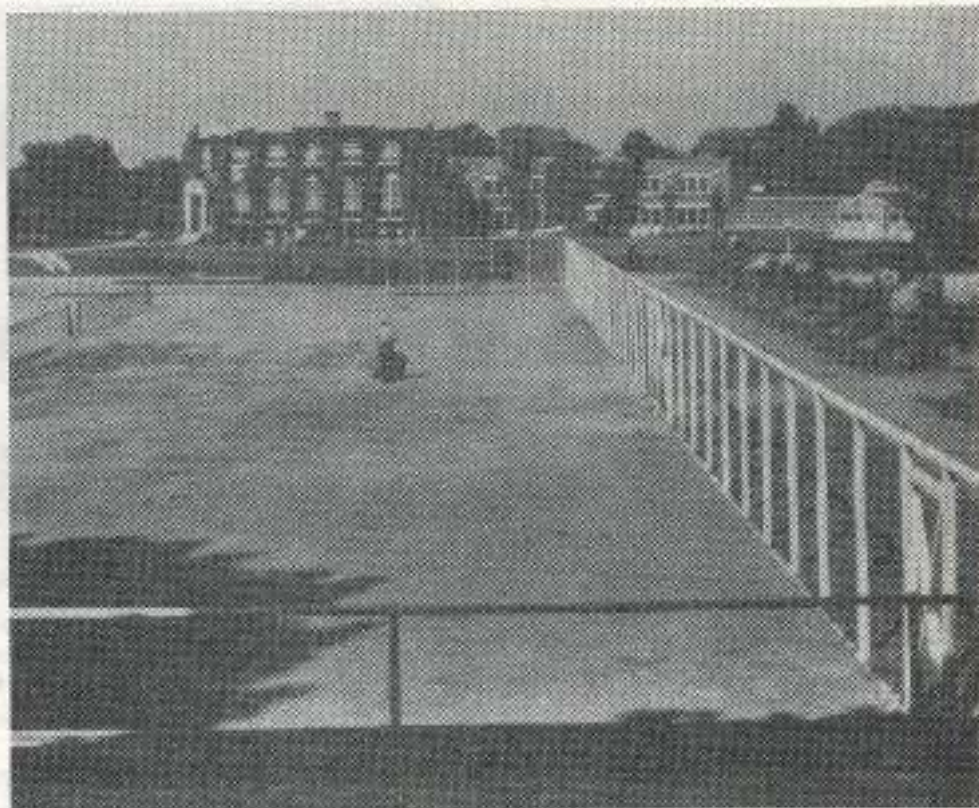
Qui était James-John Harpell?

James-John Harpell naît le 4 février 1874 à Inverary, près de Kingston en Ontario. Son père est cultivateur et c'est sur la modeste ferme familiale que le jeune Harpell grandit. Pas très attiré par l'étude, il quitte l'école à douze ans, préférant aider son père avec les travaux de la ferme.

À l'âge de quatorze ans, il trouve un emploi comme apprenti dans une fonderie. C'est sous les incitations d'un compagnon de travail plus âgé qui ne cesse de se plaindre du handicap que représente pour lui son manque d'instruction, que le jeune Harpell recommence à étudier à la maison

en dehors de ses heures de travail. En 1901, treize ans après être entré à l'emploi de la fonderie, il obtient un Baccalauréat des Arts de l'Université Queen de Kingston. Tout en continuant à travailler, il étudie le droit à Osgoode Hall à Toronto, et parfait ses connaissances en commerce et en finance de même que sur différents secteurs industriels. Il se marie en 1903 et c'est en 1907 qu'il débute, avec un ancien collègue de l'Université Queen, ses activités dans le domaine de l'édition.

En 1909 et 1910, J.-J. Harpell, effectue un séjour de 13 mois en Europe où il visite plusieurs centres industriels. C'est



*Garden City Press dans les années 1920. Les courts de tennis.
1920s view of Garden City Press with tennis courts in the foreground.
(Reproduction: Marie Beaubien)*

au cours de ce voyage qu'il prend contact avec le concept et les expériences des "Cités-Jardins", cités ouvrières qui se développent alors en Europe ainsi qu'aux Etats-Unis. C'est en s'inspirant de ces modèles de cités-jardins qu'il mettra sur pied, dix ans plus tard, en collaboration avec d'autres associés, la petite communauté ouvrière de "Gardenvale" à Ste-Anne-de-Bellevue.

Gardenvale: une communauté ouvrière

À son retour d'Europe en 1911, J.-J. Harpell et ses associés ajoutent aux activités d'édition celles de l'impression en achetant une première machine fondeuse de lignes-blocs Linotype qu'ils installent dans un petit atelier de

Toronto. En 1913, un établissement de la compagnie est ouvert à Montréal, et dès 1914 J.-J. Harpell songe à concrétiser dans la région de Montréal son projet de création d'une communauté ouvrière fondée sur le modèle des Cités-Jardins.

C'est en 1919 qu'est créée la Garden City Development Company. Le but de cette société est en effet "d'aider les personnes liées à la Garden City Press à construire et posséder leur propre maison sur la base de la co-propriété. Elle a aussi un intérêt et veille à la réalisation et au développement de la communauté, par la construction de rues, trottoirs, boulevards, parcs, terrains de jeux, terrains d'école, égouts, système d'aqueduc et d'électri-

fication souterraine, etc."

En 1923, vingt-trois domiciles sont déjà construits sur l'avenue Garden City. La petite communauté est dorénavant connue sous le nom de Gardenvale. Projet fondé sur l'autofinancement, la communauté ouvrière de Gardenvale assumera elle-même, pendant plus de vingt ans, toutes les dépenses liées à sa création et à son développement.

Formation professionnelle et éducation permanente

Les dimensions liées au volet éducatif du projet de communauté ouvrière se concrétisent à partir de 1922, d'une part par la mise en oeuvre d'un programme structuré de formation professionnelle à l'intérieur de l'imprimerie Garden City Press, mais également, d'autre part, par la création de l'Institut des arts industriels, organisation sans but lucratif ayant comme mission de promouvoir l'éducation permanente chez les travailleurs. Cette formation s'adresse alors non seulement aux membres de la communauté ouvrière, mais également à d'autres travailleurs à l'échelle du pays. Pour atteindre cet objectif, l'Institut des Arts Industriels conçoit, en collaboration avec des associations industrielles, des cours par correspondance. Elle favorise également l'édition et la diffusion de livres et de revues scientifiques, économiques et de vulgarisation à l'intention des travailleurs et de leurs familles.



Quelques maisons sur l'avenue Garden City construites à l'intention des travailleurs au début des années 1920.

Homes constructed for the workers of Garden City Press in the early 1920s. (Photo: Marie Beaubien)

La transformation des établissements de la Garden City Press en coopératives de travail

La possibilité que l'imprimerie Garden City Press devienne la propriété de ses travailleurs est déjà concrètement envisagée par J.-J. Harpell plus de dix ans avant la transformation effective de l'entreprise en coopérative. Il écrit, en 1934:

"Le contrat que nous élaborons, pour passer la propriété et le contrôle de Garden City Press, des actionnaires à ceux qui ont été à l'emploi de Garden City Press pendant au moins dix ans, a pour but d'assurer la permanence et la stabilité de cette entreprise. L'ambition de tout être humain n'est-elle pas d'avoir une voix dans la propriété et le contrôle de l'entreprise à laquelle il consacre ses activités et de posséder une maison à lui?"

Au milieu des années 1930, des cours sont donnés aux employés de l'entreprise sur les principes et la pratique coopératives. Entre 1935 et 1945, quelques coopératives sont créés à l'intérieur de la petite communauté ouvrière: en 1935, la coopérative "Arts et Métiers de Gardenvale", en 1936, la Caisse populaire de Gardenvale, etc.. Pour intégrer encore davantage la petite communauté ouvrière sur le modèle coopératif, il manquait un élément important, soit la propriété et le contrôle par les travailleurs de l'entreprise, cette dernière étant le principal moteur économique de la communauté.

Dès 1939-1940, J.-J. Harpell explore les moyens appropriés



*Garden City Press au début des années 1920.
Garden City Press in the early 1920s.
(Photo: Marie Beaubien)*

pour transformer les deux établissements de la Garden City Press, celui de Toronto et celui de Gardenvale, en coopératives. C'est en 1945, à l'âge de 71 ans, qu'il concrétise son projet.

L'établissement de Toronto devient la Garden City Press Co-Operative et celui de Gardenvale devient The Harpell's Press Co-Operative (L'Imprimerie coopérative Harpell). La coopérative formée à Toronto n'existe plus aujourd'hui.

Lors de la formation de la Harpell's Press Co-Operative, J.-J. Harpell compte parmi les 14 membres fondateurs (sur environ 65 employés) de la coopérative. Il ne travaille plus dorénavant

dans l'entreprise, mais il continue néanmoins d'apporter de précieux conseils aux dirigeants de la coopérative. Absent du Conseil d'administration de la coopérative, il est cependant élu président du Conseil de surveillance.

C'est une entreprise moderne et en excellent santé financière que J.-J. Harpell cède pour 500 000\$ à la coopérative, ce montant étant payable sur dix ans en 120 versements égaux. Il est rapporté que des offres d'achats très supérieures au prix de vente réclamé à la coopérative lui ont été proposées par des éditeurs et des imprimeurs. Mais la volonté de J.-J. Harpell était de permettre

aux travailleurs de son entreprise d'en devenir collectivement les propriétaires et d'en exercer le contrôle. Par ce geste, il concrétisait encore davantage sa volonté de contribuer à la réalisation d'une communauté ouvrière fondée sur un mode d'organisation et de fonctionnement coopératif.

Dans les faits, les conditions de la transaction n'ont exigé qu'un investissement symbolique de la part des travailleurs désirant devenir membres de la coopérative. En effet, la part sociale d'adhésion est alors fixée à 1,00\$, le membre devant également déboursier un droit d'entrée de 10,00\$. C'est donc par l'intermédiaire de ses surplus d'opérations que la coopérative paye le prix d'achat de l'imprimerie, chaque travailleur, membre ou non-membre, continuant à recevoir sa rémunération habituelle.

Malgré toute l'éducation coopérative recue, la majorité des travailleurs de l'entreprise mettent quelques années à adhérer à la coopérative, c'est-à-dire à surmonter leur méfiance vis-à-vis de cette transformation en coopérative. Face à ce geste pour le moins inhabituel de cet entrepreneur, d'ailleurs encore rare de nos jours, plusieurs travailleurs craignaient voir là un traquenard où ils seraient à coup sûr les perdants, et préféreraient attendre et voir ce qui allait se produire.

En 1953, J.-J. Harpell soulage la coopérative de la responsabilité de payer le solde du prix de vente de l'entreprise. La coopérative aura finalement payé 412

500,00\$ l'imprimerie et tous les autres actifs s'y rattachant.

James-John Harpell s'éteint dans sa résidence de Senneville le 28 février 1959 à l'âge de 85 ans.

Cet extrait d'un texte qu'il a écrit en 1936 illustre l'état d'esprit et l'orientation qui ont animé cet homme au cours de sa vie:

"Quand, au soir de la vie, l'homme jette un coup d'oeil sur l'oeuvre accomplie, l'instruction ou la fortune acquises ne lui donnent de consolation qu'en autant qu'il s'en est servi pour aider les autres. Tant que nous en sommes capables, nous devons cette assistance, non pas sous forme d'aumônes ou de patronage, mais d'une façon qui développe chez ceux que nous aidons le maximum d'effort personnel: pour cela, prêchons, surtout à la jeunesse, l'esprit de coopération et soyons les premiers à en donner l'exemple."

