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# WORKER CO-OPS

volume 3 / number 4

NEWSLETTER

[SPRING 1984]

## Federal Govt interested in worker co-ops: Minister

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### Senator Hazen Argue

*Minister of State for the Canadian Wheat Board*

#### Special to Worker Co-ops Newsletter

The recent Speech from the Throne contained a statement of particular interest to readers of *Worker Co-ops*. The Government of Canada expressed its clear interest in the co-operative sector and in worker co-operatives in particular.

The Throne Speech articulates the two primary goals of this government — to secure peace and to build a new national partnership for prosperity. Co-operatives are clearly recognized as an important element of this partnership, along with the private and public sectors. The government has stated its desire to see the co-operative sector expand its role in the economy by increasing its presence in such areas as the fishery, communications, international trade, manufacturing and services.

While some might see this interest as rather sudden and unusual coming from a Liberal government, careful consideration of developments during the last four years reveals a conscious opening up on the part of the current government to the co-operative sector.

Early in 1980, Cabinet recognized the objectives of the co-operative movement — fair prices, Canadian control, and widely disbursed ownership — coincided with its own objectives in the energy sector. Therefore, Cabinet initiated through the Minister of Energy, Mr. Lalonde, and myself discussions about a possible joint venture. The result of this initiative was the establishment of the Co-operative Energy Corporation (Co-

Enerco), controlled by co-operatives and jointly funded by the federal government. Total government investment is \$57.8 millions to date. In January 1983, Co-Enerco became operational with the purchase of the foreign-owned Canada Sabine Ltd.

The interest of Cabinet was confirmed as a general party interest by the National Liberal Policy Convention in Winnipeg in July 1980. A priority resolution from Saskatchewan "that:

- a) the Liberal Party of Canada recognize anew the unique and desirable character of the co-operative method of organizing many Canadian affairs; and
- b) the Government of Canada consult frequently with the co-operatives to encourage their continued growth and the expansion of their role in the country;"

was debated and accepted.

In the next two years the Government responded to several initiatives from the co-operator sector. It participated in the rescue of Canadian Co-operative Implements Ltd., the Winnipeg-based farm machinery manufacturer. It removed, by amendments to the Financial Administration Act, the long-standing barriers to full participation by the caisses populaires and credit unions in the provision of financial services to the federal government, including the holding of deposits. It facilitated greater access to other types of government business by changes to administrative procedures. And, equally important, the Government increasingly sought the views of the sector through such means as regular consultations on the budget. The Government is also in-

cluding co-op representatives on task forces and committees, such as those on inflation and investment policy, federal sales tax, and the recently announced (December 1983) investigation of the future role of financial institutions. And there have been meetings with the Prime Minister and members of the Cabinet.

The success of these initiatives in creating a more positive environment and a greater understanding led to several new initiatives. At its November 1982 policy convention the Liberal Party of Canada again endorsed a Saskatchewan resolution:

"that the Government of Canada stimulate a greater sense of participation in the economy, to improve the productivity of the human and capital resour-

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ces employed in the economy, to enhance democracy, to provide for a more equitable and fair sharing of economic benefits within our society, to increase the independence of enterprises in Canada from foreign influences, and to further limit the need for foreign capital by promoting a greater level of direct investment by Canadians through actively and directly assisting in the modification of traditional forms and structures of business organization and government policies to encourage:

- a) employee participation in the decision-making of private, public and co-operative enterprises;
- b) employee investment and profit-sharing in private and co-operative enterprises;
- c) workers' co-operatives and other forms of enterprise structure;
- d) equity ventures involving the public, private and co-operative sectors and individual Canadians;

Shortly thereafter, Prime Minister Trudeau asked me to review the relationship between the federal government and co-operatives and to suggest improvements. Wide-ranging consultations were held to identify problems and opportunities. Sector leaders indicated that they had concerns about the level of equity investment and about management and board skills. They also identified several priority areas for future development, including expansion of social services, community development, international aid and trade, and worker-owned co-operatives.

#### Government supported Task Force

In response to requests for suggestions about a process for further dialogue and for the development of an agenda of initiatives, the sector put forward the idea of a jointly-funded task force. This working group would research and develop practical ideas that would increase the role of the sector in the economy. When presented to Cabinet the concept was accepted and included in the Speech from the Throne as an essential element of the new national partnership.

Since December the objectives of the task force have been refined by the Conseil Canadien de la Co-opération, the Co-operative Union of Canada and the government. It has been

agreed that it should focus on four areas:

- the need for capital formation and renewal in the sector;
- opportunities for job creation in existing and new areas;
- the expansion of co-operative activity in social fields; and,
- the development or strengthening of institutional support structures.

