

WORKER CO-OPS

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NEWSLETTER

Prairie governments increase support for employee ownership

Richard Long

Recently, the governments of Manitoba and Saskatchewan have been developing a variety of programs aimed at supporting employee ownership of firms including worker co-operatives. In Manitoba, three government departments are collaborating on this — the departments of Industry, Trade and Technology, Business Development and Tourism, and Co-operative Development.

Several programs are aimed specifically at supporting employee ownership. One involves cost sharing on feasibility studies of employee owned firms, with the provincial government willing to underwrite 80% of the costs of such studies, up to a maximum of \$30,000.

A second program involves preparation and distribution of materials urging consideration of the concept at the time of possible formation, transfer, or closing of business enterprises. Another aspect is inclusion of the concept of employee ownership as part of courses on small business development which are currently offered by the government.

As well, the inclusion of significant employee ownership is now being formally considered as a favourable factor in the list of criteria used when considering possible government incentive packages for stimulating expansion and attracting new business to the province.

Finally, the department of co-operatives has become much more active than previously in the support of

worker, as opposed to consumer, co-operatives. Some direct financial assistance to such co-operatives may also be made available on a limited basis.

New co-op legislation

In Saskatchewan, the co-operatives legislation was amended in late 1983 to permit formation of "employment co-operatives." This legislation allows for distribution of the "patronage dividend" according to labour contributions, rather than purchases, and permits employees to serve as the majority of the board of directors of the enterprise.

In addition to this enabling legislation, the Saskatchewan Department of Co-operatives and Co-operative Development has now made promotion of worker co-operatives a major priority and is currently preparing literature and other support material, both for its own employees and for the general public. A conference on the subject is envisaged, and the department is attempting to informally collaborate with other government departments in promoting the concept.

Indeed, partly through the efforts of departmental staff, at least two such co-operatives have recently been formed under the new legislation. One is a janitorial co-operative, and the other consists of unemployed carpenters who have formed themselves into a construction firm specializing in sub-trade contracts on new home and

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other construction projects.

The department hopes that these and other similar enterprises will serve as "demonstration projects" in promoting the concept. However, they are also promoting the flexible use of the concept as a means of transferring ownership from retiring or otherwise departing owners and for use by community development organizations as a vehicle to provide needed local services.

Richard Long is a professor of industrial organization at the College of Commerce, University of Saskatchewan.

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A multi-agency approach to development assistance

Richard Hayes

The Newfoundland-Labrador Federation of Co-operatives (NLFC) has taken a major step in the development of a provincial support system for new and emerging co-operatives, particularly those in the worker and producer sectors. In response to a motion passed at the provincial conference "Employment—A Co-operative Option" in May of 1984, the NLFC has established a committee of the NLFC Board known as the Co-operative Research and Development Board (CRAD-B).

In announcing the creation of the CRAD-B, Federation President D.R. Templeman emphasized the importance the Board attaches to the new developmental approach, which is based on a multi-agency approach to the work of creating and sustaining new co-op enterprises.

"Our Board of Directors approved the creation of the CRAD-B unanimously" Templeman explained, "because we see the CRAD-B as the most logical vehicle we could devise to meet the ever growing demand for information and development assistance in the employment co-op field."

To date, the NLFC has really been the sole agency active in this work, and the Board has been increasingly concerned with the question of how to meet an accelerating demand for service given the limited financial and manpower resources.

The 'Employment—A Co-operative Option' conference zeroed in on this challenge, and then suggested the idea of the multi-agency approach to the problem. The NLFC moved quickly to implement the concept, and Templeman feels the creation of the CRAD-B is potentially the most effective means to meet the short term needs.

Ten appointees announced for CRAD-B positions

The CRAD-B brings together representatives of eight development agencies, ranging from the Newfoundland and Labrador Rural Development Council to the Newfoundland Fish Food and Allied Workers Union (NFFAWU). Each of the appointed agencies has a particular interest in

co-op development, and is expected to bring its own resources to bear in meeting developmental needs.

Two seats are held by the NLFC, with President Templeman and myself, Managing Director, representing the parent Federation. Two other seats go to the Newfoundland Labrador Rural Development Council (NLRDC), with their Executive Director and President representing the province's 52 development associations.

Memorial University of Newfoundland (MUN) Extension Service, recognized as leaders in community development and education work in the province, has Field Services Director Dave Curran on the body. The Department of Rural, Agricultural and Northern Development (RAND) has approved the appointment of Robert Thompson, the Director of the Department's Research and Analysis Division, to the group.

Jane Robinson represents OXFAM, and Credit Union Council Manager Mel Strong has been appointed to involve the province's credit union sector. Joanne Cag, the Community and Resource Development Officer with the United Church, acts as a link to the various church groups that are taking an active role in social development issues.

Father Desmond McGrath, a co-founder of the powerful Newfoundland Fish Food and Allied Workers Union, is the final of the 10 appointees announced at the NLFC's May Annual Meeting.

Five vacancies provide autonomy for CRAD-B

The CRAD-B still has five vacant seats, and the group is now deciding what mechanism should be used in filling them. Templeman feels that the decision should be forthcoming early next month, when the group holds its second meeting.

"The five vacancies were deliberate" the Board President stated "as we wanted to leave the CRAD-B a fair measure of autonomy in how they operate." The vacant seats are intended to let the CRAD-B itself select

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Tory report opens a path for worker co-ops

Albert F. Chambers

Observers of the new Tory government are asking whether or not the promises made during the election will be kept. This is of special interest to proponents of worker co-operatives, not because the Tory response to the CUC election information package indicated strong support or even awareness of the worker co-operative concept, but because the employment and regional development platform of the governing party contains a good opening.

As part of its pre-election program the Progressive Conservative Party launched several task forces. Of note is the report of the Task Force on Employment Opportunities for Canada's Youth, particularly its regional development recommendations.

Co-operators must encourage new government

While focusing on youth unemployment, the task force enunciated a strategy for job creation and regional development that not only reflects the arguments put forward by the co-operative sector in recent years but explicitly recognizes the role of co-ops and the importance of self-help, local participation and community-based enterprises.

A few quotations will suffice to

illustrate why we should be encouraging the new government to continue in the direction set by the task force:

"The key to self-sufficiencies of communities in depressed regions, however, is both to provide the demand for goods and services and meet that demand through development. Small indigenous enterprises, both profit and non-profit, are the means of giving independence to communities which can go on to attract a full range of social services and new multiplied economic growth. (p. 31)

The reality that many people, even after the most intensive training, remain unemployed, has led to an additional and complementary focus of activity: **the need to act on the supply side of the economy by supporting and aiding new starts and expansions of companies whether they are traditional small businesses, co-operatives, or community businesses.**" (emphasis in the original, p. 32-33)

Conclusions such as these lead the task force to recommend "that a new Progressive Conservative government make an immediate commitment to launch a programme of community

self-help and economic development" (p. 28).

The primary delivery mechanism for this program, the Opportunity Development Corporation (ODC), is to be locally based and provide access to business expertise (management and market research), education, training and financing. Also represented within the ODC should be the social service, voluntary sector and elected representatives from all levels of government. At the federal level, support systems and programs would be coordinated by an Opportunity Development Board.

This strategy and its components were endorsed by Mr. Mulroney in late July. They were a little understood part of the Tory platform, either because the task force report was not easily available or because the press corps had easier subjects to explore.