Aujourd'hui, à part l'entreprise et les maisons construites à l'intention des travailleurs, bien peu de traces subsistent de ce que fût la communauté ouvrière de Gardenvale entre 1919 et le début des années cinquante. Il n'en reste pas moins que depuis 1945, année de la création de la coopérative et de la retraite de J.-J. Harpell, plusieurs centaines de travailleurs et de travailleuses ont, en tant que membres de la coopérative, dirigé et contrôlé avec succès les destinées de cette entreprise qui est collectivement leur propriété. Par ce résultat, un des principaux buts que s'était fixé James-John Harpell a été atteint.

Paul Vincent est le coordonnateur du Groupe conseil spécialisé en transformation d'entreprises saines en coopératives de travail, parrainé par la Fédération québécoise des coopératives de travail. Il est situé au 3514, avenue Lacombe, Montréal, Québec H3T 1M1; (514) 340-6021.

Sur l'Imprimerie coopérative Harpell, le lecteur peut se référer aux deux ouvrages suivants de l'auteur: L'histoire d'une communauté ouvrière et d'une transformation d'entreprise en coopérative de travailleurs: L'Imprimerie coopérative Harpell (Montréal, Centre de gestion des coopératives, École des Hautes Études Commerciales, Cahier S-85-2, 1985, 33 p.); et La régulation des changements technologiques dans les activités de préparation de l'Imprimerie coopérative Harpell: une étude comparative (Montréal, Université de Montréal, École de Relations Industrielles, mémoire de maîtrise, 1985, 2 tomes, 506p.)

Les travaux de Paul Vincent constituent une contribution majeure à l'historiographie canadienne des coopératives de travail. Au-delà du projet de la coopérative Harpell, c'est la vision d'un précurseur qu'il nous présente en exclusivité.

L'intérêt de l'auteur pour cette expérience unique n'est pas le fruit du hasard. Il habita lui-même une des maisons appartenant à l'imprimerie coopérative, son père travaillant chez Harpell depuis maintenant quarante ans. ■

The Huntsville Story

Jack Quarter

On September 4, 1941, *The Huntsville Forester*, the local paper of a small Ontario community, announced the sale of the Huntsville Trading Co. Grocery and Feed Department to its 12 employees. The frontpage headline read: "Interesting Co-operative Organization Takes Over Mercantile Business". The sale was initiated by the three owners: Morris, Abe and Israel Ginsburg.

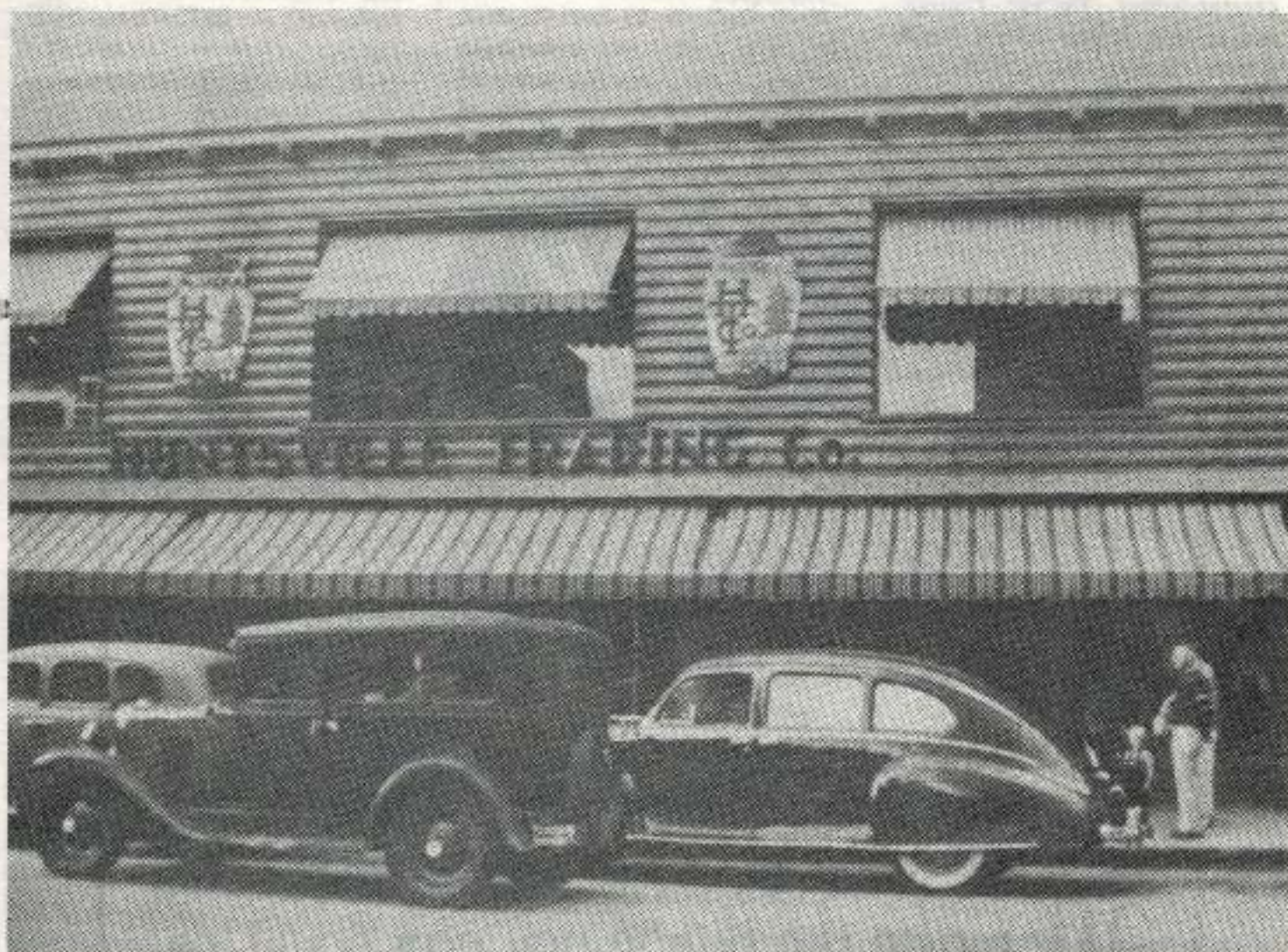
The announcement

The *Forester* story read:

"Unique, we believe in the history of mercantile business in Canada, is the venture announced this week in connection with the future operation of the grocery, fruit and meat departments of the Huntsville Trading Co. This large enterprise is now in the charge of the former employees, each of which is a director, carrying on the business co-opera-

tively with the owners, and assuming full management from September 1st. . .

"The arrangement, which is probably without precedent in Canada, was worked out some time ago. It provides that the employees shall take over the complete management of the business, under the direction of Stan Knibbs, as General Manager. . . Mr. Morris Ginsburg of the Huntsville Trading Co. will be supervising partner of the new



The Huntsville Trading Company about 1944.

set-up, but will relinquish every detail of the management to the above employees.

"The experiment is to run for one year. If it proves satisfactory, as anticipated, it will probably become a permanent change in the mercantile life of the Huntsville Trading Co. . ."

After the sale

Following the exact course of events after the sale is not easy because all the persons directly involved are dead. However, with the assistance of the *Forester's* current editor, Ev van Duuren, and several of the town's elders (Frank Giachi, Robert Gollant, Ginger Davies), the following

emerges.

The members of the co-operative did not get along, and within one year they sold their shares to the general manager, Stan Knibbs. He ran the business for a while and then sold it back to the Huntsville Trading Co. Today the grocery and feed departments no longer exist.

The rest of the Trading Co. was sold in the 1950s, and after going through a series of owners, it is a successful family operation called Flotron.

The lessons from this pioneering experiment in a 'friendly conversion' are all too familiar. In spite of well-intentioned owners, the combination of employees who were not trained

to operate a worker co-operative and existing management that was unwilling to relinquish control resulted in a quick return to conventional ownership and to traditional work relationships.

The *Forester's* concluding statement of "good wishes and success" indicated that the community was supportive of "this unique experiment". Unfortunately that support was insufficient to overcome the problems that the experiment assumed.

Jack Quarter, editor of *Worker Co-ops magazine*, can be contacted at 253 Willow Ave., Toronto, Ontario M4E 3K6; (416) 923-6641, Local 2576.■

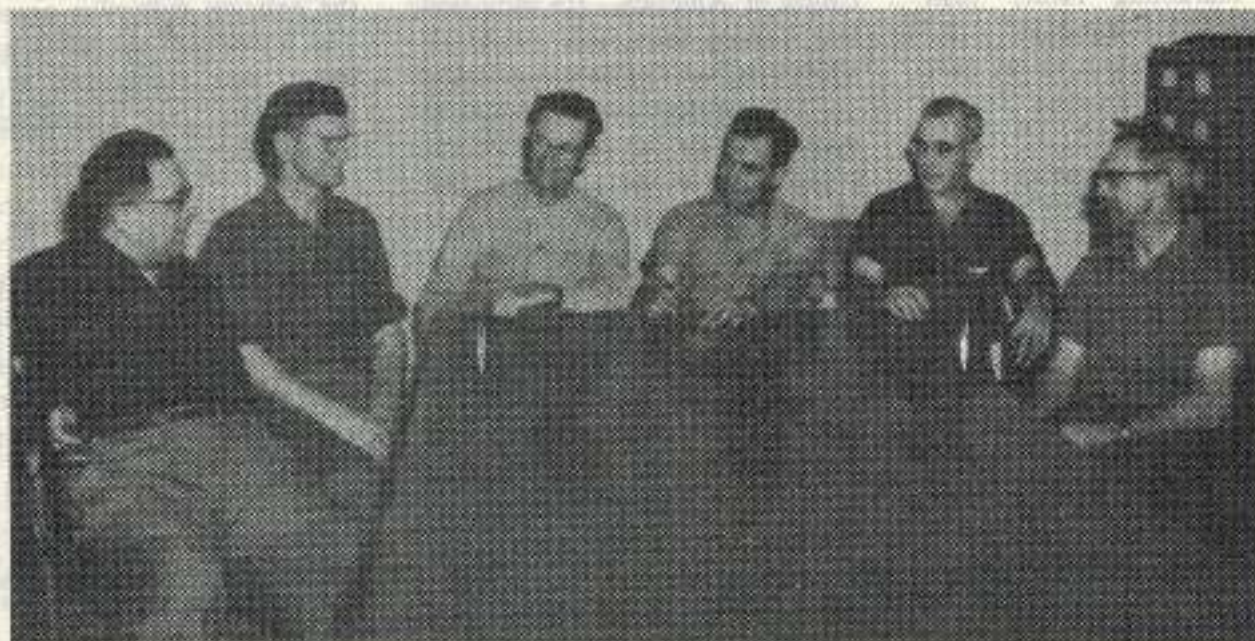


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The Milltown Experiment



Milltown Textile Co-operative Ltd., 1954. (Left to right) mill manager Philip Boell; elected board members John Donahue, Jim Coffey; union president Tom Jones; Charles Henry and Fred Williston. (Photo: The Harvey Studio, St. Stephen, N.B.)

Grant McDonald

The *Toronto Globe and Mail* of October 29, 1954 ran the following headline, "Textile Mill Closes, 12,000 Face Poverty". "Foreign competition," the story said, "has delivered a knockout blow to the cluster of red brick, textile-factory buildings at Yonder Bend in the St. Croix River where for 93 years generations... had made their living weaving."

This was the climax of a drama unfolding in Milltown, a New Brunswick community on the U.S.-Canada border. But the closure was not taken lying down, and soon a union-guided co-operative experiment was launched to salvage the mill.