Within these general objectives, both sector leaders and the Government agree that worker-owned co-operatives should be thoroughly considered. The importance of developing worker-owned and controlled enterprises to enhance productivity, stabilize jobs in a community and stimulate local investment is well recognized.

#### Worker co-ops of special interest

A special working group has been established by the task force to review the problems involved in creating worker co-ops, to consider whether new institutions are necessary to finance and to plan worker co-ops and to review government policies to assess their impact on the formation and success of worker co-ops. The working group has attracted considerable interest from across the sector. Its members include:

- Ray Siemens, President, Co-operative Union of Canada
- Peter Schurman, CEO, PEI Central
- Nestor Charuk, CEO, Co-op Atlantic
- Ross Gentlemen, Board Member, B.C. Central
- Glenn Haddrell, Executive Director, Co-op Housing Foundation
- Mark Goldblatt, V.P., Co-op Housing Foundation
- Richard Hayes, Nfld/Labrador Federation of Co-operatives
- Laird Hunter, lawyer specializing in co-ops and contributor to *Worker Co-ops*
- Tom Webb, Ottawa consultant

The conclusions and recommendations of this working group, indeed of the Task Force on Co-operative Development, provide an exciting opportunity for the co-operative sector to define for itself a major role in the future of Canada. The Federal Government and the Liberal Party are committed to a new partnership for recovery and for prosperity — a partnership that includes Canadians providing themselves with services, with jobs, and with a future through collective initiative and co-operation. ■

**Spring 1984  
Volume 3 Number 4**

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# Modistas goes belly-up!

Jack Quarter and Linda Moffat

On January 13, 1984, Modistas — an eight member co-op specializing in fashion-designed ladies' garments closed down. The lead story in *Worker Co-ops*, issue 3(2), had described the uphill struggle faced by this fledgling business. Ultimately, Modistas lacked the resources and sophistication to survive in the most competitive sector of the highly competitive garment industry. Its capitalization was inadequate to cope with irregular cash flow of an industry which has about a six to nine month lag between planning and sales. And it lacked adequate financing for proper managerial support and investment in sales and promotion. In spite of promising reviews of its designs from Alfred Sung, Canada's foremost fashion designer, the company required more time and money to make its name known.

Sales from its Spring line were well below the target set for it by the Employment Development Branch (EDP) of the federal government which was funding the business. The disappointing sales precipitated the walkout of Modistas' designer whose name was on the label. Continuing would have necessitated a new business plan, an additional investment of about \$75,000, plus a three-month transition period. For EDP which was skeptical about Modistas from the beginning because it got more than it bargained for — a garment co-op instead of a straight-forward employee training project — it was an appropriate time to drop the axe.

## On the up side

In spite of folding, there were successes in the Modistas' story. The machine operators who were burn-outs from previous employment in the garment industry gained self-confidence and experience from the business. Three have started their own business doing contract alterations and sewing and two others are making similar plans. Without Modistas, this would not have been possible.

The main lessons of the Modistas' story are simple.

- a) A small business in a highly competitive industry such as ladies' garments must have a regular cash-flow, with only a short time lag between production and sales. There are at least two ways to accomplish this:

- (i) establish contracts with retail outlets to do good-quality specials from end-of-season fabrics. Stores which purchased garments from Modistas have suggested this possibility and have indicated that cash-on-the-spot will be paid.

- (ii) sell to the public from the warehouse using inexpensive good-quality fabrics which are off-season. Again, this would avoid the problem of cashflow because the garments would be bought at the end of the season and produced immediately. This second strategy has been used successfully in the United States and at least one store in Toronto is using it. A large investment in advertising is required initially though, and therefore it may be impractical for a small business which is starting up.

- (b) Start small with two machine operators and a manager and expand the staff only as revenue from stable sales is realized. This will mean contracting out specialized tasks such as design, sales and promotion. For a co-op, in particular, it is imprudent to be too dependent on one person such as a designer.

- (c) The members should have a significant financial stake in the business, though most machine operators are women of limited means and, as such, this recommendation would have to be tempered by affordability.

- (d) The board of directors should participate in initiating the business and be committed to its business plan and its organization as a co-operative.

- (e) Even if the business functions democratically, there should be an agreed upon system of accountability and responsibility.

