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'Enthusiasm' for worker co-ops from European 3-week tour group

by Laird Hunter

The European tour of worker co-ops, organized by the Co-operative Housing Foundation, concluded its travel agenda in Bilbao, Spain on October 7th. Yet the continuing enthusiasm of the participants suggests that an agenda for the development of workers' co-operatives in Canada might now be in the formative stages.

As a holiday the tour was a lot of work. As work the trip was a great holiday. Covering England, Wales, France and Spain in less than three weeks is a formidable task, even if it is only to see museums. To visit more than two dozen co-operatives, federations and support organizations, by any reasonable measure, should not have been attempted. But it was done and done successfully. However, at this early stage to say what was learned is impossible. At best tentative impressions can be given. But first, who went and what was actually seen.

The group comprised some 40 people from every province except Manitoba, New Brunswick and P.E.I.. A contingent from Wisconsin and Minnesota rounded out the complement. Made up of housing co-operators, developers (both within and outside government), members of food and workers' co-operatives, as well as two federal members of Parliament, the group had sufficient

breadth and experience to have heated discussions on just about any topic even remotely related to co-operatives and much else besides. It was a lively group made up of those with clearly articulated sets of prejudices--good co-operators all.

After a couple of days to overcome jet lag, the tour commenced in London with visits to printing, teaching and various other ventures in worker co-operatives, as well as presentations by a number of local co-op development organizations. These organizations are being set up by local authorities to support the development of worker co-operatives. Next it was on to Scott Bader and co-operatives in Wolverhampton, Leeds and the area

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More beef? — free here

Did you find your appetite whetted for more information about Beef Terminal after reading our last newsletter? Jack Quarter couldn't wait for seconds and went out to satisfy his curiosity by talking with the people involved. To see what he found out, see inside on page 4.

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WORKER CO-OPS

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KME underfinanced, ignored advice, badly structured

UNDER NEW MANAGEMENT: THE STORY OF BRITAIN'S LARGEST WORKER CO-OPERATIVES - ITS SUCCESSES AND FAILURES.

Tony Eccles. Pan Books, London, 1981, 416 pp. (\$6.95)

reviewed by Allan Etherington

UNDER NEW MANAGEMENT is an account of Britain's largest worker co-op, Kirkby Manufacturing and Engineering, located near Liverpool, with about 1,000 members producing radiators, spin dryers, pressed steel and soft drinks.

In 1974 a new Labour government had come to power with Tony Benn as Secretary for Industry. Times were hard with industrial decline, disinvestment and rising unemployment; Fisher Bendix was one of dozens of companies whose existence was in jeopardy--in fact its history of losses, its militant work-

"Eccles argues that workers need more business knowledge."

force and its position in a highly competitive market made it more likely to be closed than most.

The transition from Fisher-Bendix to the co-op known as KME was almost accidental. Worker resistance to the proposed closure moved from demonstration and blockade of equipment removal through an occupation and the sacking of management to a sit in. After one last try at private ownership (organized with the help of local MP and Labour Party leader Harold Wilson) by a property company that then collapsed and then six months of receivership, Benn suggested a worker co-op as a means to attract government assistance and encourage the workers' own efforts.

While the two main union leaders, interested in saving their members' jobs, would have preferred a private takeover, they agreed and prepared a speedy proposal for £4 million.

KME was born in early 1975, underfinanced (it should have asked for 67% more government assistance) and overstaffed (it started with 1,100 workers, about double what its consultants had recommended). It retained its loss-making soft-drink line (to save jobs), was received with hostility by the civil service and paid too much for its assets--probably because the receiver had been briefed by the civil service.

To balance this dismal picture it had some political support, two "larger-than-life" leaders, sympathetic and apparently sound advice (almost all of which was ignored), good prospects for some of its products and the trust of the shop floor.

For four years KME survived despite external pressures from the civil service, Benn's successor, the press and business; even the labour movement was cool. Internally, workers continued to work to a production target and then stop regardless of the time (the "score" system), and resisted mobility between jobs.

One basic problem was with KME's structure. Management and union organizations were headed by the same two men, as directors and as union conveners. Workers had no independent grievance procedure and the two director conveners placed themselves in the impossible situation of reconciling work-force welfare with organizational competence. This centralized power also meant that they resisted the recruitment

of any new management, for which KME suffered in poor pricing and commercial practices, inadequate financial information and controls etc. Products were sold at a loss, there was too much overtime, wage increases were not tied to productivity and, when the sales staff managed to increase orders by 60%, production rose only 8%. Inevitably morale fell and industrial relations approached what they had been before the co-op.