The mill

Originally a lumbering community, Milltown experienced the industrial revolution in 1882 with the opening of a textile mill -- the St. Croix Cotton Manufacturing Company. Initially a project of local investors, the mill was sold to Canadian Coloured Cottons Ltd. in 1892, and the community was a very junior partner in an industry that became their economic lifeblood.

It was a big mill employing as many as 1,000 workers. They received raw cotton, spun it, carded it and then sent it to the looms for weaving. The resulting fabrics were then dyed, finished and pressed before being sent off

to larger centres for use in clothing. The mill had its own powerhouse, carpentry and machine shops. There was even some company housing.

Unlike many one-industry towns, Milltown was a union town. The mill workers had long understood how important it was to speak with one voice through their own democratic organization. For years Local 848 of the Textile Workers Union of America had had a strong presence in the plant and in the St. Croix community.

After World War Two, with the introduction of synthetic fibres, the Mill's major role in the textile trade had been reduced to the production of lining for suits,

coats and caskets along with a few plaids. In 1952 Canadian Cottons sold controlling interest in the operation to Textile Sales Ltd. of Montreal, a company with a marketing rather than manufacturing orientation. By mid-1954 employment at the mill had fallen to 300 workers.

Saving a community

When the shutdown was announced on August 20, 1954, the community rallied to prevent a permanent closure. The local paper, the *Saint Croix Courier*, covered each week's events, including talks with government officials, telegrams sent and local meetings.

The federal government was called on to impose further tariffs on textile imports and to declare an emergency situation in the Milltown area. The New Brunswick government's response was to suggest the establishment of a school that would enable unemployed mill workers to learn new trades. The mayor responded by saying "a government training program is no good for middle-aged people whose life savings are invested in their homes. What can they do?"

A joint union-town council committee was set up to discuss with Textile Sales Ltd. how to save the mill. There was talk of voluntary wage cuts and municipal property tax reductions. The union felt that wage cuts were not the answer.

In early September, at a 300-member meeting of the union, a plan was unveiled for the

workers to take over the mill and run it as a co-operative. The idea was conceived by John Whitehouse, Canadian Director of Education of the Textile Workers Union of America. He indicated that Textile Sales Ltd. would be willing to consider the proposal.

The workers were confident they could do it. As Bill Booth, a president of the co-op, stated: "It was not [our] fault. . . that things had been going downhill. The co-op idea was appealing because we felt we had the expertise to make the plant work."

The project would have Textile Sales Ltd. first lease the mill intact for a nominal sum to the co-operative and then merchandise the mill's output on a commission basis. The union, with the help of Whitehouse, Alex Laidlaw of St. Francis Xavier University in Antigonish and staff from Maritime Co-operative Services in Moncton, developed a detailed proposal.

The Milltown Textile Co-operative Ltd. received its charter in late October, 1954. It was agreed that every worker would purchase forty \$5-shares, payment for which could be deducted from his or her pay in small amounts. A manager was hired and reported to the Board.

Negotiations took place between the co-op and Textile Sales, and a trial agreement was signed on November 1, 1954. It specified that the co-op would use raw materials supplied by Textile Sales and would commit all its production to them. The

Company agreed to try to maintain a minimum level of orders.

On the same day, an agreement was signed between the co-op and the union that accepted the existing collective agreement. The agreement included amendments that recognized a closed shop and the elimination of piecework.

Together we can make it

A month after the closure, the looms started up. Within weeks, 450 workers were back on the payroll. Running the mill as a co-operative meant a number of changes. In particular, there were far fewer office jobs because the foremen were made responsible for record keeping. Bill Booth remembers:

"We had to get efficiency up so we started posting weekly notices on which departments were dragging and which were ahead. Boosting production became a game with departments competing against departments."

The co-op not only managed a high level of production, but it also accompanied this with an increase in wages. "The Union was an integral part of the co-op," Whitehouse recalls. "When the mill re-opened, the union continued to function as usual. Only now, following the regular meeting of the local, the membership reconvened as a meeting of the co-operative."

With only 12 months under its belt the co-op was being billed as a "glowing testimonial to the determination, imagina-

tion, efficiency and workmanship of . . . the Milltown workers."

The bubble bursts

Things were going fine until May, 1957 when Textile Sales notified the co-op that the company's creditors were demanding repayment of \$5-million in loans and that the mill would have to be sold. The co-operative could not come up with the money to purchase the assets. Worse still, there were no buyers. The mill was sold piece by piece. A few years later it was demolished.

The Milltown co-op was an experiment doomed to fail because it was the victim of forces beyond its control, forces which could not be overcome by co-operative principles alone. The ability to provide efficient production was not enough to ensure survival in an economy dominated by advertising, high finance and monopoly control over both markets and raw materials.

The closing of the Milltown plant was part of a larger trend which saw consolidation within the textile industry and the transfer of production to other parts of the world. The co-op was just one of hundreds of such mills that were shut down in New England and Central and Eastern Canada. It didn't stand a chance.

The author is indebted to John Whitehouse, Bill Booth Jr. and Mrs. Alpha Wilson for their help. Grant MacDonald is an adult educator at Henson College, Dalhousie University, Halifax, Nova Scotia B3H 3J5; (902) 424-2526. ■

Matador

Co-operative farming as worker co-op

George Melnyk

"We believe that in pooling our individual grants in a co-operative farming enterprise we can, by working together and with sound management, overcome many of the disadvantages which beset the young farmer struggling to become established under conditions which now prevail, with relatively high costs of farm machinery, building materials and livestock. Higher incomes and greater security for the individual is our aim."

With these brave words, a group of 17 war veterans launched, in 1946, Saskatchewan's most successful venture in co-operative farming. In the 41 years since the co-op began, the

10,000 acres on the windswept plains overlooking the coulees of the South Saskatchewan River valley has become a mecca for those who believe that farming can be carried on as a worker co-operative.

The co-operative farm is the agricultural equivalent of a worker co-op, just as the huge corporate farm -- with its armies of workers -- is the equivalent of a factory.

In 1945, co-op farms were established in Saskatchewan by Canada's first CCF government. Used primarily as a rehabilitation project for returning war veterans, these co-operatives were managed democratically by their members who worked the land



Spring '80
Preparing for seeding
Saskatchewan
Archie

and lived on the farm. The worker-owners paid themselves wages, allocated vacations and established pension plans and health-benefit programs just the way members in any worker co-op would. The co-op also built homes on the farm for its members, and in the case of Matador also provided a co-operative store and a school. In 1952, six years after its founding, Matador had 63 residents. Thirty years later 40 people still lived there.

The Saskatchewan experiment

Saskatchewan has had a long history of consumer and marketing co-operatives. The "complete type" co-operative farm was a new concept that allowed farmers to pool their operations by sharing machinery, grazing-pasture and other aspects of farming. The co-operative farm was a total co-operative community with ownership, management and production based on co-operative principles.

Between 1945 and 1952, co-operative farms increased in number to 27 and their membership to 262, with a total population of about 1,000. The excitement over co-op farms in the 1940s was such that in 1947, on the first anniversary of the founding of Matador, 3,000 people -- including the Premier and numerous Cabinet ministers -- came to the farm for a celebration.

Unfortunately, the interest tapered off, and though some co-op farms remain, the movement is more or less moribund. Nevertheless, the story of Matador provides insight into how co-op

farms can meet the challenge of corporate farming in an environment in which the family farm is no longer viable. Its history shows how co-op farms face the same issues as worker co-ops.

The land tenure problem

In a co-op farm land -- the main value of the business -- is the equivalent of equity. The veterans at Matador were allowed \$2,320 in grants under the Veterans' Land Act, but they were not allowed to pool these grants to farm co-operatively. So the new CCF government advanced them the funds until such time as the federal regulations changed. (They did in 1948, and the co-op repaid the loans.) The province also allocated to each member of the co-op 480 acres on a 33-year lease with an option to purchase in 10 years. So the main equity of the operation was initially owned by the government, and then it was up to individual members if they wanted to keep "their" land in the co-op. The

Matador co-op tried to get around this ownership provision, insisted on by the federal government, by having the provincial government agree to provide an equivalent parcel of land should a member leave.

In 1956, when the 10-year period was up, three members of the Matador co-op withdrew and took their land with them. The farm was reduced to 8,100 acres. The co-op survived and developed into a successful farm operation. A 1972 article, written by Dennis Gruending for the *Saskatoon Star-Phoenix*, described the system at its peak:

"Each farmer is paid an hourly wage. Members advance themselves \$400 monthly. An hour's work draws an hour's pay, regardless of the task. Each member submits... his hours.

"Annual dividends are paid on the basis of a member's working hours for the year, and on his equity capital at five per cent. Declaration of dividends is a group decision. Each member also has \$5,000 in non-equity capi-



tal invested in the organization.

"A health and accident program exists so members will not lose any pay after the first five days of sickness. They have had a pension plan since 1950.

"The co-operative is taxed as a corporation, and each member is also taxed on his wage as a labourer. The farm is allowed to control inventories, spreading income from good years to bad."

The land bank solution

Another crisis to face Matador was the problem of how to pass its land to the next generation without saddling that generation with an enormous debt because of increasing land values. Again a social democratic government came to the rescue. In 1972 the NDP government of Saskatchewan established a land bank, which could purchase land at market value from current owners and lease it back to them or to others. Under the legislation the lease holders could stipulate that the lease be passed on to a spouse or a direct descendant.

In 1974, John Messer, Saskatchewan's Minister of Agriculture, announced the purchase of the Matador co-op farm. "This is a most important step in solving the transfer problem inherent in co-operative farm enterprise," he was quoted as saying.

The pioneers of Matador were able to retire with a handsome payment for their equity, and their descendants, who had formed a new entity called the Matador Farm Pool, were able to lease the land from the Land Bank. The retired members had the option of remaining on the



Sask. Archives Photo

Premier T.C. Douglas (right) with cabinet members (l to r) J.C. Nollet, L.F. McIntosh, T. Johnston and J.S. Sturdy at the Matador Co-op Farm.

farm. The current Matador Farm Pool has 11 members, and in the words of Lois Ross, the author of *Prairie Lives: The Changing Face of Farming*, "seems likely to survive for at least a generation just as the Matador co-op farm did."

However, the present Conservative government of Saskatchewan is making noises about dissolving the Land Bank. This would result in the land ownership/equity problem rearing its ugly head once more.

Individual benefits and collective problems

Co-op farms offer farmers the same advantages that worker co-ops offer workers. They provide them with solidarity, democratic decision-making and an environment of social justice. At Matador there have not been nor are there professional managers. The members are completely in charge. Their newly built houses (replacing 1950s homes) are large, two-storey, ranch-style and exude an air of prosperity and a contemporary standard of living.

But the co-op has had difficulty in developing non-trad-

itional roles for women, who, as spouses, are excluded from membership. As well, children are bussed to schools and no longer have a complete co-operative education. The co-op has been discriminated against in raising capital and benefitting from support programs aimed at the individual family farm. But these difficulties have not closed it down. Lorne Dietrick, a founding member and still a resident of the farm, recently expressed the feeling of the members: "We've been very successful because a good many family farms today fail to pass on their farm to the next generation."

After 41 years Matador can claim a record of longevity of which any worker co-op would be proud.

George Melnyk is currently research associate at the University of Regina and is working on the history of co-operative farming in Saskatchewan. He can be reached at P.O. Box 3683, Station B, Calgary, Alberta T2M 4M4; (403) 270-7210.■



BRITAIN

Study questions the relative efficiency of ICOM-co-ops

A recent article in the *New Co-operator* by Alan Thomas of the Open University's Co-operatives Research Unit is stirring controversy in Britain's worker co-operative movement because it questions the widely-held view that the common-ownership co-ops are more efficient than conventionally-owned small businesses.