Modistas was born of the corporate philosophy, "Ready! Fire! Aim!" In retrospect, the business plan was too grand for the resources that were available to the company. But the best-conceived of blueprints could never match the rich experience and invaluable contacts that have been gained. Modistas has gone under, but in the best tradition of an unsuccessful business, its members have finished on their feet. Next time, it will be much easier! ■

## EMMA: A tale of women in a jam!

It has not come easy but a collective of women has revived the once prosperous business of jam making in the Kootenays.

The Everywoman's Money-making and Manufacturing Association (EMMA) tried to set up a plant in Nelson, B.C. Despite a LEAP grant of \$176,000 and a \$30,000 forgivable loan from a Small Manufacturers' Assistance Program, local businessmen and bankers closed their doors to the women and a landlord stalled on their lease.

A farmer in the Slocan Valley helped with land and construction to convert four Hydro office trailers into a modern factory with loading docks and drive-in basement. One of the area's most prosperous farmers, he has also worked at convincing his skeptical farm neighbours that the jam factory can succeed.

One group that has visited the factory and that gives the women full credit for their work is the Doukhobors. They had owned a jam factory near Castlegar, which was repossessed by the insurance companies and the provincial government during the Depression. They are happy to see the jam making tradition revived "especially when it's done in this kind of co-operative manner".

With five production workers and a plant manager producing 9,000 jars a month, the collective is looking to double its monthly production by automating some of its procedures so that it can be independent of LEAP financing. EMMA hopes to cut a 2% niche in the B.C. specialty store market for their honey-based jams and apple butter. Another aim is to also stimulate local farmers to supply fruit grown without chemical additives.

The women started as greenhorns but have trained themselves on the job — including an initial feasibility study, doing their own legal work, advertising and assembling their own 123 cubic metre walk-in freezer! They make all decisions on wages, working conditions and business operations.

Wages are at \$7 an hour, their benefit package is generous and they do not face the sexual harassment suffered in previous jobs. The skepticism encountered initially, and their own desire to succeed, have pushed the women to learn more rapidly than other newcomers to business.

Karen McMillan ■

# News & Notes News & Notes News

**Karen McMillan**  
**REGIONAL UPDATE**  
**Vancouver**

**CODA** — Common Ownership Development Association — has been incorporated and is the fortunate recipient of a \$30,000 federal grant to prepare the groundwork for the creation of job opportunities. Presently meeting with the Co-op Task Force on the Economy, CODA is also trying to convince the co-op financial institutions to add to its federal funds.

CODA's development strategy is to first build its infrastructure — staff hiring, office and equipment. The group has deliberately held off promotion or working with potential co-ops until the infrastructure is in place and it has the capability to deliver and service.

*For further information contact Jacques Khouri of Inner City Housing, 1954 West 6th Avenue, Vancouver V6J 1R7, at 604-734-8282.*

## **Edmonton**

A group has been meeting over the winter on a regular basis to discuss worker co-operatives and to investigate their potential in Alberta. Included are persons interested in converting existing businesses, working people, housing co-operators, trade unionists, university professors, social planners and generalists.

At its last session, it was decided to hold a day-and-a-half discussion in late April to explore the development and potential of worker co-operatives in Alberta. It is hoped that between 50 and 75 people will attend.

Topics to be explored will include the history of worker co-operatives, the various structures and forms of this kind of enterprise, examples of its use in Canada, the problems of financing, relations with government, the role of management and future opportunities.

*Anyone interested in more information should contact Bob Brunelle at Communitas Inc. 10551 — 123 Street, Edmonton T5N 1N9, (403) 482-5467.*

## **Toronto**

**Co-operative Work** has finally received its incorporation, not without trial and tribulation, to allow consulting services to worker co-ops. Incorporated

also, is its companion non-profit research and education foundation. **Mark Goldblatt**, its president, has been appointed to the Task Force.

Unlike **CODA**, **Co-operative Work** has not yet been successful in unleashing grant monies from the federal government but is continuing efforts in those areas. Likewise, there has been no success to date in garnering funds from co-operative financial institutions.

*For information, contact Jack Quarter at 253 Willow Ave., Toronto M4E 3K6; (416) 923-6641, Ext. 576 or 694-4614.*

## **Nova Scotia**

The application for the funding of a co-operative development institute by the Extension Department of St. Francis Xavier University in Antigonish is still without progress. This attempt at a long-term funding mechanism for the development of worker co-operatives is the first in Canada, as far as we know, and was submitted for joint funding to the federal and provincial governments. The application is still in process and discussion is taking place, but slowly.