The question now is will the government follow through? The challenge for those interested in worker-owned co-operatives and in community-based economic development is to encourage it to do so!

Albert F. Chambers, responsible for intergovernmental affairs, is with the Co-operative Union of Canada. ■

Newfoundland: four year agreement boosts worker co-op development

Richard Hayes

The recently signed new four year federal-provincial rural development pact contains good news for both individual co-ops around the province, and for the provincial co-operative central.

The Rural Development Subsidiary Agreement II (RDSAI), makes it clear that co-operative enterprises, especially in the worker and producer co-operative sectors, are considered suitable vehicles for the creation of community based economic development ventures. The new arrangements recognize the importance of the development thrust the Newfoundland-

Labrador Federation of Co-operatives (NLFC) has been following for the last three years.

The recognition of the ability of co-operative enterprise stems from the NLFC's aggressive pursuit of the potential of the worker and producer co-op sectors. For the last three years, the co-operative movement has proven its interest in this area by putting the bulk of the time and money available to the NLFC into the development of new fishery and worker co-ops. That thrust culminated with the holding of the "Employment—A Co-operative Option" conference in Gan-

der in the spring of 1984, and the subsequent establishment of the Co-operative Research and Development Board (CRAD-B) to meet the growing need for information and development assistance.

Economic development through co-ops

The new Agreement makes it obvious that the NLFC has proven the sincerity of its interest to government, and that the provincial government now recognizes the co-op option as being an equally desirable form of economic development. The support

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American ESOP legislation will increase "worker ownership"

Jack Quarter

On July 18, 1984, the United States' Senate enacted a series of changes to the tax laws for ESOPs (Employee Stock Ownership Plans) that may make worker ownership of American companies commonplace.

ESOPs, initiated in the US in 1973, are tax exempt trusts, through which employers sell a portion or all of their company to their employees.

The ESOP is similar to a pension trust fund with some critical differences: unlike a pension fund which has relatively fixed benefits, ESOP benefits, either in the form of dividends or stock proceeds, depend upon the profitability of the company; and whereas a pension trust normally invests outside of the company for which it is held, and ESOP invests in the employer's securities.

Tax advantage

The main reason for the popularity of ESOPs is the tax advantage: under US law, the money which is paid into the ESOP (as well as interest on loans which are used for this purpose) is tax deductible.

Normally, the ESOP company prints new shares which are allocated to the accounts of the employees and who, in turn, sell them back to the company upon retirement or upon leaving, provided a sufficient time interval has passed so that the shares are not forfeited.

Although the ESOP company dilutes the value of its shares through this method, it can deduct its payment into the ESOP against its taxable income in the current tax year and in subsequent and previous tax years.

ESOP buyouts

ESOPs are also used to facilitate employee buyouts of companies in financial difficulty. Normally, the employees take substantial wage reductions in exchange for company stock purchased through the ESOP. If the company is successful, the worker-owners will benefit through the enhanced value of their stock, dividends and possibly other bonuses.

At the largest ESOP buyout — the 7,000 employee buyout of the steel plant in Weirton, Pennsylvania — the workers took a 21 per cent wage reduction in exchange for complete

ownership of the company. At Eastern Airlines, the workers made 292 million dollars of wage concessions in exchange for about 25 per cent of the common stock and 4 of 21 seats on the Board of Directors.

Using an ESOP in this manner has been likened to taking out a mortgage to buy a house. Quite literally, it involves workers — through their union — gambling that an investment in their company that is paid for through reduced wages will be to their eventual advantage. Since wages are reduced, the company's competitive position is strengthened in the short-run; (Weirton, for example, is now the most profitable steel company in the US, with a profit of 50 million last year); in the long-term, the picture is cloudier.

ESOP buyouts often occur under the threat of plant closure and community dislocation. From the viewpoint of the workers and the union, there is little choice but to negotiate the most favourable terms possible.

According to the National Center for Employee Ownership, the major information vehicle about employee ownership in the US, over 6,000 American companies have ESOPs, and employee buyouts — primarily through ESOPs — have saved an estimated 50,000 jobs.

The ESOP Legislation

The Bill enacted on July 18, 1984 — the Employee Stock Ownership Plan of 1984 — will in all probability enhance the trend toward employee ownership through ESOPs. Introduced by Senator Russell Long of Louisiana, this ESOP legislation received broad bipartisan support, including the co-sponsorship of 46 other senators, some who are quite conservative.

The most important provision is a tax exemption if the stock of a company is sold to its workers either through an ESOP or a worker-owned co-operative. To qualify, the original owners must reinvest in the securities of another business within one year, and after the sale the ESOP or co-op must hold at least 30 per cent of the company's securities.

Dividends and banks

The Bill also provides a positive incentive for a company to declare dividends for its employees that are paid as part of an ESOP plan by exempting these from taxation. Since the workers receiving the dividends will be taxed, there will be a minimal change in the tax revenue received by the government.

To encourage banks and insurance companies to loan money to ESOPs, they will be permitted to exclude from income 50 per cent of the interest on loans to ESOP companies, on the condition that the loan is used to finance the acquisition of a company through an ESOP. It is estimated that this provision will permit ESOP companies to obtain loans at 70 per cent of prime.

To encourage the sale of a business to its employees upon death of the owners, the Bill permits liabilities for estate taxes to be assumed by an ESOP provided that the ESOP company agrees to pay the taxes over a 14-year period. This provision reduces the immediate tax burden that would be incurred by an ESOP.

To pay for the tax advantages that were gained through the other provisions of this Bill, and to win the support of opponents who were concerned about tax revenue-loss, a tax credit for ESOP purchases which was to increase from 0.5 per cent of payroll to 0.75 per cent of payroll was frozen for one year.

More than tax dodge

From the viewpoint of the worker co-operative movement, ESOPs are primarily a tax dodge for employers and a cheap way to raise capital. Yet it is also noteworthy that ESOPs can be used in worker co-ops, and in some private corporations ESOPs have been used to attain majority ownership and greater worker participation in decision-making.

ESOPs also can be used to borrow money, which, circumstances permitting, can increase the degree of employee ownership in a company (leveraged ESOPs).

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Profile:

Not just best sellers: a business with a commitment

Joanne Lindsay

Women's Press is a non-profit publishing collective of socialist feminists who produce books and other material relevant to the women's movement. The collective is a business and political organization which has a commitment to and belief in the material it produces. Publishing choices are based on these commitments and beliefs. Material has been refused publication on principle. As Margie Wolfe, a collective member who works on staff, puts it, "not just best sellers are chosen."

Start-up funds were obtained in 1972 through the federal Local Initiatives Programme. The LIP funds were granted for the publication of *Women Unite!*, a manuscript prepared by and for the women's movement. The collective relied on this form of government subsidy during the first four years of operation. It incorporated as a non-share, non-profit corporation in 1972.

Sales are the key

Since that time, Women's Press has financed its operation primarily through sales revenue. Additional funding has come, generally in the form of block, annual grants, from a variety of government agencies, including Canada Council, Ontario Arts Council and the Department of Communications. Loan guarantees have occasionally been provided by the Ontario Development Corporation. Only once, during a temporary cash flow squeeze, were personal guarantees by collective members required for a two-month loan from a credit union.

Women's Press currently has sales of about \$200,000 annually, a level which moves it out of a "marginal" category for publishing houses. Between four and seven books are published each year.