Thomas concludes:

"1. It is not true that worker co-ops have much better survival rates than small businesses. In fact, small businesses survive pretty well -- only 6% - 11% fail each year. Until recently at least, co-ops have simply performed similarly or slightly better.

"2. Whereas small businesses are most likely to fail in their first year, co-ops appear most vulnerable in their second year.

"3. In the most recent years of our data (1983 and 1984), the failure rate appears to have gotten worse. The pattern of figures indicates this is most likely because of more 'weaker' co-ops starting since 1982 (rather than just because these were bad years for business all round or because of a larger proportion of younger co-ops)."

In a rebuttal to Thomas which the *New Co-operator's* editor, Charlie Cattell, describes as atypical for him, the following points are made:

The conventional-business failure rate used by Thomas is

based on companies which on average are somewhat larger and with higher revenues than the ICOM co-ops with which they are compared. Small partnerships and sole proprietorships were generally excluded from the conventional-business comparison group, and this exclusion inflated the survival estimates for that group.

Cattell claims that two sources -- the level of loss on loans to new enterprises and a 1984 Open University Study, "A Co-operative Approach to Local Economic Development" -- both substantiate the view that "co-ops out-perform other types of small business."

For more information, contact the *New Co-operator*, ICOM Central Office, 7 & 8, The Corn Exchange, Leeds, U.K. LS1 7BP; (0532) 461737.

Limitations of co-ops

Co-operatives are not suitable for the commanding heights of the British economy (steel, chemicals, metals, banking, insurance). That is the view of David Miller of Oxford University and Saul Estrin of the London School of Economics in a recently published Fabian Society pamphlet.

The authors argue that while co-operatives have an important role to play in the British economy, they "do not adapt well to technological change" and are ill-suited to making "hard decisions about capital and labour restructuring." Also, the small size of British worker co-ops makes it difficult to spread financial risk through diversification.

Order "Market Socialism: Whose Choice?" from the Fabian Society, 11 Dartmouth St., London, U.K. SW1H 9BN. (£1.50.)

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Around the World

Trade union pay rates in worker co-ops

The following editorial is reprinted from Britain's Co-operative News, Progress House, Chester Road, Manchester M16 9HP; (061) 872-2991.

"Worker co-operatives have often been met with suspicion and antagonism from trade unions and even supporters of the traditional retail movement on the grounds that they were paying wage rates which would undermine gains made by the unions.

"For this reason, co-operatives have been heard to refer disparagingly to 'room and kitchen' co-operatives, ignoring the fact that societies which later became very successful were originally set up in not very dissimilar circumstances, as a visit to the Toad Lane Museum will show.

"In an effort to overcome this problem, Hackney Co-operative Developments have decided that the co-operatives they work with should pay at least £3 per hour, a not over-generous sum, particularly in the London area. So that co-operatives are not over-burdened in their initial development, they have agreed that, where the co-operatives choose to use the money in order to establish the business, the wages will appear on the books as deferred payments.

"They will not regard as potentially viable co-operatives which are unable to pay trade union rates within three years of trading.

"HCD is to be commended on its decision, which should do much to remove trade union antagonism. Too often, people who work for 'working class' organizations are expected to go for rates which people loosely connected with the organization would find unacceptable for themselves. A love for the organization for which one works is a fine motivation, but no one can live by love alone."

Convert grocery co-ops to worker ownership: report recommends

In the face of threatened closure due to financial problems, hundreds of small grocery co-ops in Britain are being advised to convert from consumer to worker cooperatives and to operate as either "Late Late Supershops" or "convenience" stores.

These recommendations are included in a report by Johnston Birchall, a research fellow at the Institute of Community Studies. In a frontpage story in Britain's *Co-operative News*, Birchall is quoted as follows:

"The next task must be to bring together the Late Late Supershop team, the local Co-operative Development Agency, and a group of people willing to take on a franchise as a genuine worker co-op. In this way, both economic and social goals could be made compatible, and we could have found a replicable model on which to build the future of co-operative retailing."

Birchall's report, "Save our shop -- the fall and rise of the

small co-operative store", is published by Holyoake Books, Holyoake House, Hanover Street, Manchester, U.K. M60 0AS (£9.95 + 65p postage).■

...

SCOTLAND

The Scots, it would appear, are trying to base their worker co-operative infrastructure on the Mondragón system. The *SCDC News* reports that "The Co-operatives Venture Capital Fund is the first of its kind in Britain to be developed as a variant of the co-operative banking system operated by the Caja Laboral Popular". Using its reserves, the Fund either makes loans or invests in non-voting shares of co-operatives.

It is also reported that the *SCDC's* Alex Smith has contacted British cabinet minister Kenneth Clark, who recently visited Mondragón "with a view to exchanging ideas on the creation of a similar scheme in Scotland."

"The minister was clearly impressed, . . . and accepted that both a research fund and a venture capital fund were the essential prerequisites of a Mondragón-style development in the U.K. The minister promised to consider the matter carefully, and there is some hope that an experiment will be established somewhere in the U.K."

For more information contact the *SCDC*, Templeton Business Centre, Bridgeton, Glasgow G40 1DA; (041) 554-3797.■

Around the World

MONDRAGÓN

Continued growth

At year-end 1986, deposits in the Caja Laboral Popular, the financial arm of the Mondragón worker co-operatives, reached the equivalent of \$1.7-billion (Cdn), a 17.6 per cent increase from 1985. Surplus earnings for the fiscal year were about \$30-million, and the bank's investments increased by 28 per cent.

During 1986 the CLP opened nine new branches, bringing the total to 174. 1986 was also a good year for the worker co-operatives associated with the CLP. Total sales increased by 13 per cent to the equivalent of \$1.6-billion, exports increased to \$330-million and about 506 new jobs were created.

According to *Lankide*, the publication of the Mondragón group, "the most positive feature of the year's business has been the increased cash-flow which has permitted increased investments."

FAGOR, the Mondragón group's giant appliance manufacturer, also had a successful 1986, increasing its sales by ten per cent to \$480-million (Cdn). About 34 per cent of FAGOR's sales revenue came from exports.

Much of FAGOR's current performance is attributed to a major investment of \$120-million in new technologies such as robots, automated systems and lasers. The company was able to sustain these investments without any loss of jobs.

New institute

The Mondragón group is planning to open an Institute for Industrial Design this year. The emphasis on industrial design comes about because of increased competition in the marketplace. With the support of the Caja Laboral Popular, Mondragón co-operatives have laid the basis for this institute by sending students overseas to study.

In the past, industrial design has been done outside of the Mondragón system, but problems such as high costs and poor communications have led to the creation of the new institute.

Exports a priority

With its increased emphasis on establishing foreign markets, the Mondragón co-operatives had a display at the Fourth International Trade Exhibition in Havana. Fidel Castro -- his beard unaffected by CIA-defoliants -- visited the Mondragón display.

Onalan Group

One of the Mondragón co-operatives which depends heavily on foreign markets is the Onalan Group. Started in 1961, this 630-member co-operative consists of two subgroups -- ENARA specializing in the manufacture of products for refineries, chemical and nuclear plants, and ULMA specializing in the production of scaffolding, equipment

for greenhouses and machinery for the bakery industry.

With sales in 1986 of about \$50-million (Cdn), the Onalan Group relies heavily on exports to the Common Market, North America, the Middle East, Japan and Scandinavia. The Onalan Group sees its future in increased modernization. About 35 members have been classified as surplus labour and have been transferred temporarily to other co-operatives.

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

(Translated by Gabriella Lopez.)



In the distance: the head office of the Caja in Mondragón.

Around the World

UNITED STATES

Frank Adams

NCEO

The National Center for Employee Ownership, which promotes both worker-owned production co-operatives and employee stock option plans (ESOPs), recently moved its principal office from Arlington, Virginia to 426-17th St., Ste. 650, Oakland, California (94612). It also opened an office in Bethesda, Maryland. Corey Rosen, NCEO founder, said that the move was made largely because of staff preferences, but added, "the San Francisco Bay area . . . is where much of the current impetus for employee ownership in the U.S. was started. Our location near two major universities, Berkeley and Stanford, plus our proximity to a large number of employee-ownership consultants makes this an excellent location. Our Washington office will keep us in touch with developments there."

Federation of taxi co-ops

Three worker-owned taxi companies have formed the National Alliance of Taxicab Co-ops, Inc., a second-level co-operative aimed at helping its members save money on purchases of vehicles, insurance and repairs.

Founders of the Alliance are Union Cab of Madison and Sacramento's Capitol City Co-op Cab, both with 40 members, and Denver's Yellow Cab, with 400 drivers.

Co-operator remembered

C. George Benello, one of the first Americans to promote the idea of worker ownership, died February 19, 1987, in Cambridge Massachusetts. He was 60.

Benello founded the Federation for Economic Democracy in the early 1970s with chapters in major university centres. Two surviving chapters evolved into the Philadelphia Association for Cooperative Enterprise (PACE) and the Industrial Cooperative Association (ICA), both of which continue to play important roles in promoting worker ownership. In addition, Benello founded *Changing Work*, a quarterly publication devoted to analysis of the growing efforts to free up rigid workstyles.

Benello had a varied academic career. He earned a bachelor of arts from Harvard University and a master of arts

in literature from San Francisco State University, where he later taught economic theory of co-operation, logic and literature. He also taught at Goddard College, Sir George Williams University and Hampshire College.

He co-authored with Dimitrios I. Roussopoulos, editor-in-chief of Black Rose Press in Montreal, one of the first theoretical works in English on worker-ownership and democratic participation.

Benello was also an ardent peace activist and, with another protestor, sailed a trimaran, the *Everyman II*, into the Johnson Island test zone in the South Pacific, stopping for six weeks an American nuclear test.

A memorial service was held February 22 in Cambridge, attended by two sons and several dozen friends.

PACE

PACE continues to focus energies in the food industry. Staff members are working with lobster fishers in Boston who are trying to buy a warehouse for a processing and distribution center. In Pittsburgh, PACE is working with the United Food and Commercial Workers, Local 23, and others, in an attempt to set up a distribution and processing center. In addition, PACE has targeted a store in Reading, Pennsylvania to become, in 1988, the sixth O&O retail co-operative.

Austin, Texas

The Wheatsville Breeze, the house publication of a food co-operative by the same name in Austin, Texas, recently reported on some of Austin's newest worker-owned companies:

"Two prominent companies in Austin, Ginny's Printing and Copying and Futura Communications . . . were sold to their employees. . . Pots and Plants, on the other hand, a plant and garden supply center . . . was designed as a worker-owned business."

Around the World

Seymour Speciality

Worker-owners at Seymour Speciality Wire in Seymour, Connecticut, elected three additional rank-and-file union members to the nine-member board of directors, giving blue-collar workers voting control of the company. The election, held February 21, was the second at the 240-member company. In the first election, managers were a majority on the board, which also has two outside members. Thus, Seymour becomes one of the first American ESOPs in which union members have effective control.

ICA activities

Cab drivers in Portland and Brooklyn are considering the formation of co-operatives and are working with the ICA on those efforts. Other current ICA projects include assistance to the State of New York in establishing the New York Center for Employee Ownership and Participation, a technical-assistance office spawned by state legislation, and assistance with startup or buyout efforts in Illinois, Alabama, Ohio and New York City.