In the meantime, other avenues for shorter term funding have been explored. A Section 38 application has been made to investigate funding sources and is expected to be successful. Other "flexible" programs such as LEAD and D.R.1 have proven to not quite fit with either co-operative or broader-based community initiatives on which the Extension Department's work has been based.

Undaunted, the Department is organizing two community LEAD applications for Antigonish and Picton County. These, again, are broadly based including an amalgam of 14 different business interests from the Chamber of Commerce to the fishing co-operatives.

*More information can be obtained from Duncan MacIntyre, Extension Department, Coady Institute, St. Francis Xavier University, Antigonish, Nova Scotia. (902) 867-2192.*

## **Niagara Region, Ontario**

A resource group for the development of industrial co-ops is forming in this area, although with a somewhat different twist. With the support

of trade union leaders, senior management and municipal officials ("the gang of twelve"), **Don Loucks** is undertaking a feasibility study for Labour Canada of an organization which will promote worker co-ops as a new type of work organization. This study is set within a context of building innovative labour-management work arrangements.

*For further information you may contact Don at 511 Vine Street, St. Catharines, Ontario L2M 3T5, (416) 934-0640.*

## **CONFERENCES**

### **On again! Newfoundland conference rescheduled**

The political vagaries surrounding the new Federal-Provincial Rural Development Agreement which had delayed the Newfoundland conference, have abated sufficiently to set a new conference date. The three-day event will take place April 27—29, 1984, in Gander, and will examine the potential of producer and worker co-operatives to generate new employment in the province.

The announcement of the new date was made jointly by the presidents of the co-sponsoring organizations — the Newfoundland-Labrador Federation of Co-operatives and the Newfoundland and Labrador Rural Development Council.

Representatives of the co-operative sector in Canada, the United States and Europe will share their experiences with the anticipated 200 delegates drawn from the rural development movement, the national and provincial co-operative sector and levels of government interested in job creation alternatives.

*The conference is open to anyone with an interest in worker co-operatives. Information and pre-registration forms can be obtained from either organization by contacting Richard Hayes at (709) 726-9431 or Tony Collins at (709) 256-8835, or by writing to the Newfoundland-Labrador Federation of Co-operatives, P.O. Box 13369, Station A, St. John's, Newfoundland A1B 4B7.*

### **Worker co-op study tour**

The Co-operative Housing Foundation (CHF) is again organizing a

# Notes News & Notes News & Notes

worker co-operative study tour following on the success of the tour which went to Britain, France and Mondragon in 1982. The 1984 tour will visit Spain and Italy. It has been arranged to coincide with the International Co-operative Alliance Congress which meets in Hamburg, Germany from October 15 to 18, 1984. The three-week study tour would precede this, leaving Canada around September 28 and returning October 21, 1984.

In Spain, the group will look at the integrated system of worker co-ops which constitute the Mondragon experiment. In Italy, the financing, organization and legislation of a variety of worker co-ops will be studied.

There will also be the opportunity to attend the ICA committee on worker co-ops two days prior to the Congress. Delegates from all over the world will be gathered at the Congress, and it will be a rare occasion to meet other co-operators, network and exchange ideas and information.

The cost will be approximately \$3,000 for the three weeks, so start saving now! Also running simultaneously will be a tour of housing co-ops in Sweden and Norway. If you are interested in either tour, send your name and preferred tour to CHF. You will be under no obligation until the middle of the year, when a deposit will be required. For further information, contact:

*Glenn Haddrell, Co-operative Housing Foundation of Canada, 56 Sparks Street, Suite 401, Ottawa, K1P 5A9, (613) 238-4644.*

Also take half an hour to watch Jim Duvall's slide show on the 1982 tour. You will feel compelled to part with your deposit immediately! *Copies are available from CHF or may be obtained directly from Jim at 1435 Kingsway, Vancouver, B.C. V5N 2R7, (604) 873-4821. Oh yes, there is a copy with Jack Smugler, London Community Homes, 207 — 190 Wortley Rd., London (not England) N6C 4Y7, (519) 432-6351.*

## **The Big Carrot gathers no moss** **Subtitle: The Grindstone Conference**

Mary Lou Morgan, manager of the Big Carrot — a natural food store on Danforth at Hampton, in Toronto — tells us that sales are much better than anticipated. In fact, sales are just

great! As a worker co-operative in a type of business that has been dominated by consumer co-operatives, the Big Carrot has stirred a lively debate in this area. This issue will probably surface when Mary Lou speaks at Grindstone this summer.