At one level this book is a case-study of union and worker inability to cope with industrial decline. Eccles concludes that "industrial democracy and sizable worker cooperatives will not work in Britain whilst worker attitudes and trade union policies remain as they are" (p.404).

Eccles also argues that workers need more business knowledge both to make worker involvement a reality and to prevent dependence on leaders; worker control without business knowledge means that workers don't know what they are controlling. A continuing challenge is to design workplace structures that

"In the beginning, it was underfinanced and over staffed."

disperse business decisions throughout the workforce, especially those decisions that affect everyday work lives. He argues that for some workers participation is stressful (it may mean "challenging your mates"), its higher expectations may be unrealistic and there is no guarantee that the time involved will result in better decisions than those made by able, experienced

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Library Bureau takeover analysis misses chance to consider real possibility of co-op commonwealth

EMPLOYEE OWNERSHIP IN PLANT SHUTDOWNS: PROSPECTS FOR EMPLOYMENT STABILITY. Robert W. Stern, K Haydn Wood and Tove Hell and Hammer. W.E. Upjohn Institute for Employment Research, Kalamazoo, Mich., 1979.

Available through the Institute, 300 South Westnedge Ave., Kalamazoo, 49007. (\$6.00 hardcover, \$4.00 paperback)

reviewed by Don Loucks

The Upjohn Institute director sums up the book's aims. "This study," he writes, "examines the prospects of community-employee purchase of plants as one alternative to plant shutdowns...In addition, (the authors) offer a methodological framework for evaluating community-employee purchase attempts in other shutdown situations."

The case history centers on an organization called the Library Bureau, a long-established manufacturer of quality book shelves located at Herkimer, New York.

Library Bureau converted hardwoods from the Mohawk River Valley in central New York state into finished products that had gained a worldwide reputation. Local ownership of the firm had passed to a multinational conglomerate that, after several reorganizations, simply decided to shut down the operation.

The authors' analyses suggest that this was a foolish decision. Several telephone calls to Herkimer, N.Y., made while writing this review, seem

to confirm this contention. For Library Bureau is still functioning with about 200 people amidst the economic carnage of the three-county area based on Utica, New York.

Perhaps this survival may help destroy the prevailing myth that large corporations always make correct bottom line judgments.

Additionally, close economic analysis of MNE's (multinational enterprises) reveals an unusually high degree of mismanagement of peripheral operations. This secondary theme by itself should make Canadians shudder.

The key theme discussed in the first part of the book revolves around the transformation of ownership rights from local elites to MNE's and conglomerates. The effects of this transformation on the local communities are undesirable. The communities lose control of their economic destinies; according to a government study "tax laws...create an institutional incentive for corporations to enter the acquisition and liquidation game;" and finally local workers often find opportunities for other

"Perhaps this incident may help destroy the myth that large corporations always make correct bottom line judgements."

jobs are limited. Employee skills profile at the Library Bureau revealed that "the 170 local employees...possessed specialized woodworking skills which were not consistent

with other local manufacturing activity."

Part two (118 pages), the core section of the study, evaluates the "strategy involved in a community investment...through a cost-benefit approach." The analysis proceeds "with community strategy in the face of plant shutdowns and an evaluation of the rationality of CEFs (Community Employee Firms) for the community first, and only afterwards does the societal level become the focus."

Although the authors do not directly say so, the dilemma is the contradiction between centralizing capitalism tendencies and local democratic control of viable communities.

We resolve this contradiction of capitalist economics and democratic social theory through our co-operative organizations. Although this text mentions co-ops, it speaks only of the "trade-off" between the economic (i.e., capitalist) and sociological models and even asks whether such a trade-off is inevitable.

Contradictions within the

Co-operative organization is the realization of democratic social theory.

current, corporate-run, state-sanctioned capitalist economy and between this economy and local communities or national societies are not unmasked. Instead the methodological problems involved in operations research about capital and labour mobility, social welfare of communities and so on are considered.

The analysis stays within the existing orbit of social reality without even indicating real possibilities for saving the creation of a co-operative commonwealth, or any vision other than American capitalism, Mom and apple pie.