The ICA is also field testing its educational materials in California, Ohio and North Carolina. These materials are based on the highly successful use of small study groups pioneered by Scandinavian unions. The Bricklayers' International Union has used similar materials in recent months to increase member participation in union decision-ma-

king; ICA has helped Local 1 in Birmingham, Alabama, found Jefferson Masonry, a worker co-operative that does commercial masonry.

Zimbabwean scholar

Taka Mudariki, a Hubert H. Humphrey Fellow from Zimbabwe, has been at the University of Pittsburgh studying the relationship between education and worker-ownership. Mudariki has helped found nine schools in Zimbabwe which emphasize co-operative studies. Eight of them are for young adults whose academic lives were interrupted by the long liberation struggle. The ninth school has been set up for young veterans of the guerilla war. On average, each secondary school has 1,000 students.

Fellowship

The Oberlin (College) Student Co-operative Association is looking for a Resident Fellow to do research on co-operatives for the 1987-88 academic year. A stipend of between \$8,000 and \$10,000 plus an apartment are offered. For more information write OSCA, Wilder Hall, Box 86, Oberlin, Ohio 44074.

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

AUSTRALIA

Queensland Senator Margaret Reynolds states that when Australia's Labour Government was last elected "there were some very encouraging statements about workers' co-operatives." A "new enterprise" program was developed by the government, but monies from it have flowed primarily to conventionally-owned small businesses.

Senator Reynolds is quoted in the *Co-operative News* as stating that "small business in Australia is antagonistic to anything related to co-operatives and particularly to women's co-operatives."

Queensland, Australia's most conservative state, requires that co-operatives be incorporated through the Companies Act.

Nevertheless, Senator Reynolds, who has just completed a European tour, is determined to see policy changes occur that will encourage more worker co-operative development in Australia.

Local employment initiatives national clearinghouse

The Work Resources Centre, based at the Australian National University in Canberra, is establishing a National Clearinghouse on Local Employment Initiatives (LEIs). This project is being funded, initially for twelve months, by the Commonwealth Department of Employment and Industrial Relations on the advice of the National Advisory Group on Local Employment Initiatives.

Interest in the potential of local employment initiatives has grown in recent years with the increasing recognition that the current social and industrial changes in most westernized societies are not temporary phases but are symptomatic of fundamental structural change, stemming in part from rapid technological developments. Such change is already affecting the nature and patterns of work and the role of individuals in the productive life of the society. Local employment initiatives need to be considered as one of the measures which can be taken, not simply to relieve unemployment in the short-term, but to contribute to a more stable and adaptable society in the longer term.

The Clearinghouse aims to stimulate and sustain the spread of interest and activity in local employment initiatives in Australia. It plans to collect comprehensive information (reports, LEI case studies, research into and analysis of issues, trends and developments) from Australian and overseas sources, and will disseminate the information via a quarterly magazine and a set of abstracts. It will also establish a national data base on LEI material, accessible through AUSINET.

To receive Clearinghouse materials or to contribute to the development of its services, contact **Catherine Blakers, Director (Bibliography), Work Resources Centre Inc., F Block, Kingsley St., GPO Box 4, Canberra, ACT 2601; (062) 494484.**



Egged: Israel's largest public transportation co-operative.

ISRAEL

Two co-ops in one

Financing has been a major problem for the Israeli worker co-operative movement, in part because triple-digit inflation over the past decade has made all financing highly speculative. The worker co-operative association's economic advisor says that the current annual inflation rate of 18 per cent "has made it easier for worker co-operatives to plan and to recruit members".

To deal with the problems of financing, the worker co-operative association has created an innovative model at the Achdut bakery co-op in Tel Aviv. This 30-member worker co-operative is incorporated as two co-operatives.

The operations are owned in total by the members of the co-operative, each having one voting share. The fixed assets (equipment, land) are incorporated as a second co-operative, 60 per cent of which is owned by the central association and 40 per cent by the members of the bakery co-operative. The members of the bakery co-operative have the option of buying out the central association as capital becomes available.

This model has proved so successful that a second Achdut bakery now has been opened in Haifa. With a reduced debt load in the start-up of the business, the members of the Achdut bakeries have been able to invest more in the development of the business.

Around the World

ZIMBABWE

OCCZIM

The Organization of Collective Co-operatives in Zimbabwe (OCCZIM) is currently negotiating mutual assistance agreements with its sister organizations in Saskatchewan within the agricultural and industrial sectors. Contact has also been made with indigenous peoples groups which are particularly interested in the organization of literacy and membership education programs by Zimbabwe's worker co-operatives. Two training consultants, with the movement since 1984, have been asked by OCCZIM to investigate similar interests on the part of worker co-ops in other parts of Canada during the next few months. The two will likely be visiting western and eastern Canada later this year to speak with co-operators about the Zimbabwe collectives.

Contact Bibiana or Steve Seaborn at 124 Glen Ave., Ottawa K1S 3A2; (613) 237-5357).

ECUADOR

This small country on the west coast of South America is a nation of co-operatives. One person in four belongs to a co-operative, and it is estimated that 25 per cent of the country's economy is run by co-operatives -- primarily credit unions, housing, transportation and deep-sea fishing co-ops.

In this country of high mountains, lush jungles and deserts, truck, bus and taxi co-operatives are the primary methods of transportation.

Credit unions take an active role in financing other forms of co-operative development and some provide community aids such as libraries, medical and funeral services, and high school equivalency courses. One major credit union insists that each applicant for a loan take a course on co-operation prior to the loan's approval.

(Abstracted from the Co-operative News, Progress House, Chester Rd., Manchester, U.K. M16 9HP; (061) 872-2991.)

OUR TIMES

IN ITS FOURTH YEAR OF publication Our Times, published by a unionized co-operative, is a monthly magazine that provides an interesting and informative view of the progressive trade union movement in Canada and abroad. Read what union and community activists think and do — feminism, democracy, labour, culture . . . just some of the issues found in Our Times. Make it your times. . .

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NATIONAL

Photographic Exhibition

The National Museums of Canada has launched a major photographic exhibition on Zimbabwe's 850 collectively-owned and run co-operatives. (See *Worker Co-ops* 5/3.) Drawing upon the work of Canadian photo-journalist Bruce Baton, who was hosted in 1985 and 1986 by the Organization of Collective Co-operatives in Zimbabwe, the 48 frames of *Another Battle Begun* include the words of co-operators in a bilingual text, 42 images and an introduction to the five-year old worker co-op movement in

that country. Together these provide what one journalist has called, "a powerful documentary of the vitality of the collective movement in this southern African country."

The exhibit (48.7 linear meters) is available on loan from the Canadian Museum of Contemporary Photography, 18 Goldenrod St., Tunney's Pasture, Ottawa K1A 0M8, for one-way shipping costs. Preview slides and further information are available from CMCP (613) 990-8263 or Steve Seaborn (613) 237-5357.■



"Collectives cannot and should not struggle alone. We require the support of all forces, all those who support the idea of co-operation and economic transformation. We need friends to throw their weight behind us." - Member, construction collective

From: *Another Battle Begun*, a Photo Exhibition on Zimbabwe's Collective Co-operative Movement.■

B.C. DESK

Melanie Conn
Dana Weber

Training co-op women

A six-month program to train women both for employment in the co-op sector and for the establishment of new co-op enterprises began March 23 at Douglas College in New Westminster. "Co-operative Employment for Women" is funded by Canada Employment and Immigration as a job re-entry project.

The program involves institutional training and on-the-job experience in a worker co-op, a consumer co-op, a co-op housing resource group or a credit union.

All 20 participants will be trained in basic computer skills. Some women will receive further training in computer technology and graphics; others will take courses in food management and merchandising.

The women will also receive training in co-operative legal and management structures, start-up financing, feasibility assessment, decision-making and membership, both in class and first-hand at their work placements.

It is expected that some women who complete the training may start co-op businesses, thereby building on the skills and information they have gathered.

For more information contact Melanie Conn or Rita Chudnovsky, Douglas College, P.O. Box 2503, New Westminster, B.C. V3L 5B2; (604) 520-5473.

Across the Nation

Co-op Act changes may ignore worker co-operatives

B.C.'s Co-operative Associations Act will receive its first major overhaul in more than 30 years this spring, but worker co-ops may be overlooked in the new legislation. Revisions to the Act are proceeding primarily in response to submissions and suggestions from the co-op sector, but so far the province's Superintendent of Co-operatives has received none from worker co-operatives.

According to Ross Gentleman, Supervisor of Co-operative and Government Relations in the Superintendent's office, "worker" or "employment" co-ops will likely be defined in the new Act, but no major provisions for these types of co-ops are planned.

Nevertheless, Gentleman says some proposed changes should please worker co-ops. Amendments now on the drafting table will allow co-ops to issue different classes of shares, including preferred shares and subordinated debentures. This will enable worker co-ops to raise equity-capital more easily from outside their (often small) memberships without relinquishing voting control to non-workers. Higher debt to equity ratios should, in turn, mean an enhanced capacity to borrow from conventional lenders. Inflexible share provisions in the current Act may be one reason why some worker-owned firms in B.C. have chosen to incorporate as companies rather than true co-ops.

Despite these changes, the legislation could continue to present some difficulties for worker co-ops on such issues as the definition of "patronage". For worker co-ops patronage is usually based on hours worked -- a definition not included in the legislation. Confusion around this issue has led at least one large worker co-op to pay out surpluses in proportion to capital invested rather than hours worked. This practice violates co-operative principles.

Although B.C.'s worker co-ops may be too late to get in on the present redrafting of the Co-op Act, Gentleman says he can accept submissions for amendments at any time. "If there are constraints [in the legislation] we want to amend them," he said.

Still, the missed opportunity may be one good reason why B.C.'s existing worker co-ops should be working together more closely on issues of common concern.

Late or not, co-ops or other interested parties with legislative suggestions can send them to: Ross Gentleman, Supervisor of Co-operative/Government Relations, Superintendent of Co-operatives, 865 Hornby Street, Vancouver, B.C. V6Z 2H4.

Mail, copy or enquiries to the Worker Co-ops magazine's B.C. Desk should be sent to Dana Weber, care of Inner City Housing, 1646 W. 7th Ave., Vancouver, B.C. V6J 1S5. Phone calls should be directed to Melanie Conn at (604) 430-4050.■

ALBERTA

George Melnyk

"Worker Co-ops: An Alternative to Unemployment" is the title of a conference to be held May 7-9 in Lethbridge, Alberta. Sponsored by the Local Enterprise Trust Society, the conference will feature keynote speakers from across Canada.

For more information 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

New publications

Co-operative - Government Relations in Canada: Lobbying, Public Policy Development and the Changing Co-operative System, by David Laycock, examines, among other things, co-operative organizational support for worker co-op development and changing attitudes towards government involvement in co-operative economic activity. This work and *The Management of Co-operatives: A Bibliography* are now available.

Direct inquiries to the Study of Co-operatives, University of Saskatchewan, Saskatoon, Sask. S7N 0W0; (306) 966-8503.■

Across the Nation

MANITOBA

Jeremy Hull

New worker co-operatives

The Department of Co-operative Development reports the incorporation of six new worker co-operatives:

Big Badger Drilling

Business: well drilling

Contact: Gordon James Ray

Box 1583, Swan River, Manitoba

Metro Millwork

Contact: Eric Gillies

12 Major Drive, Winnipeg

One Earth Youth Co-op

Business: office cleaning

Contact: Don Robinson

532 Notre Dame Ave., Winnipeg

Sleeping Tiger Co-op

Business: photography and design

Contact: Pamela Munn

157 Lansdown, Winnipeg

Universal Metals

Business: truss manufacturing and custom metalwork

Contact: Elizabeth Adams

939 Simpson, Winnipeg

Souris River Communications

Business: production of regional newspaper

Contact: Don Nicholson

718 - 7th Street, Brandon

Most of these co-ops are new businesses, rather than takeovers of existing or failed operations. The Department is continuing discussions with a number of

other groups and expects to incorporate about four additional worker co-ops very soon.