*For details of the Grindstone Co-operative Strategy Conference, August 19—24, write to Grindstone, P.O. Box 564, Station P, Toronto M5S 2T1, or phone (416) 923-4215.*

## **WOMEN'S WORK**

### **Quality at Sew and Sew Co-op**

In response to union organizing, Lismore Seafoods closed its fish packing plant in the Northumberland Strait of Nova Scotia. General panic ensued as many of the women who were earning essential income for their families were laid off without enough work days to qualify for UIC.

In the resultant drive to create alternative employment, two used clothing stores employing seven women were opened in New Glasgow and Antigonish. Shortly afterwards, Sew and Sew Co-operative was started by five women to do high quality sewing on contract for Nova Scotia fashion designers.

None of the women could sew when the co-op got underway in January, 1983, but as its organizer and manager, Anne Bishop, states, "Sewing is traditionally a woman's skill. It was something accessible, something we could learn, so we decided to try it". A Vancouver designer taught them patternmaking, product development and management skills with the help of a federal government training grant.

Each of the workers owns about a \$2,000 share in the business and is making \$5 an hour with wage support grants. But that could fall to the minimum wage of \$3.75 if work doesn't pick up. Despite the difficulties, they all consider the venture a success "because of what we are learning ... The clothing industry is a complex and competitive business ... we are just now beginning to catch on how to develop products, research the market, and put together the financing".

*For further information contact Anne*

*Bishop, P.O. Box 15, Merigonish, Nova Scotia B0K 1G0.*

## **NAMES IN THE NEWS**

### **Indomitable duo persists**

Single handedly, the indomitable duo of Alan Etherington and Linda Moffat could take up the majority of ink devoted to News and Notes.

A CIDA scholarship was awarded to Alan to study worker-managed businesses in the Caribbean and Asia. In the midst of his 'studies', he and Linda — who had joined him for a busman's holiday as a temporary welcome relief from the complexities of Modistas — had their sojourn interrupted by the U.S. invasion of Grenada.

On their return, Linda spent a grueling few months attempting to stave off the demise of Modistas. Hot on the heels of mopping up Modistas, came an offer to Alan from CIDA to evaluate a large water works system in northern Ghana.

Need we continue?

Co-operative Work in Toronto wishes them well and will miss Linda in this grant-unleashing business.

### **Newsletter tracks co-op globe-trotters**

Congratulations to Tony Scoggins, another worker co-op travelling troubadour from the Coady Institute in Antigonish, who successfully evaded the U.S. Marines in their Grenadian invasion. If you ever come to rest, Tony, we'd love a short article on worker co-ops in Grenada, Africa, Asia, or wherever else you've been lately.

On the topic of jet-setters, Jack Craig is off to Tanzania again, as part of an I.D.R.C. research exchange on co-operatives. Remember your sun tan lotion, Professor Craig!

*Worker Co-ops* thanks all our roving reporters. We reserve the right to edit all contributions, especially Laird Hunter's but will make every effort to preserve the correspondent's viewpoint. If this edition of News and Notes seems odd, the fault lies entirely with Karen McMillan.

*Send announcements or letters of complaint (next copy deadline — April 20) to Worker Co-ops, 253 Willow Avenue, Toronto, Ontario M4E 3K6. ■*

## Leveraged buyouts — Northern Breweries' example

Hugh Lawson

Six years ago Doran's Northern Ontario Breweries Ltd. was one of the first firms to be purchased through a leveraged buyout. In a not untypical situation for this type of purchase, the existing management led the employees in raising \$1.5 million of their money to put toward the purchase. With this share capital arranged, a loan of \$3 million was secured against the assets of the company.

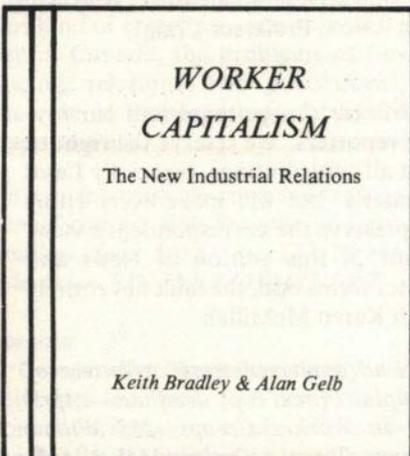
In a leveraged buyout the purchaser puts up a portion of the price — 1/3 in the case of Northern, but as little as 10 per cent in other cases — and then borrows the rest against the existing assets of the firm. The lender will, of course, be interested only if the firm is fairly solid (good product, no debts, good management, etc.) or can clearly be turned around quickly.