Part three sums up the community benefits accruing

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Beef Terminal purchase successful —

Union, egalitarian issues remain

by Jack Quarter

In October 1979, the Beef Terminal—the second largest packinghouse in Ontario—was bought out by a group of its employees after the owners, Junction Holdings, had closed the operation. This purchase initiated a controversial case at the Ontario Labour Relations Board about the definition of an employee. It also offers an example of a successful employee-takeover of a failing firm.

The original Beef Terminal was closed on June 22, 1979 after unsuccessful attempts to sell the company. Those were difficult times for the meat industry and during 1978-79 nine packinghouses were closed. Beef Terminal had been a "comprehensive" packinghouse business with sales in excess of \$75 million. It bought up to 2,500 head of cattle per week at stock yards throughout Canada, slaughtered these livestock and then sold the finished product to customers.

The major force behind the 1979 worker takeover was Jim Wilson, the packing house plant superintendent. With three others from the original management group, and later another five workers, he decided to take over the slaughterhouse portion of the packinghouse and turn it into a "custom slaughterhouse," as the Beef Terminal had been in 1977.

Unlike the "comprehensive

packinghouse," the new firm planned to slaughter animals for butchers who purchased their own cattle. This simpler operation reduced the business infrastructure that the packinghouse required, including purchasing and trucking of cattle and sale of the finished products. Cash flow problems were also reduced, since cattle were not being purchased and there was no longer a waiting period for payments from the chain stores. Rather, the custom slaughterhouse simply provided a service to resident customers who leased space in the abattoir and paid for slaughter at a fixed price per head. Payments were received within a week, and the only major investment was the kill-floor, related equipment and coolers.

Financing remained a problem nevertheless, as the packinghouse valued its slaughterhouse assets at \$5 million, a sum well beyond the means of the purchasing group. Government assistance was refused and lending institutions would not offer support unless the purchasing group made a sizable investment.

Rather than making a straight purchase, the group decided to lease the slaughterhouse with an option to buy within three years. Junction Holdings apparently preferred this arrangement to straight liquidation, presumably because it held out the possibility of a better price. To facilitate the deal, Junction raised

the slaughterhouse premises to U.S. inspection standards. However, considerable start-up capital still was required to lease the facilities and for legal, accounting and promotion costs.

Here, Wilson was influenced by his past involvement in the co-operative movement. Before working at the Beef Terminal, Wilson had been superintendent of a co-operative packing house in Barrie (The First Co-operative Packers of Ontario). While there he had been acquainted with Bert Cook, President of Barrie Tannery, a firm that had been taken over by its employees after a closure that was similar to that of the Beef Terminal. From these sources, as well as a lifelong involvement in co-operative institutions, Wilson got the idea of having the employees become the shareholders, each agreeing to pay a capital sum or a loan of at least \$3,000. Some paid more, particularly the purchasing group of nine, who became "preferred shareholders" or, in effect, the owners of the company.

The purchasing group decided which employees of the original firm would become shareholders in the new company. Part of this determination was based on the skills needed in the new company. Because only the slaughterhouse portion was retained many of the original workers were not needed. Of those who had essential skills and a desire to join the new company, the preferred shareholders selected the 31 they felt were the best workers. Since then 12 more have been chosen.

In making these selections the purchasing group completely ignored the union, Amalgamated Meat Cutters and Butcher Workmen of North America, representing the employees. In the words of the Labour Relations Board Report, no "union officials, committeemen

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shop stewards (were) invited to participate as 'employee-owners' " (p.8).

The union argued that it represented the workers and the contract-in-force should determine eligibility for the new Company, where an employee's skills were needed. As an example, the contract would have specified criteria such as seniority among kill-floor workers wanting to enter the new company should have determined which ones became 'employee-owners.'

The union and the company became involved in a bitter dispute that brought them before the Ontario Labour Relations Board (OLRB) in a controversial decertification hearing. The Board sided with the union, arguing that it retained bargaining rights because even though only part of the packinghouse had been sold, the Beef Terminal was not a new company, as the purchasing group claimed, and the union still represented the employees. Moreover, Wilson's claim that the workers were the owners was denied.

In the words of the OLRB: "Apart from their investment (amounting to \$3,000 each), all of these employees are in approximately the same position, vis-a-vis their employee status, as they were when they worked for the predecessor...they are paid a salary and are subject to the control and direction of 'management' " (p.7).

A union spokesman was more blunt about it: "they simply bought their jobs back," he said.