To date, only one of the businesses incorporated under the employment co-ops program has been terminated; Citi Books did not continue past the feasibility-study phase. Many of the other newly-formed co-operatives are in various stages of feasibility assessment and financing before becoming fully operational.

A series of speakers on unemployment, job creation and community economic development is being sponsored by Cyril Keeper, M.P. for Winnipeg North Centre. For information, contact his office at (204) 775-0810.

For more information contact
Jeremy Hull, *Working Margins Consulting Group*, 200-751 Croydon Ave., Winnipeg, Manitoba R3M 0W3; (204) 453-6137. ■

ONTARIO

Ethan Phillips

Big Carrot's financial package

Mary Lou Morgan, president of The Big Carrot, reports that the financial package for the co-operative's expansion has been secured. The Federal Business Development Bank has loaned the co-operative \$250,000, and customer purchases of Class-A preferred shares yielded another \$210,000.

Details of The Big Carrot's expansion were reported in the winter issue of *Worker Co-ops*. More information is available from Mary Lou Morgan, The Big Carrot, 355 Danforth Ave., Toronto, Ontario M4K 1N7; (416) 466-2129.

THE BIG CARROT

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Sat. 9:30am-6:00pm, Sun. 11:00am-5:00pm

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355 Danforth Avenue, Tel. 466-2129

Just east of the Don Valley at Chester subway

Worker owned co-operative

Across the Nation

Worker Ownership Development Foundation

The Foundation's "Strategies for a Democratic Economy" conference attracted over 100 participants, filling the Ontario Federation of Labour's auditorium. Among the highlights of the one-day conference was a stimulating analysis of economic trends affecting the "smoke stack" industries by Peter Warran and a moving account by Bill Thompson of the Canadian Porcelain buyout attempt. The conference represented an important first step in renewing the dialogue between the labour and the co-operative movements.

The Foundation is continuing its efforts to have the province of

Ontario amend its co-operative legislation and introduce a financial assistance program for worker co-operatives. To date, the response of provincial authorities to the proposed legislative amendments has not been encouraging. However a little more progress is being made in the talks related to the financial assistance program. The Foundation obtained a pre-budget consultation with Ontario's Treasurer, Robert Nixon, made a presentation to an all-party legislative committee examining plant shutdowns, and met with officials from both the Ministries of Industry, Trade and Technology and Labour. A highlight of the presentation to the plant shutdown committee was the

showing of the Mondragon film.

The Foundation's education program is picking up steam with a full schedule of workshops and courses planned for the spring and fall, including the second annual WODF-Grindstone conference in September.

As always, the Foundation is looking for new members and donations. All donations are tax deductible. Membership in the Foundation is \$40 for participating members and \$25 for associate members.

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

QUÉBEC

Claude Carbonneau

C.D.R. et G.C. coupures radicales

Huit des douze Coopératives de développement régional (CDR) n'auront plus aucun support financier de la part du Gouvernement du Québec. C'est en effet la décision qu'a prise le Ministre de l'Industrie et du commerce, Daniel Johnson. Suite à une coupure de 1 million \$ au programme de soutien au CDR et au Groupe-conseil, seules les régions de Montréal, Québec, l'Estrie et l'Outaouais seront épargnées.

Ces régions continueront d'être subventionnées à cause de l'implication du mouvement coopératif dans ces projets. Par ailleurs, selon une déclaration de la Directrice-adjointe de Cabinet, Paule Bourbeau, le Gouvernement veut dorénavant traiter le dossier des coopératives par le biais de la Société de développement des coopératives (SDC). Le Gouvernement estime qu'il n'y a pas un volume suffisant de projets pour multiplier les structures d'aides

aux coopératives.

Déjà, le Groupe-conseil spécialisé en design et services commerciaux a cessé ses activités. Quant aux deux autres (forêts et transformation d'entreprises en coopératives), ils en feront autant lorsque leurs propres budgets auront été épuisés. La Conférence des coopératives forestières souhaite le maintien du Groupe-conseil spécialisé en forêt.

Across the Nation

Alain Côté quitte le gouvernement Québécois

Le mouvement de coopératives de travail vient de souffrir une grande perte avec la résignation d'Alain Côté du Département des coopératives du Ministère de l'industrie et du commerce du Québec. Son départ suit celui de Benoît Tremblay comme ancien sous-ministre adjoint aux coopératives et reflète le futur incertain des programmes de soutien pour les coopératives de travail sous le gouvernement Bourassa.

Côté était chercheur pour le programme et coordinateur de plusieurs de ses activités. Il préparait les articles pour le journal *Worker Co-ops* et il a aidé le journal d'établir un réseau de contacts en Québec.

Côté continuera d'être impliqué dans le mouvement coopérative de Québec en son nouvel emploi comme chercheur avec La coopérative fédération de Québec (une organisation agricole située à Montréal). Mais il cessera d'être au centre des activités dans le mouvement Québécois des coopératives de travail, et il n'agira plus comme coordinateur de la langue française du journal *Worker Co-ops*. Nous le souhaitons le mieux dans son nouvel emploi.

Grace à une coopérative de travailleurs, nouveaux services pour les personnes handicapées

Les personnes de la région des Bois-Francs qui font usage d'orthèses, de prothèses, de fauteuils roulants et d'autres

appareils para-médicaux pourront désormais obtenir des services d'entretien et de réparations dans leur région. Trois travailleurs spécialisés dans le domaine se sont formés en coopérative offrant des services reliés à la conception, la fabrication, l'entretien, l'ajustement, l'installation et la réparation de ces appareils.

Regroupés en coopérative, des travailleurs achètent leur entreprise

Des travailleurs du Centre de rembourrage Gillis Inc. à Sherbrooke se sont regroupés en coopérative, et ils viennent de se porter acquéreurs des actifs de cette entreprise. Celle-ci poursuivra donc ses activités sous le nom de Coopérative de travail du centre d'esthétique du meuble Memphis.

L'entreprise était une des plus importantes du genre dans la région de l'Estrie. Le propriétaire ayant manifesté l'intention de se départir de son entreprise, les travailleurs ont décidé de s'en porter acquéreurs. Les nouveaux propriétaires entendent continuer à offrir les mêmes services de qualité y compris la vente de tissus, le décapage et le vernissage des meubles, le rembourrage, le recouvrement, la réparation et la fabrication de meubles.

Une usine de sciage: une coopérative forestière investit 3.5 \$ millions

La coopérative forestière de Petit-Paris (Lac St-Jean) entre-

prendra sous peu la construction d'une usine de sciage et de rabotage dans la ville de Milot. Cette décision s'inscrit dans un long processus de réflexion qui a amené la coopérative à aller de l'avant avec son projet.

Les activités actuelles de la coopérative concernent la coupe du bois et les travaux d'aménagement forestier. La coopérative passe donc de fournisseurs de services à vendeurs avec cet investissement. Pour écouler sa production, elle a décidé de transiger avec un courtier.

L'usine est située dans une région où la matière ligneuse est abondante et de bonne qualité. Cet élément, allié au fait que l'usine sera de conception très moderne, devrait permettre à la coopérative d'écouler facilement sa production sur les marchés canadiens et américains.

Une coopérative produira et distribuera des logiciels spécialisés

La Coopérative de travail Possible Tech, située dans l'Estrie, est une nouvelle entreprise spécialisée dans la conception et la vente de logiciels destinés à la gestion des cabinets médicaux. Elle peut déjà offrir trois logiciels conçus pour la facturation, l'index-patients et la gestion des rendez-vous. Sur les six personnes qui travaillent actuellement dans l'entreprise, deux sont médecins; trois, programmeurs, et un, analyste-programmeur.

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

Across the Nation

Côté leaves Quebec government

The Quebec worker co-operative movement has suffered a great loss with the resignation of Alain Côté from Quebec's Department of Co-operatives. Côté's departure follows that of Benoît Tremblay as assistant deputy minister and reflects the uncertainty about the worker co-operative program's future under the new Liberal government in Quebec.

Côté was a researcher to the program and co-ordinated many of its activities. He prepared the Quebec features for *Worker Co-ops* magazine and helped the magazine to establish a network of contacts in Quebec.

Côté will stay involved with Quebec's co-operative movement through his new job as a researcher with La coopérative fédération de Québec (an agricultural organization based in Montreal). But he will cease to be at the centre of the Quebec worker co-operative movement and the French language co-ordinator of *Worker Co-ops* magazine. We wish him well in his new job.

Forestry co-operative invests \$3.5 million in sawmill

The forestry co-operative of Petit-Paris (Lac St-Jean) will soon begin construction of a sawmill in the village of Milot. The investment will allow the co-operative -- involved in wood cutting and forestry management -- to become a marketer as well as a producer in the lumber industry.

The abundant, high-quality supply of timber and the modern design of the mill should help the co-operative to market its production in Canada and the U.S.

Workers buy out enterprise

When the owner of the Centre de rembourrage Gillis Inc. in Sherbrooke indicated his intention to leave, the workers formed a co-op and bought him out. One of the most important enterprises of its kind in the Estrie region, the upholstery business will continue operations as the Coopérative de travail du centre d'esthétique du meuble Memphis.

The new owners will continue to offer the same high-quality

services which include the sale of material, furniture stripping and finishing, upholstery, and furniture repair and fabrication.

Worker co-operative provides new services to the handicapped

People in the Bois-Francs region of Quebec who use prostheses, wheel chairs and other aids will now be able to obtain maintenance and repair services locally. Three workers have formed a co-operative to offer design, fabrication, maintenance, adjustment, installation and repair services for such aids.

Worker co-op produces and sells specialised software

Possible Tech, a new worker co-op in Estrie, specialises in the development and sale of software for the management of medical offices. It has already produced software packages for invoicing, patient-indexing and appointment management and is working on other specialized applications. The co-op's six workers include two doctors, three programmers and a programmer-analyst.

Quebec government sharply reduces support to worker co-ops

Eight of the 12 Coopératives de développement régionaux (CDR's) will no longer receive any financial support from the government of Quebec. Daniel Johnson, the Minister of Industry and Commerce, announced a 1-million dollar cut to the CDR and Groupe-Conseil programs.

Only Montréal, Québec City, l'Estrie and l'Outaouais will be spared, because of the involve-

ment of the co-operative movement in their projects. According to Ms. Paule Bourbeau, a Ministry official, henceforth the government wishes to deal with the co-operatives through the Société de développement coopérative (SDC). The government believes that there is an insufficient volume of projects to warrant increased support structures for co-operatives.

Cuts to the groupes-conseil program have caused the GC specialising in design and commercial services to cease its activities. Meanwhile, the GC's specialized in forestry and in conversion of enterprises into co-operatives continue to provide services until their budgets are exhausted. The federation of forestry co-operatives hopes that the GC specialising in forestry will be maintained.

Across the Nation

NEW BRUNSWICK

Maureen Edgett

Government and co-operatives meet

In late January the Credit Union and Co-operative Branch of the provincial Department of Justice met with representatives of the co-operative movement including Co-op Atlantic, La Fédération des Caisses Populaires Acadiennes Limitée, Le Conseil Acadien de la Coopération, the Co-operative College of Canada, The Co-operators and United Maritime Fishermen.

