

# WORKER'S CO-OPS

Newsletter of the Worker-owned Co-operatives Committee  
of the Co-operative Future Directions Project

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## Reports on Meetings

Members of the Analysis Committee are spread across Canada, from Halifax to Vancouver, we are not going to meet together often. When some of us do get together, this column can serve as brief records for the others of what took place. For this issue, there are two meetings in Toronto to report on; in future issues hopefully there will be meetings in other centres.

First Meeting of the Toronto Section of the Committee  
-Sunday October 26, 1980

A very good first meeting of the Toronto group was attended by six die-hards; myself as coordinator; Bob Schutte who has visited worker co-ops like Mondragon; George Wheeler, a York Masters of Environmental Studies student who also works at Neill-Wycik Co-op; Mark Goldblatt, one of the founders of the Co-operative Housing Federation of Toronto; and Marty Crowder, who works at the *Clarion*, a newspaper run by a workers collective. The aim of the first meeting was to get to know each other, discuss common objectives and set some immediate tasks.

It was very clear in our discussions of objectives that people are interested in working towards the development of a specific model or models  
*continued on pg. 2*

## Announcements

The Conseil de la Cooperation du Quebec. Bruce Thordarson, the Executive Director of the Co-operative Union of Canada, reported in a July 1980 publication of the CUC on the Quebec co-operative scene. The Conseil de la Cooperation du Quebec (CCQ) is comprised of 24 organizations, whose total membership is more than 4 million strong.

As exciting, there are 600 co-operative organizations in Quebec not affiliated with CCQ. "These include 8 co-operative garages, 21 co-operative taxi companies, 14 native peoples' co-operatives, 25 funeral co-operatives, 60 workers co-operatives, and 105 housing co-operatives." A significant boost to these initiatives has been provided by the PQ government.  
*continued on pg. 3*

## Contacts

Industrial Co-operative Association, 2161 Massachusetts Ave. Cambridge, Mass. 02140

The Industrial Co-operative Association (ICA) is an active worker co-op resource group based in Cambridge, Massachusetts. With a staff of five, the ICA promotes the development of industrial co-ops by working with individuals who wish to start businesses; with owners  
*continued on pg. 4*

## Scanners' Reports

This section relates information gathered by the Scanners on the CFDP that describe worker co-op initiatives. In most cases, there are excerpts or descriptions of articles in journals and magazines.

Employee Ownership Pays Dividend. This article is written by Robert Steklasa and appeared in the Aug 2/80 issue of the *Financial Post*, submitted by R. Wheatley of St. Albert, Alberta. The example reported on in the article is of an Employee Stock Ownership Plan (ESOP). In this case, workers are encouraged to buy shares in the corporation, and to varying  
*continued on pg. 4*

## Ex Libris

The New Worker Co-operatives  
Spokesman Books, 1976, 230 pp.  
Ken Coates (ed). Published for the Institute for Workers Control. Available from: Development Education Centre 121 Avenue Rd., Toronto, Ont. Price \$5.95

Timely in the content of current North American plant closings, the book focuses on the refinancing and re-  
*continued on pg. 5*



## Introductions

As this is the first ever issue of the *Workers Co-ops*, perhaps some introductions are in order. As you can see from the attached address list of committee members, while many of us can meet in Toronto, most of us can not (or do not wish) to come to Toronto. That's understandable. Accordingly it is suggested that we keep in touch through the newsletter. Its easy for members to get their two-bits worth in by mailing their contributions to me, c/o the Co-operative Future Directions Project at York University, for publication in the newsletter. Book suggestions, reports on other meetings, reports on existing worker co-ops, eg. your own, are very welcome. They are also essential to development of a participation process.

For some of us, we are probably also in the process of being introduced to the idea of workers' co-operatives. What are they? How do they work? How do you start one? EVEN, why on earth start one? --are some of the questions that arise inevitably at any beginning. They will be with us for some time yet.

Co-operatives and credit unions started to meet the needs of regions (eg. the Prairies, Quebec) or special groups (the Gasques, Eskimos) for economic, and in a way political development. These groups felt that the economic and political mainstream was not serving them adequately and banded together co-operatively to do something about it. When these groups came together there were often a bundle of needs or grievances that were to be dealt with.

But as time passes, as the process of putting together the nuts and bolts of a working co-operative or credit union forces the groups to make decisions about which objectives to emphasize first, those questions asked in the beginning, but perhaps not resolved for the sake of group unity, become the focus of new attention. Sometimes, with the benefit of practical experience, they are easier to resolve. Sometimes, the question is asked too late, to change a wrong direction.

When the idea of worker's co-operatives is discussed, several suggestions of the wonderful benefits thereof are quickly heard. It is the path to economic democracy!...to workplace democracy and participatory management...to improved productivity...to repatriating our economy...to improved regional economic development...to saving jobs...to a non-competitive society...to greater returns to the workers, etc. etc. Interestingly enough, in Sweden, where the focus is on economic democracy, worker co-ops are almost non-existent, and the idea is to use "wage-earner funds." In Canada we seem to be looking to government for nationalizing the economy. In the U.S., corporations are encouraged to give greater returns to workers through employee-share-ownership plans. So why have worker's co-ops? Well...maybe you tell me, and we can talk about it in the newsletter, and as we go along we'll try and work it out. I'm waiting to hear from you.