More recently, the Beef Terminal agreed to pay the union \$31,000 in damages on behalf of 11 employees who were denied employment in the new company. The OLRB coined the label "employee-owners" to describe the Beef Terminal shareholders, because their everyday working relationship to management was similar to

that in the packinghouse i.e., employees (see box).

But there were features of the new arrangement that were different from before. Each worker held one common share and as a group workers elected three of the seven directors (the other four were elected by the purchasing group of nine--the preferred shareholders). In addition, the workers were entitled to a share of the profits--\$97,000 in the first year and \$200,000 in the second. According to the formula in the contract, one-third of the profits were for the common shares, one-third were divided according to the size of the loan to the company and the remainder were divided according to a "control-point" system that reflected the importance of the job.

Furthermore, according to Mr. Wilson, his wage as the general manager and the highest paid person in the company is less than twice that of the lowest paid employee. Thus the term "employee owners" seems quite appropriate in describing Beef Terminal workers, since their role definition is less clear-cut than in most capitalist firms.

Although the Beef Terminal has some unique features, it follows in a tradition of what are in effect management takeovers of failing firms. Pioneer Chainsaw, Northern Brewery, Barrie Tannery are other examples of this model. Mr. Wilson defended the position of management control vigorously, arguing that "it was absolutely mandatory to have continuity in management."

In Mr. Wilson's view, two factors favour the model management control over one in which there is full worker control (a worker co-op or a variation of it). First, is the knowledge and experience of management. He indicated that he wanted the workers

to take greater responsibility but also thought this was impractical in the difficult start-up period. Second, is the greater financial risk by the management.

While Mr. Wilson's arguments fly in the face of the egalitarian ethic of the co-operative movement, they cannot be ignored. It is evident that the Beef Terminal could not have occurred without Mr. Wilson's knowledge and that he and the preferred shareholders took a greater financial risk than the common shareholders. These factors seem to favour management-type takeovers over co-operatives.

Whether this tendency can be altered is the more difficult issue. Worker co-operatives, whether formed from failing firms (the lemon model) or afresh (the roses model), require the leadership of experienced managers.

Important decision

This decision has important implications for worker co-ops as well, because it implies that the definition of an employee is the work relationship rather than the ownership structure. Presumably, workers in management-owned firms such as the Beef Terminal could also be classified as employees if their everyday work relationship is that of an employee. (See the Harpell Press decision in Worker Co-ops, Sept. 1982.)

File No. 1818-79-R, Ontario Labour Relations Board between Amalgamated Meat Cutters and Butcher Workmen of North America, A.F.L. - C.I.O. - C.L.C. and its Local P287, and Beef Terminal (1979) Limited, and Beef Terminal Owned and Operated by Sterling Packers and Town Packers.

Worker co-ops must associate for success

Opinion

by Bob Schutte

In 1980, the congress of the International Co-operative Alliance adopted as a priority: "The promotion of industrial co-operatives and the conversion of existing industrial enterprises to the co-operative form of organization so as to contribute to an increase in incentive and productivity, a reduction in unemployment, an improvement in industrial relations and the development of a

"Worker co-ops will be more likely to succeed if they depend on each other through the agency of federations."

policy for a more equitable distribution of incomes"(1).

Worker co-ops have long been promoted with the expectation of significant benefit to workers, apart from any implications they may have for community development and social change. The rationale was articulated a hundred years ago in the Greening Manifesto by the Co-operative Aid Association of Great Britain (see box).

In the several decades preceding the First World War, the conditions that motivated an upsurge of interest and experiments in worker co-ops were similar to those of today. Troubled economies, pervasive job insecurity, lockouts, layoffs and plant closings prompted many workers to consider self-management. In both Britain (2) and the United States (3) unemployed workers were often trade unionists, and the labour movement of the day was sympathetic to their cause.

Since these first significant experiments, multinational conglomerates have grown,

and now shop their production around the world in search of low taxes and cheap labour. The employment stability of communities in the industrialized nations is weakening, and national governments seem powerless to cope.

Although the relative lack of growth of the early British and American worker co-ops can be traced to a number of practical deficiencies, apparently their economic performance, on average, was not worse than that of the private, small-business sector (4,5). However, the more dynamic growth of French and Italian worker co-ops, which are organized into strong national federations, and the mercurial expansion of the Mondragon Movement's comprehensive network of co-ops of all types (see box) have generated renewed interest. The recent initiative of the Wales Trades Union Congress is indicative. The WTUC has signed a mutual assistance agreement with the Caja Laboral Popular, and now intends to try the

Mondragon experiment in the Welsh industrial valleys, presently in the grip of severe unemployment (6).