Work structure has three elements

Participation in Women's Press has three categories: the collective itself, manuscript development groups and

staff. The collective currently has thirteen members who operate as a non-hierarchical policy and decision making body. It meets once a month.

Membership in the collective is voluntary, with no remuneration for the work involved. Final decisions on what is to be published are made by the total collective, after reviewing recommendations made by the manuscript development groups.

To become a collective member, volunteers are encouraged, but not required, to work a number of office shifts during which they assist staff on a particular task or help in general office procedures, such as reception. If that works out, and the volunteer is still interested, she works with a manuscript development group. Volunteers must participate in Women's Press for six months before they can be considered for membership in the collective, a decision which rests with the whole collective. Because some volunteers wish to restrict their involvement, they choose not to become members. There are currently 17 women in the network of volunteers which, when added to the 13 collective members, brings the total working

group to 30 women.

Manuscript development groups are based on categories

The manuscript development groups are sub-groups of the collective. They include collective members and volunteers. Development groups solicit, evaluate, develop and edit potential projects which they recommend to the collective. Each development group is based on a particular kind of book: children, lesbian, general trade, social issues, fiction and the *Everyday Collective*. The latter group produces an annual *Everywoman's Almanac*. Most groups meet every three to four weeks.

Staff earns same base pay

Three full-time and one part-time staff earn the same base salary, with token premiums paid to those with dependents. The full-time base salary is equivalent to \$17,800 annually, with medical premiums as the only benefits. Seniority does not rate a premium. Salaries are raised minimally every six months, with the decision on increments made by a sub-committee that uses, as criteria, affordability of the

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Women's Press publishing collective has been in business for close to thirteen years.

PAMELA HARRIS

Worker co-ops and the NDP

by George Melnyk

While visiting Winnipeg recently I watched a television news story about a local foundry that was owned by an American multinational, and being closed down. The clip of the workers showed their hopelessness, especially the older ones. They had no options.

That news item made me ask why the NDP government wasn't promoting the concept of a worker buy-out and the formation of a co-op. No one had described this option to them since the foundry was a small place and it did not have enough significance to warrant a government bail out. When I asked a civil servant in the Manitoba government's co-op department if the government was promoting a worker co-op option, he said no.

I have always wondered why the NDP has been so reluctant to promote co-operatives in industry, when they have favoured co-operatives among farmers. I suspect that the promotion of worker co-ops in industry would actually give the NDP a new policy to meet the economic arguments of the resurgent right.

There are two basic tenets of social democratic thought that are presently being attacked by conservative forces in Canadian society: the welfare state and the public sector. To date the NDP had based its defense on the importance of these services to the general public, but I believe that both the public sector and the welfare state can be protected by new and creative approaches, which respond to the growing demand for efficiency and reduction of deficits through privatization.

The NDP and Statism

Traditionally the NDP has adopted a statist and technocratic approach to dealing with social inequity. It has created more government programs and bureaucracy to administer them. So how could it ever run on a "less government" ticket? It could if it adopted a new way of administering the welfare state and the public sector through socialization.

The right claims that a reduction in the size and cost of government is only possible through privatization. The NDP could counter this viewpoint by calling for the socialization of the public sector and the welfare state. By socialization I mean the

divestiture of crown corporations to its employees on a co-operative basis. There could be a variety of structures established. One would involve one-third ownership each by the government, the workers, and the co-op sector. This form would ensure non-privatization at a later date so as to protect public assets.

Another method would be the creation of an industrial property bank like Saskatchewan's land bank concept in which the workers would enjoy life-long use of the productive capacity of the industry, while the government retained nominal ownership.

Socialization in this form is radically different from rightwing government schemes which call for privatization through sale of shares to "the people" through the stock market. In these cases (Alberta's P.W.A. sale), "the people" end up being the top ten per cent that play the stock market. Under socialization through co-operatives, the people of a province like Manitoba would retain influence in their crown corporations through their government representatives, through the popularly controlled co-op sector, and through the workers who are citizens of the province. Socialization would maintain a stable government presence, re-vitalize the co-op movement, and democratize the workplace, while lessening the burden on the taxpayer and creating less government.

Democratize and decentralize

In terms of the welfare state, socialization has an equally important role to play. Using the slogan "democratize and decentralize", socialization would create worker co-operatives in the health, education and social service fields in direct competition to private profit making firms. Structures developed in the divestiture of crown corporations could be used in the welfare state.

A particularly vital area for worker co-ops is the whole range of "make-work" projects that governments launch to deal with unemployment. These projects are inevitably short-term and poorly paid. There is no reason why the funds used to create these projects could not be used to generate worker co-ops that have the possibility of long-term existence and

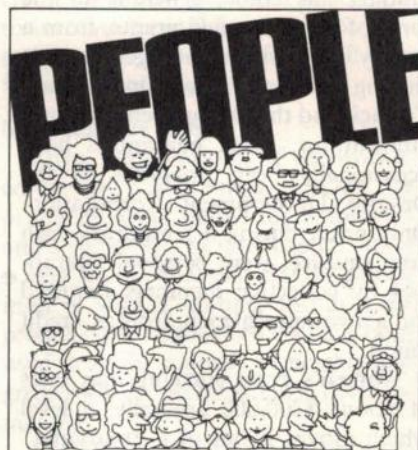
significant economic benefits to workers. Worker co-ops created by these government funds could easily be restricted by non-privatization statutes like the former crown corporations.

Socialization could defeat privatization. It would be a government-initiated policy which would foster a social sector closely allied to the state. Created through the divestiture of crown corporations and new worker co-ops, the social sector would be a fiscally responsible use of government funds that would allow a high degree of public influence without additional bureaucracy.

Obstacles to socialization

The obstacles to socialization as an NDP policy cannot be underestimated. Distrust of worker co-ops by the mainstream labour movement is a major hurdle. So is the long tradition of state intervention that has characterized NDP policy. The weakness of the co-op sector in industry is also a handicap. At present the NDP continues to use a traditional approach in meeting the rightwing demand for privatization, but how long can it do that? The NDP could make an important contribution to the defense of the welfare state and the public sector through a policy of socialization. It would work.

George Melnyk lives in Edmonton and is currently writing a book titled Social Co-operatives. ■



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Judge decides worker co-op is not the employer of its members

Following a complaint filed through the Auto Industry Parity Committee, Québec region, against the Cadieux de Québec, Diesel Truck Repair Co-op, Judge Maurice Langlois concluded that this worker co-op is not the employer of its members.

The complaint was based on the fact that the co-op did not respect certain obligations placed on professional employers by labour law on collective agreements (weekly reporting and financial contributions). Judge Langlois based his decision on the concept of owner-user and on the point that the group's co-operative activity is not considered to be a commercial exploitation nor a profit making activity. He ruled that no relationship of employment exists between a co-op and its members.

Thus, the co-op won its case, and the Québec jurisprudence has been enriched by a decision specifying the nature of the relationship between a worker co-op and its members.

Co-op liquor store hits the skids

The Quebec government's plan to enable liquor board employees to acquire 20 liquor stores and run them as co-operatives has been halted by an injunction.

Legislation was passed in mid-June by the Quebec National Assembly to permit employee co-ops to take over the government run stores. Immediately, the Union of Store and Office

Employees sought and won an injunction in the courts. The union argued that the proposal was designed to break the union and contravened the Quebec Labour Code.