Paul Jones

Analysis Committee Co-ordinator

## Reports on Meetings

*continued from pg.*

for the development and management of worker-owned co-ops. These models would be used to assist existing or new co-ops meet their "challenges." However, in order to develop these models, there also needs to be some hard discussion of the overall objectives and scale of the worker co-ops that are envisaged. The variations could run from large, industrial enterprises with near traditional day to day management structures to small, "artisanal" collectives or anywhere in between.

The other point raised was how to arrive at our objectives. Does the committee life extend beyond June 1980 the finale of the Co-operative Future Directions Project? (We hope so!) It was suggested (by me) that we consider the development toward our objectives in three initial stages:

1. Developing a network of interested individuals to share research materials, and define key issues
2. Focus on key issues and objectives in a major seminar or series of seminars.
3. Research and prepare comprehensive definitions of models and action plans (i.e. lobbying, assistance to groups) to implement them.

With these ideas in mind we set as immediate tasks:

- 1) recruiting labour representatives to the committee; 2) searching out more workers co-ops; 3) develop links with other groups



Reports on Meetings  
continued from pg. 2

(mainly American) interested in workers co-ops; 4) develop a newsletter; 5) develop a list of topic areas and key questions; and 6) match the list of questions with appropriate bibliographical references.

The next meeting of the Toronto section is:

Wednesday December 17  
7:30 p.m.  
23 George Street S.  
(Toronto)

Analysis Committee Coordinators Meeting, Friday, October 31/80

The Eastern-based coordinators of the analysis committees met in Toronto with Jack Craig and John Jordan, et.al. to compare notes and to work on our plans for developing a participation process and group objectives. Most broadly based groups appear to be at about the same stage as the worker-owned co-op committee, i.e., developing their networks and starting to "scan" their environment.

John Jordan, the project Research Director, presented a suggested 6 phase development program and timetable leading up to the National Congress in June of 1982. The phases suggested are:

- |                |   |
|----------------|---|
| Fall 80        | 0. Organizing                                     |
|                | 1. Environmental Scan                             |
| Winter 80-81   | 2. Projecting our current future path             |
| Spring-Fall 81 | 3. Creating a vision of our preferred future path |

- Cornell University  
Winter 81-82 4. Challenges to realizing the vision
- Spring 82 5. Develop action plans to implement the vision
- June 82 6. Report to the National Congress

These appear similar to those mentioned at the first meeting of the Toronto group, and are a key topic for discussion and feedback from committee members to coordinators. Each group was asked to discuss a "Development Plan" for the group and report to Jack Craig by Christmas for distribution and discussion in late January.

Another question that was raised was the problem of having an active few committee members in one centre, and a majority who could only correspond with the rest of the committee. One suggestion to overcome this was to develop a nuclei (or groups) of committee members in several centres who could discuss things face to face, then tell it to Toronto like it really is. So go to it!

If committees wish to have a life beyond the Co-operative Future Directions Project, they should start now to think seriously about their own growth and development. Specifically, alternative financing and promotion of the individual group and its objectives should be considered. Ultimately, I believe, the groups will stand or fall, however, on the basis of the "product", concise, accurate insight into our future directions.

The coordinators will meet again in late January to re-view our collective progress.

Paul Jones

Announcements  
continued from pg.

ment, which is attempting to use co-operative development as one vehicle for economic development.

Tembec Inc.  
The *Globe and Mail* reported in August of this year on the turn-around in the financial condition of Tembec Inc., a sulphite pulp producing company. The company was salvaged in 1973 by its employees who put \$1000 each into a holding company that is now one of Tembec's major shareholders. A current \$70 million dollar expansion program is underway. Sales were \$67.2 million in 1979 compared to \$56.2 million a year earlier.

This is an example of an employee take-over or investment for a company faced with bankruptcy. Pioneer Chain-Saws is another notable case. However, neither of these examples satisfied the necessary conditions of worker-owned co-operatives.

A Manager's Paradise Where the Workers Rule  
That's the title of a *Financial Post* article of June 1980, describing Yugoslavia. Yugoslavia is one of the rare instances of a country where worker co-operatives are the primary basis of industrial production.

The article presents the interesting fact that workers are competing for available management to run their enterprises. There is a shortage of skilled managers available. However, it concludes by saying that "After 40 years of worker self-management, there are extremely few managers who



## Announcements

*continued from pg. 3*

would argue there is such a thing as managerial perogative; and even fewer who would want to exercise it. They like to keep their jobs."

### Managing in the Canadian Co-operative Sector

Co-op Implements is a wholly owned subsidiary of one or more of the large co-operatives. They are also one of the few examples where co-operatives have entered the area of manufacturing. However, CI is not a worker's co-operative, simply because the workers do not own CI, nor do they exercise any effective management. CI exists primarily to serve the members of the parent co-operative.