A year ago Jordan (7) suggested "well-developed models" for legal, financial and management structures in worker co-ops were needed, if they were to enter significantly into economic and community life in Canada. Such a need assumes that worker co-ops will be more likely to succeed if they depend on each other through the agency of federations and community development organizations.

The historical evidence for the importance of this dependence is strong. Similar legal, financial and management structures in worker co-ops will facilitate associative activity. On the other hand, if worker co-ops remain isolated from each other, there is no clear need for common goals and structures, so a priority for the success of worker co-operatives demands a comprehensive approach.

References

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Greening Manifesto

Throughout the 1880's, the Co-operative Aid Association gave impetus to the movement by formulating a manifesto, attributed to E.O. Greening, which called for the co-operative organization of production so that:

- workers might regain possession of the implements of production which they lost in the Industrial Revolution;
- the basic conception of democracy, namely, government by the consent of the governed, should be established in industry;
- the greatest common measure

- of liberty and freedom in industry might be secured by this industrial self-determination;
- the status of the worker might be raised from wage earner to Conscious Co-partner;
- pride of craft, largely destroyed by machine production, might be restored in a workshop which engendered collective pride in product and organization;
- workers might participate in the surplus arising from their associated endeavour;
- consciousness of personal responsibility might be developed through worker direction and finance of the undertaking" (2).

Venture capital pool announces incorporation

by Donald Altman

It's here! The long awaited Co-operative Resource Pool of Ontario Ltd has finally been incorporated.

For the past two years a group of Ontario co-operators have been working towards incorporation of a co-op that can acquire funds and provide venture funding for new co-operatives. The co-op expects to get funds through sale of common and preferred shares. In the beginning these funds will be used to guarantee loans by other financial institutions to participating co-ops, guarantees that will be "funds of last resort."

The new co-operative also expects to provide technical assistance to groups in the form of prospectus writing, financial planning and resource location. Perhaps eventually it will also help meet other needs - member education, operations, advertising, etc.

The executive is now preparing an offering statement so it can acquire funds. Shortly, the co-operative will begin to solicit funds in the form of common shares (each member must have one \$100 voting share) and preferred shares (guaranteed 10% return that will accumulate in the co-op and be compounded). While you wait to receive your official membership application form, you may get more information about the Co-operative Resource Pool of Ontario by writing or calling:

Brian Iler
136 Simcoe Street
Suite 201
Toronto, Ontario
M5N 3G4
Tel. (416)-598-0103

Mondragon Mission

Commitment to community development (which commands the loyalty, and hence the financial support) of producers and consumers alike, and its transformation into a network of mutually supportive worker and consumer co-ops, with effective financial and educational institutions, is the unique success of the Mondragon Movement in the Basque region of Spain. The principle is expressed by Antonio Perez de Calleja (8), director of the development division (Working People's Credit Union) of Mondragon.

"For us, co-operativism

has never been an end in itself (an objective conceived solely for the advantage of those who participate in it), but really as the means of rendering service to the community. In developing productive work, in creating co-operative networks, we have in sum only repaid the community for the service it has done in giving us its workers...In some ways, the Caja Laboral constitutes a bond, an intermediary between the co-operative enterprises, and the populace at large...which...knows go to finance the work which the co-operatives never cease to create."

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with community, employee-owned firms. Clearly local control of firms is preferable for communities because of the "stake" hypothesis. The evidence suggests employees are happier and work harder when they have a "stake." However, the authors' refuse to perceive or discuss alternatives to existing economic reality. "Though some indivi-

duals see socialism or un-American activity in workers taking over plants, the reality is anything other than an illegal takeover," according to the authors.

"Community-employee ownership of firms through stock purchase is simply the spreading of a conventional form of property ownership to a wider class of individuals."

'Enthusiasm' for worker co-ops

Continued from page 1

served by the Midland County Council.

Various co-operatives developed under the Industrial Common Ownership Movement were visited as well as some operating under the rules of the Co-operative Development Agency. The principal difference seems to be the provision of member equity to generate capital.