According to Donald Hunter, a business consultant writing in *Canadian Business*, for this type of purchase to be successful in the long run it is important to stabilize the enterprise's costs; to do many different projections taking into account a range of economic variables; to get skilled outside help in structuring the deal; and to spread the risk over as many people as possible.

Northern Breweries appears to have been successful and has expanded into southern Ontario since the purchase. Its use of a leveraged buyout should be of interest to the resource groups which are developing worker co-operatives.

*Canadian Business*, July 1983, pp. 145-46. ■

## BOOKS



**Worker Capitalism: The New Industrial Relations**, Keith Bradley and Alan Gelb, London: Heinemann Educational Books, 1983.

The title on the soft cover seems to express Bradley and Gelb's economic philosophy: Worker + Capitalism = The New Industrial Relations. Except in cases of redundancy, they view "worker ownership" as a good short-term industrial strategy. They are not convinced of the permanence of such restructuring. As many of their cases show, some had to be liquidated because they were not economically viable, and the successful ones were converted relatively quickly into conventional corporations. Their case studies do not include a "workers co-operative" — a business wholly owned and controlled by its labour force.

Mondragon workers' co-operatives are not included despite the fact that a number of their jointly written and published articles on Mondragon are mentioned in the bibliography. The book purposely excludes discussion of "pros and cons of workplace democracy" and, consequently, the question of workers' co-operatives as an alternative to capitalism and socialism.

Within its limits, *Worker Capitalism* is a valuable contribution to an increasing literature on broadly defined worker ownership of industry. It traces the frustrations of the modern economy with increasing regulations and governments assuming the role of "social insurer". Nevertheless, some responsibility has to be shouldered by those who have a stake in the business: management, employees, suppliers, dealers and representatives of the local community. The employee-ownership strategy is seen as most likely in cases where workers "(a) perceive a constraint on the selling of their labour at the going wage, and (b) would, in principle, be prepared to take suitable work for somewhat less than the going wage rather than remain unemployed".

Well documented case studies include:

From the U.S.A.: Vermont Asbestos Group, Saratoga Knitting Mill, South Bend Lathe, Library Furniture at Herkimer, and Rath Pork Packing Co.;

From Canada: Byers Transport, Pioneer Chain Saw Manufacturers, and Tembec;

From the U.K.: Upper Clyde Ship-

builders and three "Benn" Co-operatives — Meridan Motorcycles, Kirkby Manufacturing, and Scottish Daily News;

From France: Match Manufacturers of Lip and the Manuest Furniture Factory;

From Malta: the Maltese drydocks.

From these case studies common features are extracted supporting the authors' position that this is a useful industrial strategy. They also discuss different factors which influence individual cases such as a more pragmatic approach in the U.S.A. vs a more dogmatic one in the U.K., different legislation, market conditions, public and private support institutions, procurement of capital and the role of labour unions.

*Rudolf Cujes teaches Sociology of Co-operative Organizations at St. Francis Xavier University in Antigonish, N.S. ■*

## Recent Publications

Paul Jones

If you are interested in reviewing any of the publications listed below, or have suggestions for inclusion on this list, contact me at 167 Carlton Street, Toronto M5A 2K3, (416) 961-0114. Wherever possible we provide reviewers with complimentary copies from the publishers, but sometimes we have to loan reviewers our personal copies.

**Employee Ownership: Issues, Resources, and Legislation: A Handbook for Employees and Public Officials**, by Corey Rosen, published by The Conference on Alternative State and Local Policies, 2000 Florida Avenue, N.W., Washington, D.C. 20009, 1982, 75 pp., \$6.95/\$13.95 (institutions).

This is an unfortunately brief discussion of the employee ownership models available in the U.S., namely ESOP's and worker co-ops and the possible roles for state and local governments. Half the book is appendices: copies of state employee ownership legislation from five states, a popular article on Rath Meat Packing, a note by William F. Whyte, extracts from Bluestone's book on corporate flight and, get this, a letter from Ronald Reagan (as a candidate) supporting employee ownership. Given the budget proposals for similar plans in Canada, this book could become more and more relevant to Canadians.

**Quality of Working Life: Gain and**

**Equity Sharing**, by Donald V. Nightingale and Richard J. Long, prepared for the Employment Relations and Conditions of Work Branch, Labour Canada, December 1982, (released August, 1983), 50pp., annotated bibliography, free.