The Minister of Industry, Commerce and Tourism, Rodrigue Biron, will now have to convince the courts that the pilot project is not intended to disturb or violate labour rights. It appears the Minister will proceed to argue these basic questions before the courts, but no schedule has yet been posted.

System of co-operative investment: Fiscal deductions favour the capitalization of co-ops

The government of Québec has announced the creation of a new system of co-operative investment ("régime d'investissement co-opératif", RIC). This measure is intended to favour the increase of capital held by Québec co-operatives. The new system will, to some extent, complete the system of share capital ("régime d'épargne-actions") which came into existence some years ago and which permits a fiscal deduction for the purchase of capital shares for businesses having their headquarters in Québec.

The RIC will permit production or worker co-operatives to issue preferential shares which will carry a fiscal deduction in the order of 150%. The benefits of these preferential shares will be valid for at least five years. They will bear interest at a specified maximum rate, non-cumulative and payable annually.

Savings and credit unions, consumer and other co-operatives where shares, good and rebates provided to members do not enter into the calculation of revenue to members cannot profit from this new system.

Retail co-ops: Coopératives de commerce

In June, amendments to Québec co-operative law came into effect. They are of particular concern to worker co-ops.

These changes make it possible for workers to reorganize into co-ops to acquire goods and resell them to the public. This type of co-op must, however, be identified as a retail co-op, (coopératives de commerce). This was specifically prohibited in the 1982 amendments to Québec co-op law, which added the first provisions on worker co-ops in Canada. It is still prohibited in Saskatchewan. See WCNL, Vol. 2 No. 2, Sept., 1982.

Among the new obligations for worker co-ops is one requiring all new members to participate in a technical and co-operative training course and to undergo a probationary period of more than six months during which time they are considered auxiliary members. Finally, the law stipulates that co-ops with more than 25 members must form an orientation committee (comité d'accueil) for auxiliary members and a liaison committee between the members and the board of directors.

(French translation by Joanne Lindsay) ■

American ESOP legislation will increase "worker ownership"

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Canada and co-op laws

The ESOP is but one example of how Western economies are moving toward various forms of worker capitalism, through methods which give employers tax incentives to give their employees "a piece of the action." In Canada, there are various types of stock purchase and profit sharing plans (eg. the Deferred Profit Sharing Plan), though nothing as extensive as the US ESOP program.

If the Canadian government is true

to its colours, it will take note of the American ESOP legislation.

For these reasons, it is important for the worker co-operative movement in Canada to develop a position about ESOPs and the type of legislation it would like to see in this country, particularly since the American ESOP legislation has been applied to worker co-operatives.

Useful information sources are:

- The Employee Ownership Reader,

the National Centre for Employee Ownership, 1611 South Walter Road Drive, Room 109, Arlington, Virginia 22204 (709)-979-2375; • the ESOP legislation and accompanying explanation from Jeff Gates, United States Senate, Committee on Finance, Washington, D.C. 20510; • Timothy Jochim, Employee Stock Ownership and Related Plans, Greenwood Press, 88 Post Road West, Box 5007, Westport, Ct. 06881. ■

Québec decision makers meet with invited resource people

Laird Hunter

L'Ecole des Hautes Etudes Commerciales (HEC) hosted this invitational colloquium in conjunction with the Québec Ministry of Industry, Trade and Tourism. With more than thirty international resource people, *Les Cooperatives De Travailleurs: Un Moyen De Creation et Maintien De L'Emploi* explored the potential for worker co-operatives in Québec and, by implication, the rest of Canada.

In informal discussions, the organizers acknowledged that their main purpose was to bring together influential Québec decision makers to make worker co-ops a legitimate undertaking in their eyes.

Opening remarks by Pierre Harvey, director of the HEC, raised the question of whether the 1981 depression was part of an historic cycle or part of a deeper structural change in the economic ordering of society. The latter premise seems to be the more likely, he said.

As part of this structural change production has been shifted to those lesser developed countries able to dominate an increasing number of markets with cheaper products.

Economic restructuring can mean opportunity for co-ops

If it is a structural change that is occurring in western economies, the deepening rift between labour and management means an increasing flight of capital to low salary countries in reaction to the cost of labour. In the developed economies, the only industrial survivors are high productivity sectors, which increasingly exclude large numbers of the unemployed.

An important factor is that the traditional problem of creating and preserving jobs has become one of the organization of work itself. The challenge is to reorganize the relations of production. Worker co-operatives can play a vital role in this transformation. In conjunction with other measures, they could meet and possibly overcome the challenges raised by the restructuring of the economy.

Participants were able to choose two half-day case study sessions from among six:

1. *Spontaneous development: the cases of the United States, Great*

Britain and Quebec.

2. *Planned creation of co-operatives: the Mondragon industrial complex.*

3. *Rescues of business following plant closures.*

4. *Rescues of business following bankruptcy with both rescue sessions examining the cases of the United States, France, Italy and Quebec.*

5. *The conversion of a healthy enterprise into a co-operative: France and Quebec.*

6. *Do new experiments in worker participation in company ownership like Employee Stock Option Plans, lead to a mutation of the co-operative form?*

A full day was spent examining the challenge of developing worker co-operatives, the lessons to be learned and the tools to be used. International participants presented ideas which would aid the take-over of enterprises by workers. This session allowed a presentation of the methods used in different countries along the following lines:

- *changes in legislation;*
- *recruiting and training management and workers;*
- *choice of niche in the market, product development and technological adaptation;*
- *financial partners.*

Some time was spent examining foreseeable developments in the co-operative method in the next five years.

Several themes were established during the three-and-a-half day event:

1. *There is an increasingly difficult competitive position being created as formerly industrialized nations are being de-skilled and de-capitalized with resources redirected to lesser developed countries.*

2. *Co-operatives, by linking ownership with control, can play an important role in restructuring our economies so that they are managed by their participants and are less vulnerable to outside influence.*

3. *Worker co-operatives are first and foremost businesses which must compete in the market place but due to their special nature need to have supportive structures and attitudes developed.*

4. *To as great a degree as possible, workplace democracy and ownership must become de-politicized with a linkage of political and economic democracy being seen as the social norm.*

Worker co-operatives need the traditional business skills, adjusted for the co-ops' special organizational form. Accurate analysis of markets and possibilities will be a key feature in their success. The current and foreseeable economic reality means that businesses will succeed by selling in a buyer's market not by producing for one dominated by vendors.

Worker co-ops must be part of a "system of firms"

The implications of these trends are that to be successful, worker co-operatives must be an integral part of a larger co-operative sector and must act as a "system of firms". Both ideas require careful consideration of the role that other co-operative ventures and government can play.

Some form of technical assistance will be necessary if co-operative businesses are to overcome the high failure rate of small businesses. What the nature of that assistance might be and whether and to what degree it is provided by the co-operative sector or the government, raises three related matters:

1. *The Canadian economic environment — especially government — has not been able to effectively provide technical assistance for small business.*

2. *Canadian business has not been especially innovative in its market penetration and product development in the last fifteen years.*

3. *It is not clear where the necessary skills to provide useful assistance are available either in the co-operative sector or in government.*

There is great economic advantage for the co-operative system in developing a co-ordinated approach to worker co-op development. This is similar to the advantage gained through the successful introduction of any new product. It is one of the contributing factors in the much touted Mondragon example. This economic

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Québec decision makers meet with invited resource people

— continued from page 8

advantage would also complement the broad emphasis of both provincial and federal government policy regarding job creation and economic stability.