The provincial government is looking for input on the role of the government and the co-operative movement in the development of worker co-operatives. The New Brunswick government feels that worker co-operatives have the potential to create jobs in that province.

The meeting discussed the idea of an umbrella agency where worker co-operatives could go for technical help and guidance. Such an agency could prepare and make available a list of resource people whose services could be of value to worker co-operatives. The umbrella agency would foster co-operation between the government and the co-operative movement and would eliminate overlap of services.

Representatives of the co-operative movement decided to submit specific proposals regarding such an agency to the gov-

ernment for consideration at a subsequent meeting.

Maureen Edgett is editor of the *Credit Union Central of New Brunswick* publication *Central News*; a board member of *Co-op Farm Services*; and a freelance contributor to the *Atlantic Co-operator*. She may be contacted at 76 Woodleigh Street, Moncton, N.B. E1C 8Z8; (506) 384-8563. ■

NOVA SCOTIA

Grant MacDonald

Record year for incorporations

Fred Pierce, Nova Scotia's Inspector of Co-operatives, reports that there were 10 worker co-operative incorporations in 1986. These include a tree-harvesting co-op, a craft-clothing store, a sawmill and builders' centre, and a restaurant-pub.

Also included in the group of 10 are several employee groups who plan to take over manufacturing operations from management and a worker co-operative with a mandate to assist the development of other worker co-

operatives.

Other groups are investigating the feasibility of worker co-operatives in such industries as small-scale steel fabrication and trucking fish to U.S. markets.

The names and addresses of the new incorporations are available from Fred Pierce, P.O. Box 612, Truro, Nova Scotia B2N 5E5; (902) 895-1571.

Worker co-operative development plan

The Community Development Corporation (CDC) of Nova Scotia has approved a 1987 workplan which includes providing developmental assistance to worker co-operatives; assisting the St. Francis Xavier Extension Department in developing "at least two community-based support groups for worker co-operatives"; establishing a "resource bank" (i.e. a library and a network of resource persons) to support worker co-operatives; and working with St. F.X. Extension in preparing a training package for worker co-operative personnel.

Reported in the *Atlantic Co-operator*, the workplan also in-

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UNITED CO-OPERATIVES OF ONTARIO

Across the Nation

cludes a proposal to incorporate a venture capital corporation that would provide risk capital for worker co-operatives. To date, there is over \$50,000 in the pool and the primary investors have been Co-op Atlantic, The Co-operators, Credit Union Central of Nova Scotia and the Sisters of Notre Dame and St. Martha.

The CDC's operating budget for 1987 is \$53,000 -- these funds coming from St. F.X. Extension which was the recent beneficiary of an Innovations grant. Ron Ryan and Tony Scoggins are half-time co-managers of the CDC. The board of directors consists of Alex Mombourquette, John Chisholm, Ricky Stuart, Chris Cann, Bob Mowbrey, Ed Murphy, Eric Dean, Sr. Michelle MacDougall and Gerald Yetman.

Although the Nova Scotia worker co-operative movement has been assisted by the Federal Government Innovations grant, it is also noteworthy that the movement is proceeding with the direct involvement of both established co-operatives and organized labour. In that respect it appears to be quite different than the worker co-operative programs of Manitoba and Quebec, both of which have relied heavily on their provincial governments.

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

Umbrella Co-op expands

The Umbrella Co-op in New Glasgow recently expanded, nearly doubling its floor space and incorporating a number of innovative features into its business of retailing second-hand clothing. The New Glasgow store is one of the brightest and best organized "Frenchy's" operations in the province and the only one operated as a worker co-operative. The expansion has allowed the co-op to introduce a coffee corner and a children's play area as well as to offer a greater selection of bins for different items including costume apparel, flannel shirts and work clothing.

Experienced used-clothing hunters know all about "Frenchy's", the name that has become synonymous with bargain-priced apparel on the east coast. With nothing selling for more than \$7 and most items in the \$1 to \$2 price range, Frenchy's operations cater to wise working people.

Betty Crosby, one of the co-

op's five worker-members, says, "we are now able to get ahead a little, to generate enough cash to pay for things in advance, to invest in equipment such as a new pallet jack for moving stock around. Our success as a business depends on a rapid turnover of clothes. We now have enough experience with pricing to know how sales will be affected by selling certain items for \$1.75 rather than \$2."

After four years of continually expanding operations, the co-op expects to generate its first surplus this year.

The staff welcome visitors to their Riverside Drive operation. If you are in the area just ask anybody to give you directions to the local "Frenchy's" store. Bring the kids and remember, the coffee pot is always on!

The Umbrella Co-op is located at 11 Riverside Drive, New Glasgow, Nova Scotia B2H 2N2; (902) 752-4748.



Umbrella Co-op worker-members: (left to right) Betty Crosby, Arlene Smith, Agenes McCumber and Claudia Johnson. Missing is Debbie Patton. (Photo: Scholastic Press, New Glasgow, N.S.)

Across the Nation

NEWFOUNDLAND

Robert Thompson

Little activity on government policy review

As reported in the last issue of the *Worker Co-ops* magazine, the provincial Department of Rural, Agricultural and Northern Development has received a report from a consulting firm which was hired to review co-operative development policy. This report was released in November, 1986, with a promise by the government to conduct consultations with interested groups on whether the proposed strategy was an appropriate one for Newfoundland.

Around the same time, the Newfoundland Royal Commission on Employment and Unemployment emphasized the potential of worker and producer co-operatives to help solve the unemployment problem in rural communities.

These two reports were intended to serve as a basis for reformulation of co-operative development policy. However, there has been very little activity since last fall to capitalize on the momentum which was apparent at the time. Glen Fitzpatrick, managing director of the Newfoundland and Labrador Federation of Co-operatives says the NLFC has been waiting to hear government's reaction to the Royal Commission before initiating any proposals. The Throne Speech, which was read

on February 26, 1987, made no reference to co-operatives.

The NLFC is undertaking a survey of all co-operatives to solicit opinions on the proper direction for development policy. This process will probably result in a submission to government. Meanwhile, the government has not initiated its consultation process, and there is no indication when this will start.

Where are the new worker co-ops?

From 1982 to 1984, Newfoundland witnessed the creation of several worker-community co-operatives and widespread interest in the startup of many more. In the spring of 1984, Gander hosted a major worker co-operative conference which heralded a new dawn of awareness in workplace democracy and community initiatives.

But what has happened since? There have been no new worker co-operatives. The widespread interest has waned. A couple of producer co-ops (sealers, salmon growers) have started, as well as several child-care co-ops, which are welcome additions to the co-operative family. But where are the worker co-ops?

One can speculate that the trough of the recession has passed and development alternatives are less sought after. However, this argument does not carry weight in the eternal recession of many parts of rural Newfoundland. Maybe there is a slackening in the development effort, or too few examples of success, or in-

sufficient support by government. Whatever the reason, Newfoundland's boom in worker co-operative startups has certainly bust.

New developments on loan fund

About two years ago, it was proposed that \$500,000 of surplus funds from the dissolution of a fur farmers' co-operative might be used for a revolving loan fund for new worker and producer co-operatives.

Since that time, a number of false starts and unfortunate delays have occurred -- at least one delay was due to the complete review of co-operative development policy by the Department of Rural, Agricultural and Northern Development.

Glen Fitzpatrick, managing director of the NLFC, now says that models for the fund are once again being considered. Possible ideas include: loans and loan guarantees only (no forgivable loans or equity investments); \$25,000 ceiling per case; all types of co-operatives as clients (not just worker and producer); administrative costs covered by an annual grant from government (\$45,000 approximately); interest rates two per cent below prime.

These new ideas reflect a relatively conservative lending policy (that was also advocated in the recent government policy review and also represents a change from the original concept of a high-risk fund directed at emerging worker and producer co-ops. Fitzpatrick says that a firm proposal will probably come forward this summer or fall.

Across the Nation

Salmon growers' co-op faces obstacles to growth

The Salmon Growers Co-op of Bay d'Espoir in Newfoundland is encountering a lack of government support on its proposals for industrial development. The co-op is also facing direct competition from a large, well-established, fish-processing company.

Several years ago, the Bay d'Espoir Rural Development Association, a volunteer community development group, started a salmon hatchery with significant financial support from provincial and federal governments. The hatchery was to supply salmon smolt to new salmon farmers in the local area.

The Bay d'Espoir area is one of the most isolated and under-developed areas of the province. The agriculture industry was expected to provide much-needed sustainable employment and investment opportunities. The provincial government supported the Development Association's efforts as a successful example of local people helping themselves.

As the hatchery became operational, interest in the actual "farming" phase of the industry grew, and local people started to participate. These people formed a salmon growers' co-op, both as a way to represent common interests and to market the product of each member's salmon farm. In basic structure, therefore, it was a producers' co-operative.

One of the first activities of the co-operative was to work with the Development Association to plot an industry development strategy. The proposal which was eventually forwarded

to government recommended: (1) financial assistance to individual salmon farmers; (2) infrastructure development for the industry; and (3) an experimental farm to be operated by the Association.

The key element was financial assistance to farmers. This consisted of a capital-assistance component which would provide 75 per cent of capital costs of a farm (up to \$75,000), and a working-capital loan fund in which government would act as banker and provide interest-free working-capital loans. The rationale for this financial package was the high risk nature of the industry, particularly as the technology was new to the province.

In late February 1987, the Minister of Rural, Agricultural and Northern Development, Bob Aylward, said that the proposal's recommendations would pose too large a risk and that, therefore, only partial approval would be given. The government has given a commitment to finance only two farms out of a total of six proposed for 1987.

To ensure that the total level of activity would not be diminished, Aylward said that government has solicited a proposal from National Sea Products of Halifax, Canada's largest fish-processing company, to open additional farms. This situation, says Aylward, would provide an appropriate mix of private and publicly-assisted investment.

The Association is angered at these actions of the provincial government, and the Salmon Growers' Co-op feels its plans

will be set back considerably. According to Juanita Organ, co-ordinator of the Association, both the Co-op and the Association believe the government is deviating from the previous understanding that the industry would be locally-owned and controlled.

The Association says that National Sea Products approached them early last year to buy all the smolt the hatchery could produce and, in effect, take over the industry. The Association refused on the grounds that the industry was to be developed on a small scale by local people. It agreed that National Sea could buy 6,000 smolt, the same amount as anybody else. The company declined. That was the last the Association heard from it until the recent government proposal.

The Association and the Co-op will lobby the politicians, but considering the poor fiscal position of the provincial government, this may not be successful. Organ says that the farms will be developed by local people one way or another, with their trumpcard being actual ownership of the factory. The outcome of this story is expected to be a symbol of the government's approach to rural and co-operative development in the wake of the recent Royal Commission on Unemployment.

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



Book Reviews

*MORE
THAN JUST
A JOB*

by

Constance Mungall

Worker Co-operatives in Canada,
Steel Rail Publishing (P.O. Box
4357, Station E, Ottawa, Ontario
K1S 5B3), 1986 (\$12.95).

Reviewed by Melanie Conn

Who says you can't tell a book by its cover? The bold lettering and graphics on the front of *More Than Just a Job* jump out from a shiny magenta background, promising a colourful look at worker co-operatives. And this book lives up to its vivid packaging.

Connie Mungall travelled across the country in 1984-85, visiting worker-owned and -controlled enterprises in Newfoundland, Nova Scotia, Ontario, Manitoba and British Columbia. The result of her journey is this book -- a record of her interviews with workers at 16 of the co-ops she visited.

Transcripts can be lifeless and difficult to follow, but not so here. One of the strengths of *More Than Just a Job* lies in the author's skill in presenting each co-op as unique. Every chapter introduces some history of the co-op and sets the stage for the workers to tell their story. This style brings the reader into the life of the organization.