The study examines five Canadian cases: Vancouver Island Transportation; Byers Transport; Tembec; Beef Terminal; and Tricofil. It analyses them in a framework of gain (surplus) and equity sharing by workers, and the assumed goal of making the 'worker' as interested in the prosperity of the company as management. It is not an optimistic report for worker co-operatives, however, and perhaps should be commented on.

**Workers' Co-operatives Consultation Report**, August 23—September 3, 1982 (draft), Coady International Institute, St. Francis Xavier University, Antigonish, Nova Scotia, B2G 1C0, 47 pp., appendices, illus.

In 1982 the Coady Institute brought together 15 people from eight countries, including four from Canada. It was required that each participant have practical experience in organizing a worker co-operative and present a paper. This draft report is an attempt to summarize the findings and experiences presented in the papers and discussion. It would be as useful a document for someone organizing worker co-ops in Canada as it would be to someone studying them. (And see also this Newsletter, V.2(3), December/82, p.10, article by John Jordon).

**Employment Co-operatives**, by Eva Hoare and Fred. A. Pierce, published by the Co-operatives Section of the Nova Scotia Department of Agriculture and Marketing, Box 550, Truro, Nova Scotia, B2N 5E3, 57 pp., distributed free.

This appears to be the first promotional booklet on worker co-ops prepared by a Canadian government. It has a brief discussion of the history of worker co-ops and contemporary Canadian worker co-ops, plus 10 pages on Mondragon. The last half of the booklet is devoted to assisting someone interested in starting workers' co-op with a series of basic steps, questions for discussion, list of resource materials and model by-laws. Two interesting things to note: apparently, the Nova Scotia government has purchased a copy of the Mondragon film, and the *Worker Co-op Newsletter* was not mentioned in the booklet.

**The National Consumer Co-operative Bank: Eligibility: How Co-ops and Community Organizations can use the Co-op Bank**, by the Co-op Development and Assistance Project, 1982, published by the Conference on Alternative State and Local Policies, 2000 Florida Avenue, N.W., Washington, D.C. 20009, 56 pp., \$4.95/\$9.95 (Institutions).

While this is essentially a manual for U.S. producer and consumer co-ops wishing to borrow from the bank, it is particularly interesting, because the Bank, in setting up its criteria, had to deal with issues such as what is a co-op and what is a worker's co-op. For example, it has a rule that 70% of the members must be workers, but this still leaves it unclear as to whether 70% of the workers must be members. Anyone interested in the ways in which worker co-ops can have access to capital will find this publication interesting. As well, **The Conference** has a very interesting list of similar publications.

**The Performance of Labour-Managed Firms**, edited by Frank H. Stephen, published in London by MacMillan Press, 1982, 280 pp., bibliography, index, \$75.00 Can. (hardcover).

The book is based on a symposium on labour-managed firms held in Glasgow in 1979, part of an attempt to relate economic theory to empirical evidence. It has papers by Derek Jones and Katrina Berman (on the U.S.), Eric Batsone (France), Robert Oakeshott (Mondragon), Connell Fanning (Ireland) and Jan Svejnar on West German co-determination, as well as other papers on Yugoslavia, Chile and Israel. The editors, Janoslav and Branko Horvat, have each written 'overview' pieces. In general, the papers are not extremely technical and are easy to read. The problem here is the Canadian price — buy this book from a foreign dealer if you want to buy it. In the U.S. and the U.K. the price is about \$30 Canadian. While it would be a good book to review, it is doubtful that we can provide a review copy.

**Co-operative Principles and Co-operative Law**, by Hans-H. Münkner, Institute for Co-operation in Developing Countries, Philipps-Universität, 3550 Marburg, Am Plan 2, West Germany, 1974 (fourth reprint 1981), 153 pp.

While written primarily for lawmakers and co-operative specialists in developing countries, the book con-

tains a clear, well-referenced discussion of the basic principles of co-operation. As Münkner puts it: "Before new co-operative laws can be made, the object of the new legislation must be agreed upon.

**Participatory and Self-Managed Firms: Evaluating Economic Performance**, edited by Derek C. Jones and Jan Svejnar, Lexington Books, D.C. Heath and Company, Lexington, Massachusetts, 1982, 358 pp., biblio., index, \$42.95

The reviewer who started to review this work for us was unable to complete the task, so we are asking for reviewers again. The work consists of sixteen academic efforts in microeconomics by well-known authors such as Jaroslav Vanek, Hendrik Thomas, Keith Bradley and Alan Gelb. Three of the papers are on theory and methodology, and ten are case studies on examples such as Yugoslavia, Mondragon, the U.K., West Germany, the U.S., Italy and others. While the editors conclude that worker participation in management causes higher productivity, it would be useful to have a reviewer tell us non-economists how they reach that conclusion.