In Cardiff, the Welsh Trade Union Congress gave us their views on the place of worker co-operatives in the Welsh economy, after which a successful example of their involvement was seen in a clothing manufacturing co-operative. A luncheon in Swansea introduced us to various other co-op enterprises.

Britain exposed us to co-operatives from the late 1890's, like Equity Shoes, and various ventures started within the past few months. The problems of capitalization, member development, market share, operating difficulties and the relationship of member-employees to trade unions were raised and discussed. Of particular importance was the development of co-operatives in times of high unemployment. What is the purpose of setting up these kind of businesses? Is it only to provide work or is there a larger purpose to be accomplished? Related to this question is the one regarding creation of new, small undertakings or attempting to take over failing enterprises, either in private hands or held in the public sector.

In France, the tour visited the Paris headquarters of the Confederation of Producer Co-operatives (SCOP). After Paris we visited Niort, a

carpentry co-op and member of SCOP. On to Albi and one of the largest glassworks in France, a worker co-op since 1896, and another printing shop.

France like Britain exposed us to many issues: takeovers, the limits of capital to be contributed, the relations of members to employees, health and safety issues, discrimination of various kinds, as well as the general concern of internal organizational structure and the practical questions of workplace democracy.

We "visited more than two dozen co-operative federations and support organizations."

By Monday of the third week the tour found itself in what to observers of worker co-operatives is a fabled place. Mondragon is a small town in one of the many valleys of the Basque country of Spain. As is well known, it is also the spiritual and operational centre for the "Mondragon experiment," as the people of the region refer to it. This is the system of worker co-ops linked together in purpose and organization through the financial institution of the CAJA LABORAL POPULAR. Over the next three days we visited the technical school, the student's co-operative (ALECOOP), the social security co-operative (LAGUN ARO), a retail co-operative (EROSKI), an industrial venture (MATRICI) and the research and development centre (IKERLAN). All are independent organizations linked together through the CAJA.

Unlike Britain and France, the Mondragon co-operatives are a system of worker co-operatives with a highly integrated operation that

allows the various enterprises to have the advantages of size at both group and individual levels.

The amount of information that the people on the tour were exposed to during the three weeks was immense. No doubt much of the detail has faded from most of us. What remains is a series of impressions about the trip that will form the framework for the questions each of us will ask about worker co-operatives in the future.

Is sharing in the surplus earned by the co-op a personal right of the worker or a shareholder's right? What is the nature of participation in the self-management of the enterprise? What are the limits of democracy in a worker co-operative? How should capital be raised and what should be the contribution, if any, of the member? What is the relationship of the co-op to the community at large? Is the larger community entitled to any of the surplus generated by the co-operative and, if so, what proportion? What relationship should the co-op have to trade unions and the trade union movement in general? In like manner, what should be the political stance, if any, of the co-operatives? How should a worker co-op deal with the many forms of discrimination prevalent in our current form of industrial organization: sexual, racial, physical and the rest.

These are just some of the many questions that come to mind in looking back on our tour of European worker co-operatives. Each question and many others received a different answer and had a different complexion in each country and, indeed, at each co-operative. Like most things of its sort, the tour raised more questions

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Eroski combines worker and consumer co-ops — only in Spain?

by Jack Smugler

Recently, a group of Canadian co-operators went on a work-study tour of England, France and Spain to examine worker co-ops. Among other places, they went to the Mondragon Group of co-operatives, and saw Eroski, a unique co-op that combines consumers and workers.

Eroski is a very large organization, consisting of about 60 retail stores and 70 associated stores. The 1,000 consumer-members each paid \$2.00 to join the co-op while the 1,000 worker-members each paid \$2,750.00 to join. This apparent disparity is really a function of the Mondragon capitalization scheme, in which a worker retiring from the co-operative takes most of his original capital contribution, as well as a percentage of the surpluses that have been generated throughout his employment. This often amounts to \$20-30,000.

The annual members' meeting is open to both consumer- and worker-members. In practice, Eroski has found that attendance at this meeting consists of approximately

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than it answered. But they are questions that compel answers, for the tour showed that worker co-ops are an alternative to the present methods of organizing the means of production.

Any disappointment with the tour any of us might have is from not finding more significant developments. Yet, at the same time, there was an excitement at having seen the worker co-op as another application of the co-operative method which successfully meets the essential needs of people.