The central question is the degree to which the co-operative sector and governments in Canada will take a systematic approach to development. Without some consensus on development and support in this regard, worker co-operatives will remain marginal.

Laird Hunter is an Edmonton-based lawyer specializing in co-op law. ■

Newfoundland: four year agreement boosts worker co-op development

continued from page 3

available under the new Agreement will enable local co-ops, through their development associations, to access funds in several distinct areas of activity.

The NLFC feels that the local co-ops should, whenever possible, work closely with their local area Regional Development Associations in developing and submitting project proposals. In cases where this is not possible, the local co-ops have the option of going directly to the Management Committee for funding, or of working through the NLFC, which will supply technical and other support to all proposals from the co-op sector.

While the accessibility of funding under the new Agreement is perhaps the most interesting news for local co-operatives, the NLFC has also received a strong positive endorsement of its recent programs in worker and producer co-operative development under the new scheme. Under a matching funding formula still to be worked out between the NLFC and the Management Committee, the Federation is eligible for up to \$150,000 in outright grants.

Planning is now an affordable luxury

The Federation is now able to look four years down the road, a luxury it has never had before. The NLFC has already started working on a four year development plan, so that it can make the most effective use of these

additional resources. It's important for the membership to realize that the Federation will have to expend all of that money in certain designated types of activity related to worker and producer co-op development throughout the province's rural areas.

While no type of co-op is excluded from access to the funds, government has strongly indicated that the worker and producer sectors are intended as the main beneficiaries of this new NLFC funding. Of course, the NLFC will be able to realize certain savings from its existing budget allocations for these areas of activity, and thus be able to expand member co-op services accordingly.

The Agreement is in four stages, with \$30,000 already released for this year's activity. In each of the three succeeding years the NLFC can access up to \$40,000 per year on a matching grant basis. That means the NLFC must raise certain amounts within its

membership to fully access the yearly grant.

"We'll help you if you'll help yourself"

This sort of "we'll help you if you'll help yourselves" approach is calculated to strengthen member co-op's commitment to the provincial central. If the membership continues to increase their financial contributions, the NLFC should be able to have a strong and independent co-op central in the province when the Agreement expires four years down the road. The NLFC, in partnership with the Credit Union Council of Newfoundland and Labrador (CUCNL), will be holding a series of seminars around the province in November and December and will fully explain the new Agreement to our members.

Richard Hayes is the Managing Director of Newfoundland-Labrador Federation of Co-operatives. ■

International:

Worker co-operatives In Tanzania focus on local employment, production

Barbara Duffield

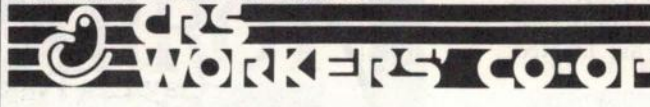
Tanzania is a so-called "under-developed country. It is very poor in terms of per capita income. It lacks an industrial base and supporting infrastructure. For example, the roads are bone-jarring, with many potholes or stretches where the

pavement has crumbled completely.

The economy is based on agriculture; most people are engaged in farming, and most of the export trade relies on agricultural commodities. The government decided to take a

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WORKER OWNED AND MANAGED



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Worker co-operatives in Tanzania focus on local employment, production

—continued from page 9

socialist path to development, with co-operatives seen as an important method to organize production.

A three-tier system is evolving

The co-operative movement in Tanzania has its history in the British colonial days, when co-operatives were formed to market the cash crops, such as coffee and sisal.

Today, the co-operatives have been organized around agricultural production in the rural areas, with the formation of multi-purpose societies at the village level.

Government support for co-operatives has fluctuated over time, but now it appears that a three-tier system — village level multi-purpose co-operative societies, district Unions and a National Apex — is to be built up. Industrial co-operatives form a small part of this system.

Some 140 worker co-ops are active

Industrial co-operatives are, by definition, worker co-operatives in Tanzania, as recommended by a United Nations report done in 1980. The government vigorously promoted industrial co-operatives in 1973, as part of a small industry strategy. Many co-operatives formed. Government grants were the major reason for the start-ups. As of June 1983, there were approximately 140 active industrial co-operative societies across the country.

Some of the activities that industrial co-operatives are involved in include soap making, metal working, carpentry, brick making, tailoring, house building, and manufacturing screws and rivets. The majority of industrial co-operatives are located in the urban areas.

As with industry in general, industrial co-operatives face many problems. They are hampered by lack of raw materials and capital, poor production planning and marketing skills, poor management and limited experience in industrial co-operatives.

The government is involved in many areas

Government involvement is extensive. As well as positive rhetoric given

by the party and the government, there are also co-operative officers assigned to each district to visit the co-operatives. They are responsible for monitoring accounts and must countersign cheques. (Private industries are not controlled to this extent.)

Through the Small Industries Development Organization (SIDO), a two-person 'desk' has been set up to look after industrial co-operative interests. They have concentrated their attention on the formation of a National Union for industrial co-operatives.

District SIDO offices have been criticized for discriminating against industrial co-operatives in the allocation of assistance for small scale industries. This is perhaps because the co-operatives do not have the means to 'entertain' the SIDO officials. As well, it reflects the past poor performance of the industrial co-operatives. They are responsible operatives. Staff assigned to look after the interests of the industrial co-operatives may be able to counter this tendency.

Problems are faced with an innovative spirit

Bank requirements for credit are often too rigorous for industrial co-operatives to meet. Existing groups usually do not attend to their accounting with the care necessary to obtain a loan. More stringent conditions are applied to co-operatives than to private business.

Black market prices result; however the industrial co-operatives are often not in a position to pay these prices.

Despite these problems, all is not

bleak. Some are very innovative, making use of what raw materials they could find or moving into new products that would give better returns.

Soap making co-op sees modest success

One industrial co-operative in the town of Iringa is in the soapmaking business. The production facilities and office are located in a small shed behind a hotel.

The supplies are piled around the edge of the shed, and the soapmaking activity extends out into the yard. They use a simple method known as the cold process and so have no need for machinery nor electricity.

The co-operative started operations in 1976, with one individual who knew how to make soap. He taught the other members, who numbered 100 initially. It was soon apparent that the co-operative could not support that many members, and at a general membership meeting, it was decided that only the most skilled and capable workers would remain. There are now 23 members.

A management committee, comprised of 10 members elected at the general meeting provide policy direction. A general manager oversees the activities of the co-operative and handles the more specialized management functions. A foreman distributes tasks to the members, and although members may rotate tasks, they tend to specialize.

The co-op owns three small consumer shops to sell its soap, as well as

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other goods, directly to the public.

Members pay the equivalent of \$1.00 to join the co-op and contribute a \$10.00 share. This share contribution is paid at a rate of \$.50 per month, with the present member capital at \$600.00.

Members are paid for actual days worked. However, with shortages of even the simple ingredients necessary for soap, the co-op generally only works at half capacity. As a result, most members must rely on other means to supplement their income. Most members would have their own small farms.

The soap co-op has little need to advertise its product, since soap is in scarce supply in Tanzania. However, its product is considered inferior to the government soap making factory, which uses modern production methods as opposed to the simple cold process used by the co-op.