**Employee Buyouts: An Alternative to Plant Closings**, by Linda Wintner, The Conference Board of Canada, Suite 100, 25 McArthur Road, Ottawa, Ontario, K1L 6R3, Research Bulletin No. 140, 1983, 34 pp., \$18.00

In response to the corporate disinvestment and plant closings of the recession, several policy studies are starting to appear examining employee ownership as a suitable policy response. This one is put out by the U.S. Conference Board. Though quite short, it has case studies on Hyatt Clark Industries, Republic Hose Manufacturing, Jamestown Metal Products, Saratoga Knitting, Bates Fabrics and Weirton Steel. For these alone it is worthwhile examining.

**Co-operatives and the Law**, edited by Mary Linehan, Bank of Ireland Centre for Co-operative Studies, University College, Cork, Ireland, 1981, 65 pp., IR £2.00 plus 50p for shipping.

A compilation of seven articles produced for a 1981 conference, the book starts with a survey of the implementation of the co-operative principles in the co-operative laws of various jurisdictions, ie. Italy, Spain, France, Germany, U.K. and Saskatchewan in Canada. It discusses appropriate legislation for co-operatives, and concludes with two articles on worker co-ops. ■

# Nfld. plans blended co-ops

Richard Hayes

In this province, given the particular resource base on which many of our communities depend, it seems likely that we'll be trying to include primary producers and workers in the same ventures — a "blended" co-op, if you want an applicable buzz word. Here's the reasoning behind our approach.

Throughout the history of Newfoundland and Labrador, we have been a maritime people, with the wealth of the ocean that surrounds us being the key resource. Newfoundland's population, and that of coastal Labrador, supports several basic resource industries — notably fishery and forestry activities — and offers residents precious little else to use in their search for a means of livelihood. A population map of the province would show that the majority of the population lives in coastal communities with the fishery as the sole employer of any consequence in perhaps 90% of these communities. The "outports", or rural villages, depend completely on that one key resource.

The fishery must be the main focus of interest. The concept of having workers assisted by government in developing worker owned and controlled enterprises is a solid one, but this province, with its special needs and resources, cannot hope to benefit significantly if worker co-operatives are only encouraged in the industrial and manufacturing sectors.

The primary resource industries, based on the waters around our 6,000 miles of coastline and our forest resource, must be our main hope for development, and we intend to lobby vigorously for a definition of worker co-operatives that will permit each region of the country to avail itself of the benefits of the program in the manner most appropriate to it. In the province, we have seen several examples of primary producers — fishermen and workers, the fish plant labour force — jointly forming co-operatives to catch and process fish. In one sense, they are producer co-ops, as is British Columbia's fishermen-only Prince Rupert Fishermens Co-op. On the other hand, they are also co-operatives of workers, who share ownership and control with the primary producer.

In this neck of the woods (or should

we say ocean), we're all too familiar with a federal government development planning process which insists on designing a suit of clothes in Ottawa, and then instructs the regions to modify the bodies to fit that suit. People aren't stupid. If the federal government wants projects that fit a certain definition of what some Ottawa civil servant thinks people should be doing in Fleur De Lys of Fogo, they'll do what the grant makes them do.

Unfortunately, this leads to a development scenario in which the community builds white picket fences around graveyards rather than wharves for fishing boats, if the yearly grants encourage that alternative. But there's a growing sentiment that says it would be less expensive, more productive and certainly less painful to make the suit fit the body, rather than insisting that the body must be mangled to fit Ottawa's suits.

In Newfoundland and Labrador,

major manufacturing enterprises are few and far between, and it seems unlikely that we'll ever attract an automobile trim plant, a textile facility or similar ventures. If the concept of worker co-ops is to be more than a farce here, it has to mean support and assistance to fishermen, plant workers, loggers and sawmillers who wish to form their own co-operative enterprises to develop productive and continuing jobs based on our natural resources.

In developing a national strategy for worker co-operative development, those who are leading the fight for recognition of the tremendous benefits this sort of enterprise can offer all Canadians must be careful that they don't make a blanket definition of a worker co-op that's really designed in and for the much resented Central Canadian provinces. Fishermen, fish plant workers, loggers and sawmillers are workers too, and no definition that fails to recognize their needs and special circumstances can help a majority of the Newfoundland workforce.

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