50% consumers and 50% workers. The members elect a board of directors, which consists of 12 individuals elected for a four-year term on a rotating basis. Six of the directors are consumers and the other six are workers. The president of the board cannot be a worker. Incidentally, everyone at the annual general meeting votes for all the directors (i.e., it is not just workers who elect the worker-directors). The board appoints a manager for the co-op who in turn appoints sub-managers, etc.

Because effective trade unions were not allowed under the Franco regime, there was never any opportunity to develop such structures within the Mondragon co-operative. In any event, it is an open question whether they would have developed given the Mondragon interpretation of a worker-member within a co-op.

The purpose of Eroski is not to provide low prices, but rather to ensure competitive markets.

In Mondragon, social councils undertake roughly the same functions as trade unions. They represent the interests of the worker-members as workers. Within Eroski, the workers elect, by department, their representative to the social council, which in turn represents the interests of the workers to the board. Also, the board of directors delegates some responsibilities to the social council (e.g., disciplinary matters).

The consumers have their own corresponding structures, called consumers' committees. Because of Eroski's size, these are organized regionally.

The stated purpose of Eroski is not really to provide

as low prices as possible, but rather to ensure competitive markets. Therefore, prices are set just slightly below market prices. Also, Eroski collaborates with small private stores. They have entered into an association with a privately owned chain of small stores, somewhat similar to our IGA. The co-op sells goods and services to the chain, provided that they sell these goods at the same price as Eroski does.

The co-op's surplus is divided as follows; 50% goes to the collective reserves, 40% is credited to the individual workers' capital accounts and 10% to community work.

Obviously, there is no great personal benefit to the consumers in this system. The people at Eroski seem to feel that the consumers realized that they were receiving a patronage refund, but one that was collective, not individual. This is achieved through the community funds that come from the surplus, last year \$340,000. This money paid for a consumer newsletter, consumer research, consumer education (including schools), cultural activities, charities and socials.

From my Canadian perspective, this form of structure presents a great opportunity. In some spheres of economic activity, such as the retail trade, it makes sense to mesh the interests of all parties within a particular corporate structure. I asked the Eroski people whether there were conflicts within the board and the co-op because of the differing interests (e.g., consumers wanting lower prices while workers want higher wages). They acknowledged that this was a problem that was being worked out "little by little!"

16 international co-operators share diverse experiences

by John Jordan

As summer wound towards a close, 16 worker co-operators gathered at St. Francis Xavier University in Antigonish, N.S., to exchange perspectives on the conditions and strategies conducive to worker cooperative development. The ten-day consultation was organized by the university's Coady Institute, formed to extend the ideals and techniques of the Antigonish Movement to the Third World.

Consultation participants' experience of worker co-operation was extremely diverse. It ranged from a South African textile printing co-op to an 80-person Dutch surveying and engineering firm, a network of thousands of village artisans in India, a Scottish carpet maker and a bakery and food wholesaler in Vancouver.

Two parts of the discussion seemed especially pertinent to the Canadian situation. The first was the effort in the initial days of the consultation to clarify what was meant by a worker co-op. Five quite distinct models were identified.

The five models were individual co-ownership (rather like a partnership - plywood co-ops as an example), collective co-ownership (as in Mondragon), common or undivided ownership (eg., Scott Bader), institutional ownership (where a community development corporation shelters a worker co-op - eg., MCDIL), community ownership (where the target community owns the co-op, which is managed rather autonomously by the workers - some Third World settings). These differences in structure

reflect different conditions as well as different purposes or philosophies.

A second useful output was an outline of different sources of worker co-ops. These seemed to fall into four major categories.

- Start-ups of new firms, either by a grass roots process among workers or by an initiative from a resource group.
- Large corporations looking to spin off or sell a small product line or subsidiary.
- Conversions of existing firms.
- Rescues or defensive co-ops formed by workers to save their jobs in the face of plant shut downs.

Which strategy is the most successful seems to vary considerably, depending on government policy, trade union positions and availability of resource groups.

Meetings such as this can help us refine strategies that will be most effective in the Canadian context.

Grindstone Centre plans new August conference

by Larry Gordon

Plans are now being developed for a five-day conference on worker co-ops at the Grindstone Island Centre in 1983.

The worker co-op program, tentatively scheduled for the second or third week of August, is being designed as a "working conference." There will be guest speakers, audio visuals and plenary sessions. But approximately half of the conference time will be set aside for various work groups to tackle particu-

lar problem areas or strategy questions relating to the future development of worker co-ops in Canada. The conclusions of these working group sessions will be presented in a plenary on the last day, and it is hoped that follow-up work will be planned.