Upgrading presents new problems

The co-operative was chosen three years ago to move to better premises in a government sponsored industrial estate, and learn a more technical production method. Imported equipment would be supplied by SIDO.

Members are becoming discouraged by the delay. However, as long as the soap shortage continues, they will probably survive, assuming they are able to obtain the raw materials. Even coconut oil, from Zanzibar, is in short supply, although there is no shortage of coconuts there!

The problem with the more techni-

cal production process is that there is an even greater reliance on foreign raw materials, which are difficult to obtain without access to foreign exchange. In any case, the soap co-op demonstrates a capacity to adapt to its environment and keep the organization a viable business.

Similarities to Canadian co-ops are clear

It may seem that the industrial co-operatives in Tanzania have little to do with the development of worker co-operatives in Canada. However, they are interested in providing locally owned and controlled industries, meeting local needs. They want to generate jobs, especially for the young, unskilled school leavers. And they must do this within the context of the overall industrial sector of the economy.

Barbara Duffield studies co-operatives and business at York University. She spent three months last winter on a study tour of industrial co-ops in Tanzania, where her field work was assisted by Wilson Mkwizu of the Co-operative College, Moshi, Tanzania. ■

Buyouts:

Don Altman

Employees buy fish plant

Two former employees bought the H.B. Nickerson & Sons Ltd. plant in Wedgeport, Nova Scotia for an undisclosed amount of money. With a

\$400,000 capital investment the former plant manager and trucker hope to employ 300 people at the season's peak. (*Globe & Mail*, May 17/84/B4)

Packers 'cheer' 16% cut

Five hundred employees of Swift Eastern Inc. (formerly Gainers Processed Meats) of Toronto cheered when shareholders slashed wages by 16%. The former senior management joined with the Allied Food and Commercial Workers' International Union a year ago to save the firm which has plants in Toronto, Montreal, Quebec City, Rouyn, Sydney, Dartmouth and St. John's. In exchange for a \$1,500 investment per worker, the workers' union can place three of its executive on the board and the union president on the management committee. The workers ratified a contract which would reduce wages from \$12.50 to \$10 per hour in exchange for improved benefits and expected profit sharing from a healthy company (*Toronto Star*, May 19/84 B1)

Firm to spend \$108 million

Tembec Inc. of Temiscaming, Quebec, a major pulp producer, plans to build a \$108 million addition. Tembec is management owned with minority worker participation. The new pulp process being introduced should contribute to an expected \$11.1 million profit in 1985, a turn around from the losses of 1983 (\$3.9 million) and 1984 (\$37,000). (*Globe & Mail*, Oct. 2/84 B2)

Burning desire to work

The Brooks Line of Fireside Products was dropped, putting 80 people out of work, when Homeware Industries bought Brooks Fireplace Implement firm in 1979. Ten workers resurrected the firm as Anvil Fireside Accessories Ltd. in 1980. The company is now on the profit road with the development of export markets and new products — Homeware's fireside line, and 11 new employees have been hired.

Buyouts study available

Ted Jackson, an Ottawa-based consultant and adult educator, has written a paper on worker buy-outs which can be obtained by writing him at: 251 Bank Street, Suite 303, Ottawa, Ontario K2P 1X3. ■

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BOOKS & ARTICLES

COMMUNITY, CO-OPERATIVE, AND SELF-EMPLOYMENT BUSINESS VENTURES:

Policy Options for State Government

by Peter Kenyon

Co-operative, Community and Self-Employment Business Ventures: Policy Options for the State Government, Peter Kenyon, Statement Employment Task Force: Government of Western Australia: Perth, W.A. 1983, 202 pgs.

This report is available from Community Employment Initiatives Unit, 5th Floor, S.G.I.O. Atrium, 170 St. Georges Terrace, Perth W.A. 6000.

Reviewed by **Joyce Gwilliam**

High levels of unemployment and economic uncertainty have prompted an examination of new business ventures throughout the world. This report is the result of a comprehensive study undertaken by Western Australia's State Employment Task Force.

In the report, the Co-operative Projects Officer, Peter Kenyon, who was seconded for the project from the Western Australian College of Advanced Education, outlines a strategy for the state government in utilizing employment options in the areas of co-operative, community, and self-employment business ventures. The strategy is presented only after Kenyon has guided the reader through a process of awareness development, analysis of existing programs, and reflection on pertinent needs of the state communities. Background detail and philosophies of co-operative employment models, as they relate to a host of international experiences, are outlined.

The author refers specifically to previous and existing Australian projects which are aimed both to create

jobs and provide more socially relevant work structures. Through reference to successes and failures, Kenyon establishes his framework for government policy and programs. In this way, the author succeeds not only in promoting a relevant alternative for Western Australia, but also "provides a background resource document" for others who are exploring co-operative, community and self employment business initiatives.

Doing without dependency

Key to the recommendations put forward in the report is the establishment of a Community Employment Initiatives Unit. The purpose of this governmental unit is to provide support for community based employment ventures while minimizing direct bureaucratic involvement and control. Kenyon reiterates that "the role for government is not to develop the work co-operative movement, but to make it possible for the work co-operative movement to develop itself".

In this report, Kenyon confronts the contradiction between government and community control. In his recommendations, he incorporates the need for development at the community level. This emphasis on community development poses a positive and workable focus which enhances his proposals.

Indeed, this report is relevant not only in Australia but in Canada where our own Federal Task Force has identified worker co-operatives as a priority. It provides an excellent example to programmers within either government or community organizations who wish to further their understanding of alternative employment models.

Joyce Gwilliam is Manager of Program Services, Saskatchewan Dept. of Co-operation and Co-operative Development, Regina Saskatchewan.

Community Economic Self-Help And Small-Scale Fisheries, E.T. Jackson, Department of Fisheries and Oceans, 200 Kent Street, Ottawa, Ontario K1A 0E6, 1984, 66 pp.

Reviewed by **Skip McCarthy**

Written for the Fisheries Economic Development and Marketing Service of the Federal Department of Fisheries and Oceans, this discussion paper was intended to explore alternative

solutions to the problems of small-scale fisheries. Variations of "community economic self-help," including worker co-ops, are presented as potential options for development strategies in the Canadian Atlantic fishery north of 50°.

The Jackson report manages to convey information and suggest approaches that could be useful in the context of other development regions. It is especially applicable where considerations of appropriate scale, technology and organization (as expressed by George McRobie, the Schumacher Institute) are part of an integrated strategy to produce "lean, dynamic and flexible" organizations. These enterprises stand to be sensitive to local needs, do not necessarily require a high rate of profit, and encourage local skill development".

The report is divided into three parts. Part I reviews the context of small-scale fisheries and the general strategy of community economic self-help. Organizational models and business performance of four approaches to community economic self-help is described in Part II. Part III discusses the three conditions necessary for the success of the community economic self-help in the Atlantic fishery north of 50°. Extensive references are included as well as appendices with information on trade union involvement in employee ownership and models for development finance institutions.

Corporations and Self-Help

In spite of a rather sketchy analysis of the real politics of development strategy in the Atlantic fishery north of 50°, as expressed by federal-provincial rivalries over control of the development process in the region, the author makes a significant contribution. By demonstrating the "potential for complementarity in the actions of such a (fisheries development) corporation and the self-help efforts of local communities", Dr. Jackson places the debate over the designated policy instrument on a much more innovative footing.