*George Wheeler*

## Contacts

*continued from pg. 1*

who wish to sell their plants to their workers (rather than to multinationals); and with unions and other employee groups who are confronted with plant closings.

As of February, 1980, the ICA had four projects underway. The most promising appeared to be the Colonial Co-operative Press, which was formed after the closing of the fourth largest book manufacturer in the U.S. While Colonial has still been facing financial difficulties this year, it appeared that the firm might become profitable again as early as this fall. Colonial's business plan calls for an expansion to a workforce of 30 by December.

Another ICA project however, is facing serious market problems. International Poultry, in Williamantic, Connecticut, consists primarily of Hispanic women employees/members. The February, 1980 ICA Report noted that the firm was unable to provide steady employment at that time.

ICA has two other projects: Our Market, a food store in Dorchester, Mass., and Worker Owned Sewing Company, in Bertie County, North Carolina (one of the ten poorest counties in the U.S.).

The ICA is financially supported by foundations, fees for service, and individual contributors. Associate membership in the ICA is \$25 annually (\$12.50 for low-income and students). Associate members receive the quarterly *ICA Report* and other educational materials free of charge.

*Larry Gordon*

## Scanners' Reports

*continued from pg. 1*

degrees they also exercise some control over management.

The example given is at SED Systems Inc. This firm has an employee-management advisory council that meet monthly.

The article is optimistic about the potential growth of businesses with some degree of employee ownership and control. However, the example described is some distance from, say, the Mondragon workers' co-operative in the Basque region of Spain.

In that instance, the workers own all of the co-operative enterprises collectively, and, through the co-op principle of one member/one vote, they effectively select all top management.

### U.S. Producer Co-operatives The Record to Date

This article, written by Derek Jones, was published in Vol. 18, No. 3, Fall 1979, of *Industrial Relations*. Essentially, an historical review of Producer Co-operatives (P.C.s) it distinguishes four characteristics of a P.C. enterprise: (a) many workers (or members) own stock; (b) ownership is widely distributed; (c) worker members participate in the enterprise's management and control; (d) they share in the distribution of surplus.

The article introduces two methods of evaluating the success of a co-operative enterprise, those of Bernstein (1976) and Vanek (1975). Bernstein focuses on isolating factors necessary for sustained workplace democratization.

In Bernstein's model, six factors are isolated as requirements for the maintenance of democracy in the workplace. These are: (1) participation by the workers in decision making; (2) frequent financial feedback to all workers; (3) full sharing of all management level information; (4) guaranteed individual rights; (5) an independent appeal system



Scanners' Reports

from pg. 4

(6) a particular set of attitudes and values.

The author concludes that the P.C.s in the most "co-operative grouping", i.e. those whose operations were based on the most co-operative values, performed the best, with some exceptions. These P.C.s happened to be in the plywood, shingle and cooperage production areas.

In the U.S., the formation of P.C.s began in the 1840s and have continued through to the 1950s. To date, 458 P.C.s were formed. Their lifespans ranged from 1 to 53 years, with the average being about 5 to 10 years.

George Wheeler

Ex Libris

continued from pg. 1

organization of three failing British enterprises as worker co-ops. Financed by the Labour government of the day to save jobs, the conflicting goals surrounding these initiatives sounds a cautionary note. Difficulties the co-ops encountered in their negotiations with government, labour unions and private business are detailed. Historical and statistical reviews of 19th and 20th century British Producer Co-ops are included, but more rare and valuable are the first-hand accounts of the organization of Triumph

Meridan, the Scottish Daily News, and Kirby Manufacturing into co-ops.

Bob Schutte

Workers' Co-operatives: Some Considerations for Development, 1980, 73 pp.

Prepared and published by the Administration and Research Branch, Department of Co-operation and Co-operative Development, Province of Saskatchewan, 2055 Albert St., Regina, Saskatchewan S4P 3V7  
Distributed free

Saskatchewan is probably the only government in Canada taking a look at the idea of worker's co-ops, certainly the only English-speaking government. This study has been prepared over the last year to provide ideas for the development of co-operatives in the secondary manufacturing process.

After reviewing historical and current developments, it discusses potential applications in Saskatchewan, specifically organizational structures, incorporation and funding and sources of development. While some might consider it a bit thin in terms of reviewing various models, and analyzing their successes, it's a good beginning. Particularly useful are the bibliography, list of worker co-op organizations and excerpts from the Saskatchewan Co-operative Producers set.

Paul Jones

One more announcement

First film in DEC series focussing on Work, The Wives Tale will be screened for the first time at the Festival Theatre, Yonge & Charles, Sunday November 30 and December 6, at 1:30 p.m. and 3:00 p.m.  
Admission \$3.00

*"The evolution of humanity beyond its present level depends absolutely on its power to unite and create true social organisms... The Producer Co-operative is better suited in itself to take part in a restructuring of this sort... Common production of goods implicates people more profoundly than common acquisition of goods for individual consumption; it embraces much more of their powers and their lifetime."*

Martin Buber  
*Paths in Utopia*,  
1949, p. 78