The conference organizers will be asking registrants to pick one or two work group topics. A coordinator/planner will be chosen for each group and asked to take a proposed plan for the group to follow throughout the course of the week.

Conference organizers hope to attract co-op activists and organizers, as well as people from other concerned constituencies (labour, church, government). Those who want to attend but need more basic background on the subject will be provided with a reading list to ensure that all partic-

ipants have a basic level of knowledge on worker co-ops.

The conference planners would like feedback on the development of this conference. Since at least 30 participants are needed to guarantee the conference, the planning committee would also like to hear from all those who are tentatively interested in attending. In addition, suggestions for other work group topics would be appreciated.

Inquiries and feedback should be sent to:

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Antigonish workshop reveals geographical differences over role of community ownership

Fifty representatives of labour, government, the co-op movement and the public met recently in Antigonish, N.S. for a two-day workshop on worker co-operatives.

The program was hosted by the Extension Department of St. Francis Xavier University and scheduled to coincide with the international consultation on worker co-ops held by the Coady Institute of the same university (see article by John Jordan).

The workshop was addressed by the British writer and consultant Robert Oakeshott, who discussed the Mondragon model of co-op development and the scope of its transferability to North America.

Representatives from worker co-operatives and allied support groups in Vancouver, Appalachia, Wales and Scotland related their particular case histories to the participants. Issues of co-op initiation, financing and management were discussed in depth. Questions of legal form and structure were posed to Nova Scotia's Registrar of Co-operatives and the respective merits and demerits of co-, common and community ownership debated.

Members of worker co-operatives already established in the province (a bakery, a restaurant, and a retail store) outlined their local success and failures.

Staff of the university's Extension Department presented a proposal for a co-op development model that would integrate internal and external interests by combining community ownership with worker self-management. The proposal sparked considerable discussion and seemed to align the participants on geographical grounds. Individuals from urban areas

tended to prefer a "purer" form of worker owned and controlled co-operative, while rural residents leaned towards an approach that would include a wider community presence.

The workshop co-ordinator, Anthony Scoggins, of the Coady International Institute, seemed well satisfied with the closing commitment of the participants to pursue the worker co-op idea in Atlantic Canada. "As an educational

and promotional event, the workshop was a great success," Scoggins said.

"That we did not gain final consensus on a development model or strategy is not surprising, considering the wide spectrum of individuals in attendance. Perhaps we should simply accept that a pluralistic yet co-ordinated approach to worker co-ops is our best option - and begin to build from that base."

Continued from page 2

and informed worker representatives. Sizable worker co-ops will require professional managers and thus executive power that is concentrated though accountable to the whole work force.

KME succeeded in maximizing short-term employment preservation but, as one of its leaders concluded, "we had the chance to change society. It's something this country needs. We did offer it We've been let down. We've

let ourselves down in many ways."

The author works at the London Business School and has used his position as unpaid advisor to KME to write a lengthy and well-told history of the experiment. While he is sympathetic to the co-op and its leaders, the book is more sobering than inspirational; but well worth reading both as a case study of a worker co-op and for the author's conclusions on its implications for others.

Electricians' co-op expands to Montreal

The 20-member Laurentian Electricians' Co-op opened its third branch in August this year, and declared a \$35,000 surplus on business worth \$650,000 for 1981. Members decided to put the total surplus into general reserves. Started in 1979 in the small Quebec town of St-Jérôme, the co-op now has branches also in St-Donat and metropolitan Montreal.

The birth of the co-op was carefully planned by its founding members, who worked out appropriate systems of management and accounting, and sought technical assistance to

realize them. All the forms and organizational papers necessary for doing business in the trade were arranged in advance.

Co-op manager Serge Plourde is counting on the new Montreal branch to double the annual value of business in 1982 over 1981. The Montreal branch concentrates on residential work, but is also about to contract for work on a Montreal factory expansion. The other two branches focus on the commercial and industrial sectors. With the new branch, M. Plourde foresees the next two years devoted to financial consolidation.

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John Jordan is a consultant with The Cooperators Group and teaches co-operative management at York University.

Don Loucks has degrees in Philosophy and English and is active in the labour movement, politics and community groups. He lives with his family in St. Catharines and earns his living at a water treatment plant and also as a part-time teacher at Niagara College.

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