It would be interesting to read a fuller exploration of the author's assertions about the linkages between international experiences and the Canadian context and the means by which the governments of Canada and Newfoundland and Labrador might play a leading role in promoting the com-

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munity economic self-help strategy abroad.

The proposed synthesis of national experiences is important to merit a book-length investigation and is very much needed at this time in order to fully exploit the potential of this approach to development of economically marginal regions, both urban and rural. The question of whether social objectives must be specified in order to achieve "viability" remains to be answered and this report represents an approach to simultaneously achieve these dual goals.

Skip McCarthy is a research associate at the Centre for the Study of Co-operatives in Saskatoon. ■

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. Space consideration in the newsletters do not allow us to print all reviews. We reserve the right to ask for extensive revisions or not to print a review at all.

Changing Work: magazine about liberating work life

This is a new publication which intends to bring ideas about worker ownership and democratic management to as broad a readership as possible.

It is a quarterly publication. *Subs are \$10 (American) a year and may be ordered from: Changing Work, U-54, University of Connecticut, Storres, Connecticut 06268.*

As many of us now realize, the most impressive development of worker co-operatives has taken place in Europe. Too often we read about this movement second hand, in English. If the "unilingual" readers will forgive me for a moment, I would like to list a few easy-to-read items written for the French and Spanish worker co-

operative movements, for the benefit of those interested in more detailed studies.

Entre l'efficacité et la démocratie: les coopératives de production, Daniëlle Demoustier, published by Editions Entente, 12, rue Honoré-Chevalier, 75006, Paris France; 1981, 128 pp., biblio., appendices, 49 FF.

Daniëlle Demoustier is an academic now doing a comparative study of worker co-ops in Québec and France. This, her first book, is a very easy-to-read introduction to French worker co-ops. Each chapter illustrates an issue with descriptions and examples from various worker co-ops. This "practical illustration approach" is the other main strength of this all too brief book.

Sociétaires et compagnons: des associations ouvrières aux coopératives de production (1831 - 1900), by Henri Desroche, published by Les Editions Ouvrières, 12, ave. Soeur-Rosaile, 75621, Paris, Cedex 13, France; 1981, 214 pp., footnotes.

This is the first volume (the second one is under preparation) of a major history of the worker co-operative movement in France. Desroche is the leading French scholar specializing in co-operatives, head of the Collège coopératif in Paris. He starts with Buchez and the founding of the Bijoutiers en doré in 1834 (ten years before Rochdale) and moves to the congresses at the turn of the century. At the end of the book there are some preliminary conclusions.

La Cooperativa de trabajo, by Jose Luis Gómez-Calcedada Gascón, published by Ediciones CLAC, Perú, 164, Barcelona 20, Spain; 1983, 174 pp., biblio., appendices, 625 pesetas.

This is part of a series of eleven books on co-operatives put out by Ediciones CEAC. They all appear to be practical, inexpensive (625 ptas - \$5.00 Can.), easy-to-read guides designed for the Spanish market. This is the one that I found the most interesting and useful. It has a brief history of the movement, starting with the first workers' co-ops (a textile group in Barcelona) in 1834, through to current plans for a new co-operative law. Typical of many Spanish works, it also contains a review of

other European and American development. In the appendices there is a set of model by-laws and articles for Spanish worker co-ops.

The other titles in this series cover areas such as marketing, accounting, food co-ops, consumer co-ops, agricultural co-ops and the co-operative firm. The book on the new co-operative laws in Catalonia and the Basque provinces has copies of the new laws in the appendices, and the one on finance and investment has a brief comparative analysis of the capital structures of co-ops under the new and old laws. It suggests a greater flexibility in the new law.

En Torno al Proyecto de Ley de Sociedades Cooperativas, edited by Narciso Paz Canalejo, distributed free by the Fundacion Hogar del Empleado, Pza. Luca de Tena, 13, Bajo, Madrid 7, Spain; 1980, 123 pp., appendix, footnotes.

This is an edited collection of papers commenting on the proposed draft law on co-operatives that has not yet come into force. The editor, Paz Canalejo, who is also head of the Asociación de Estudios Cooperativos, has included a brief paper by Jean Larranga, the senior legal counsel for the Caja Laboral in Mondragon. The papers, though somewhat technical, are a useful insight into the problems that Spanish co-ops have had with the old laws and are often relevant to discussions here in Canada.

Labour co-operatives: Retrospect and prospects, by Raymond Louis, published by the International Labour Office and available from ILO Branch Office, 75 Albert Street, Fuller Building, Suite 202, Ottawa; 1983, 162 pp., biblio., appendix, \$15.00.

As the title suggests, the author attempts to isolate the conditions for the success of worker co-operatives from an examination of the successes and failures of the past. Louis divides the case studies into two groups -- independent co-ops and government sponsored co-ops. It includes examples that I had not heard about before, such as the New Zealand co-op labour system. In the last part, Louis proposes a scheme for the development of labour co-operatives. ■

NEWS and NOTES

Jack Quarter, Karen McMillan

Vancouver

CODA on the move

CODA — the Common Ownership Development Association — is recruiting members for its non-profit society. CODA disseminates information about worker co-operatives. Its development arm does consulting for new and existing co-operatives. Memberships (\$20 for individuals and \$50 for organizations) include one hour of free consultation, a subscription to *Worker Co-ops* and CODA's newsletter about its own activities.

CODA is located at 3103 Kingsway, Vancouver, B.C. V5R 5J9 (604) 437-9828.

Two new Vancouver ventures should be watched

Two new worker co-operatives have emerged that may be the seeds of a much needed integration of worker co-ops with other co-operatives.

Rain Coast Construction, located at 102-235 West 10th Avenue, provides maintenance services to housing co-operatives and MUMS (the **Multiple Utility Moving Service**) at 1751 East 4th Avenues does moving and maintenance.

By servicing other co-operatives, these small enterprises may be able to attain the market stability that will enhance their success.

Edmonton

Communitas hires staff

Communitas has hired four people under Section 38 of the Canada Works Programme to explore the potential for employee co-operative ventures in the Edmonton area.

They intend to concentrate on opportunities not dependent on the existing economic base of primary extraction industry and agriculture and less susceptible to 'boom and bust' cycles. Creating employment vehicles for the younger and disadvantaged worker will also be a focus.

Communitas can be reached at

10551-123 Street, Edmonton, Alberta, T5N 1N9, (403) 482-5467.

Lethbridge, Alberta

Chalk up another one

The Local Enterprise Trust Society has put together an ambitious program for 1984-5, which includes developing co-operatives. For information contact **E.J. Ouellette**, 2426 20th Avenue South, Lethbridge, Alberta T1K 1G6.

Saskatchewan

Saskatoon to host worker co-op conference

About the time that the groundhog searches for its shadow and valentines are passed back and forth, Saskatoon will host a major conference on worker co-ops. The precise date was not set when this column was prepared, but that information and other details should now be available from **Skip McCarthy**, *Worker Co-ops* Prairies' editor, at the Centre for the Study of Co-operatives, Room 181, Diefenbaker Centre, University of Saskatchewan, Saskatoon S7N 0W0, (306) 966-8503.

To encourage the attendance of Easterners who might be intimidated by the icy Prairie winter, Skip is developing R-40 toe-to-nose thermals with R-50 where it counts — on the nose of course!