The interviews at Dumont Press (a graphics co-op in Kitchener, Ontario) took place "both before and after their annual weekend retreat" explains Mungall, so "an awareness of their basic goals, their philosophy were in their thoughts". And one of the interviews at The Big Carrot, a health food store in Toronto, hit the general manager "on a bad day" which is reflected in some of her comments about the organization. Each enterprise is similarly placed in space and time; there are even several last-minute postscripts bringing us up-to-date on each co-op's direction and personnel.

Variety of co-ops

A remarkably broad range of co-ops is presented in the book. Wild West Organic Harvest (wholesale organic produce) and CRS (food warehouse and bakery) in British Columbia, and Dreadnaught Publishing in Toronto are three examples of older co-ops described by Mungall. Several newer ones are also represented.

The women in Umbrella Co-op own and operate a "Frenchy's" used clothing store in New Glasgow, Nova Scotia; VentAir Industries constructs and installs ventilation systems in Winnipeg; the Atlantic Employees' Co-op sells members' services in construction and home renovation in St. John's, Newfoundland. And there are more, including two larger organizations: Northern Breweries in Ontario (155 workers) and Richmond Plywood

**MORE
THAN
JUST
A
JOB**



Worker Cooperatives in Canada

by Constance Mungall

in British Columbia (283 workers). The author regrets her omission of Quebec co-ops, acknowledging "that is where the action is". She says the activity there requires "another book".

Mungall's questions bring out many contrasts in these co-ops. She asks "everything I've always wanted to know" . . . about start-up financing, management, marketing, wages and group conflicts.

Factual findings are summarized in a table at the back of the book, under categories such as number of worker-members, incorporation structure, new start or conversion, amount of workers' equity and source of financing. The table conveys the variety of possibilities for co-ops. Amount of workers' equity, for example, ranges from "none" in five of the co-ops to "more than

\$10,000" in two others. (It would be useful to have contact information for each co-op included. When the book is re-printed. . .!)

Interviews probing

The interviews also examine the degree of commitment to co-op principles. This involves a whole series of issues, from rates of pay and working hours to visions for the future. Again, there are major differences amongst the co-ops. Many workers spoke eloquently about their dedication to the co-operative structure.

In response to Mungall's question about what a member takes when leaving the co-op, Steve Isma, a founding member of Dumont Press, replied that he doesn't see his investment in the co-op as something that can be withdrawn, as from a bank. Rather, the co-op integrates its investment into "a larger sense of community."

In some of the newer co-ops, there has been less emphasis on co-op philosophy and more on the practical need to save the jobs of the new worker-owners. Three founding members of Accu-Graphics, a graphics arts co-op incorporated in November, 1985, chose the worker co-op model over partnership in order to qualify for guaranteed loans, advice and support from the Manitoba Department of Co-operative Development.

The differences are instructive. Also, understanding the concerns and questions of workers who are new to operating with a co-op structure and philosophy, provides important

information about the education required for co-op development.

In fact, several of the co-op workers interviewed described their frustration with the lack of education and training available for co-op members. Others expressed their appreciation for the advice and support they received from government organizations (in Manitoba and Newfoundland) and from small development groups.

The chapters on Richmond Plywood and Northern Breweries explore further the nature of worker ownership. Both are large, industrial enterprises with significant numbers of non-member employees and high-priced membership shares. While workers in both companies have a real sense of ownership, the interviews reveal very different structures: Richmond Plywood emerges as a company which has preserved democratic ownership and control, while the brewery is based on a standard, employee stock-ownership plan with votes distributed according to stock held.

Mungall raises the issue of unionization and co-ops in the introductory chapter of the book. She describes the union stance on worker co-ops as "in transition" from wariness and resistance to "interest in looking at the ability of worker co-op conversions to save jobs". This cautiously optimistic assessment is reflected in the interviews with workers at Accu-Graphics and VentAir Industries in Winnipeg, existing businesses that were converted to worker co-operatives. Workers at both co-ops are unionized, as they were in their "pre-conver-

sion" setups. In both cases, the unions have been "flexible" despite some differences in wage-rates and hours from other union-shops.

I was particularly pleased by the number of women's voices in the book. Two of the co-ops, Wild West and Umbrella, are women-owned and -operated, and in four other interviews women were the major speakers. While counting heads does not necessarily indicate social change, the significant presence of women demonstrates that the co-op structure appeals to women, and that we take active and responsible roles in our co-ops. I appreciated Mungall's sensitivity to women's participation in co-ops.

The marvellous thing about *More Than Just a Job* is that it captures both the passion and the practice of working co-operatively. Anyone with an interest in co-ops will find it fascinating and valuable.

Melanie Conn works with *Community Economic Options* which provides workshops and consulting services on community economic development and worker co-ops. Contact her at 4340 Carson St., Burnaby, B.C. V5J 2X9; (604) 430-0453. ■

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*THE
CANADIAN PORCELAIN
CO-OPERATIVE STORY*

by

Murray Gardiner

Co-operative College of Canada
(510, 119 Fourth Ave. S., Saskatoon, Saskatchewan S7K 5X2)
Working Papers series, Vol. 14,
No. 1, 1986, 57 pp. (\$4.50).

Reviewed by **Ethan Phillips**

Murray Gardiner was an important participant in the attempted worker buyout of the Canadian Porcelain factory in Hamilton. As such, he is an ideal candidate to tell the often dramatic story of what almost became Ontario's first unionized industrial worker co-operative. This saga has important implications for the developing worker co-operative sector.

Canadian Porcelain was started by a Hamilton entrepreneur in 1912. The porcelain insulators manufactured by the company are used for the suspension of power transmission and distribution lines. The company remained in family hands until it was bought, in 1958, by I.T.E. Circuit Breaker Company of Pennsylvania.

I.T.E. merged, in 1976, with a larger multinational, Gould Incorporated. According to Gardiner, I.T.E. then began to move away from the electrical supply industry. A policy of disinvestment in the Hamilton operation

led to a dramatic decline in the company's performance.

In 1981, the company was sold to a small Canadian investment firm called Cinvest Incorporated. A combination of bad management, a serious recession and an aggressive marketing campaign by American competitors cut sharply into Canadian Porcelain's market share.

In late 1984, the Royal Bank called in their \$2.6-million loan. In December, 1984, the employees were dismissed, production shut down, and Peat Marwick was appointed as the receiver.

Gardiner recounts a fascinating chronicle of efforts by labour, the co-operative movement, church and community groups to save the 100 jobs and to convert the plant into a Mon-dragon-style worker co-operative.

That the efforts were ultimately unsuccessful testifies to the difficulties of challenging market-based decision-making in the present economic and public policy context. At the last minute, the plant was sold out from under the workers to an American competitor that had been convicted of dumping insulators on the Canadian market. Nevertheless, the project almost succeeded despite tremendous odds. This reflects the considerable resonance of values, from within seemingly disparate institutions, for democratic and sustainable communities.

Gardiner concludes his narrative by identifying some of the key components of a successful worker buyout and some of the policy instruments supporting such buyouts. His recommenda-

tions are similar to those offered by other worker co-op advocates and students of plant shutdowns.

These policy recommendations can be reduced to two main thrusts: the democratization of both technical expertise (financial, legal, marketing, etc.) and of capital (or financing). Although in complete agreement with these points, I think the development of public policy for worker co-operatives must be considered within the broader context of how it encourages (or discourages) alliances and creative partnerships amongst institutions and movements rooted in democratic and (dare I say it) anti-market traditions.

The Canadian Porcelain saga saw an extraordinary coming together of labour, church, co-operative and community concerns. I am convinced that it is precisely these kinds of creative alliances that will form the heart of a successful worker co-operative movement. To be sure, government has an important role to play in ensuring that our democratic institutions have access to those technical and financial resources essential to any enterprise-development strategy.

Ultimately, however, it is up to the institutions themselves to begin the project of asserting democratic control over the economic decisions that so profoundly affect the future of our communities.

Ethan Phillips is the director of the Worker Ownership Development Foundation, 357 College Street, Toronto, Ontario M5T 1S5; (416) 928-9568.■

Book Notes



What a Way to Run a Railroad: An Analysis of Radical Failure, by Charles Landry, Dave Morley, Russell Southwood, and Patrick Wright, 1985, Comedia Publishing Group, 9 Poland Street, London, England W1V 3DG, 101 pp., (£2.50).

How are the meetings and the management in your worker co-operative? Do you regularly start half-an-hour after the advertised time, spend forever on the first agenda item because no one keeps to the topic, and finally rush through the rest of the agenda because you have run out of time and patience? Does this trouble you? If it does, then this book is for you. It takes a serious look at the problems of democratic management systems using some revealing case studies of groups in England, which would be funny if they weren't so sad. But, on the serious side, the book also discusses what our approach to a theory of management might be with applications to particular issues that arise in worker co-operatives.

Alternative Systems of Business Organization and of Workers' Remuneration, by J.E. Meade, 1986, published by Allen and Unwin Ltd., P.O. Box 18, Park Lane Hemel Hempstead, Herts, England HP2 4TE, 144 pp., index (£18.00).

Written primarily for university students of economics by a Nobel prize-winning economist, the final chapter outlines Professor Meade's ideas on labour-capital partnerships in a simple format that non-economists can easily understand. Essentially Meade proposes that the employees of a firm, as a group,

should hold shares in the firm in the proportion that their wages are of the firm's total revenue (i.e. to the value of their labour contribution) with the rest being held by the contributors of capital. Meade acknowledges that the two groups would have conflicting interests, and thus proposes a style of consensus decision-making. Whether the solutions are workable or not, his interest in the subject is an indication of how seriously ideas about worker ownership are being taken.

Financial Planning and Control: a practical guide, by Richard Macfarlane, 1986, published by ICOM Co-Publications, 8 Bradbury Street, London, England, N. 16 8JN, 152 pp. (£3.50).

This is the latest guide in ICOM's "Running a Workers Co-op" series, and although it is written for use in a British context, much of the basic ideas are equally applicable in Canada. Using non-technical language, it explains budgets, cash flow projections, bookkeeping and financial statements, how to use management information, and the guide deals with British tax laws. The author draws on his experience as a management accountant in both the private sector and the co-operative sector and has illustrated the text with many practical examples, tables and cartoons.

A Review of Worker Co-operative Development Agencies in Australia, by Brian Green, 1984, available from the Australian Government Publishing Service,

G.P.O. Box 84, Canberra, Australia, 2601, 29 pp. (\$Aus 2.60).

Two Australian states, New South Wales and Western Australia, have established development programs for worker co-operatives. Victoria is in the process of redesigning the one it had, and Tasmania was, at the time of writing, considering some form of assistance to worker co-operatives. The general level of assistance to worker co-operatives in Australia is considerably higher than the support given by the Canadian provincial governments to worker co-operatives to date, and the lessons from the Australian experience outlined in this review would be of use to both the provincial governments and the worker co-operative movement here in Canada. For example, the point is made more than once that worker co-operatives should not be regarded as a solution to short-term youth unemployment but rather as a means of creating long-term meaningful work.

Worker Co-operatives and the Social Economy, by Alan Taylor, 1986, published by ICOM, 7 & 8 Corn Exchange, Leeds, England LS1 7BP (£2.80).

Taylor presents a broad and bold view of the current state of the British worker co-op movement, and how the lessons learned over the past decade might be applied to other areas of industry. It charts recent developments in the movement and explores the potential for developing a mixed economy which would include a variety of forms of government, municipal, worker and community-owned enterprises.

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