Manitoba Federation of Labour plans a SWAT squad

Concerned about job losses from plant closures, the Manitoba Federation of Labour is planning a SWAT squad which will be available immediately after a plant closing is announced to assess the feasibility of and to plan worker buyouts. If this comes to pass, it will signal a marked change of attitude on the part of organized labour in Canada. Necessity, so it seems, still is the mother of invention.

Toronto

CW moves ahead

Co-operative Work, a resource group for the development of worker co-operatives, is now managing a Canada Works project to develop consulting resources. The project is pleased to announce the hiring of **Eunice Lee-**

son, Rosemary Oliver and Ethan Phillips as paid, full-time workers.

CW is grateful to Canada Works and a number of church organizations for providing the funds for these hirings.

The project can be reached at its new office at 126 Pape Avenue, Toronto, Ontario M5M 2V8, (416) 466-7335. The decor is basic, but the outlook is strictly twenty-first century. Co-operative Work can be contacted by mail at 136 Simcoe St., Suite 201, Toronto, Ontario M5H 3G4.

Ottawa

CUC backs worker co-ops

Following from the Report of the National Task Force on Co-operative Development, the **Co-operative Union of Canada** has set up an implementation committee with a budget of \$100,000 to bring into effect the report's recommendations. **Laird Hunter**, an Edmonton-based lawyer specializing in co-operative housing and a driving force behind the Edmonton resource group for worker co-operatives, has been hired as a consultant.

CUC's program will include assisting with pilot projects for worker co-operatives, preparing and distributing practical resource and reference materials and developing mechanisms whereby the co-operative sector can support worker co-op initiatives in areas such as national leadership, lobbying, financial assistance, marketing and technical resources.

Laird plans to send out a bi-monthly information letter to the Who's Who of the co-operative movement in Canada — a list which, needless to say, includes the subscribers of the *Worker Co-ops Newsletter*. Laird's home base is 11219-54th Avenue, Edmonton, Alberta T6H 0V5 (403) 438-0782. He also can be reached at CUC, 237 Metcalfe Street, Ottawa, Ontario K2P 1R2, (613) 238-6711.

Communitiworks is a non-profit group in Ottawa which provides venture capital through a revolving loan fund to housing co-ops, community enterprises and worker co-ops.

Recently a study of worker co-ops in the Ottawa area was completed for them by consultants Wismore and Pell. This study is now under review by the board of Communitiworks to determine its use as a consulting tool.

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how it fits into a general strategy and who will develop it further.

Information can be obtained from: Peter Trotscha, *Communitiworks*, 200 Isabella Street, Second Floor, Ottawa K1S 1V7, (613) 238-5141.

Trusteeship Institute in Ottawa: a resource group with a difference

Val Scott, education co-ordinator of the Canadian Federation of Labour and former NDP candidate in Downsview, has turned his spare energy to the creation of a **Trusteeship Institute**, a type of resource group for the development of worker co-ops. The prototype was founded in Shutesbury, Massachusetts, by Terry Mollner, the author of a book about Mondragon.

For further information about *Trusteeship*, Mollner and anything else you want to know, contact Duart Maclean, General Manager, *Trusteeship Institute*, 39 Welkin Cres., Nepean, Ontario, K2E 5M4, (613) 224-5480.

Worker co-op tour of Europe

Eighteen people, including representatives of the Canadian Labour Congress, took part in this fall's worker co-op tour to Mondragon, England (Leeds, Birmingham, Coventry and London) and Paris. Tour leader Laird Hunter said the most important issue raised for him was "whether it was possible for the co-operative movement in Canada to get involved in industrial production without government financial assistance and without favourable historical circumstances such as in Mondragon". A skeptic would say "not possible".

United States

US develops National Centre for Employee Ownership

This private, non-profit organization is dedicated to increasing awareness about employee ownership through a variety of member services which include: publications such as "starting an employee-owned business"; a clipping service of articles about employee ownership; practical guides such as a model ESOP; research

information about symposia and studies; and just about everything else there is to know about the topic.

An information brochure can be obtained by writing to Corey Rosen, the Centre's executive director at 927 South Walter Reed Drive, #6, Arlington, Virginia 22204, USA. (703) 979-2375.

Canadians take part in North Carolina conference

The posh location of this conference at the Marriott Hotel in Greensboro, North Carolina, indicates just how far the worker ownership movement in the US has come. Presentations ranged from the theoretical work of Arnold Tannenbaum, University of Michigan, to practical discussions on Employee Stock Option Plan legislation and educational programs.

There were two Canadian presenters. Richard Long of the College of Commerce, University of Saskatchewan, discussed "The effects of employee ownership on job attitudes and organizational performance". Jack Quarter of the Ontario Institute for Studies in Education talked about "Worker co-ops in Canada, a movement in the making".

The complete set of papers — soon to be published — can be obtained by writing to Bill Stevens, Department of Management, Guilford College, Greensboro, North Carolina.

Israel Centre studies industrial democracy

Co-sponsored by the Histradut (the

Federation of Labour) and the Department of Industrial Democracy at the University of Haifa, this Centre is one of a growing number across the world that is studying worker ownership and industrial democracy. One of its undertakings, a computerized bibliographic resource bank, should be of interest to the *Communitas* group in Edmonton, as it has similar plans for Canada.

For further information about the Centre — which, in the best of Israeli tradition, has a name that requires an extra-large envelope — write to Professor Menachem Rosner, *The Institute for Study and Research of the Kibbutz and the Co-operative Idea*, University of Haifa, 31999 Haifa, Israel.

Co-op education directory now available

High youth unemployment rates and the increasing concern of educational officials to introduce secondary school students to the world of work, present great opportunity to initiate students into the co-operative movement.

The Co-op Education Directory consists of about 500 work placements in co-operatives, including worker co-operatives, for co-op education (work-study) secondary school students in Ontario.

It is a companion initiative to the co-operative resource materials that were developed by the Co-op College in Saskatoon.

For information about the directory, write to Jack Quarter, OISE, 252 Bloor Street West, Toronto, Ontario M5S 1V6 (416) 923-6641, Ext. 576. ■



MID ISLAND CONSUMER SERVICES CO-OPERATIVE

"BEST WISHES TO CANADA'S WORKER CO-OPS FROM THE MID-ISLAND CONSUMER SERVICES CO-OP, A SERVICE FEE CO-OPERATIVE THAT HAS PROVIDED OVER 235 MILLION DOLLARS WORTH OF MERCHANDISE TO ITS 11,000 MEMBERS SINCE INCORPORATION"

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A multi-agency approach to development assistance

—continued from page 2

agencies or individuals with particular skills and connections that are needed.

CRAD-B hopes to make some appointments in the near future, and are expecting that a seat or two may remain vacant, so that special resource people can be involved in situations as the need arises."

If all goes as planned, the NLFC hopes to see the group becoming fully

active in 1985. That doesn't, however, mean that development isn't taking place right now.

"We've been especially pleased with the work being done by the Fisherman's Union even at this early stage" Templeman declared. "They have not only expressed their unqualified support for the co-op option within the fishery, but have also started involving their business agents in helping groups consider the co-op option."

While the CRAD-B further defines its roles and methods of operation, it

expects similar actions from each of the agencies involved. When that happens, Newfoundlanders will have a greatly expanded range of developmental support services available to stimulate the growth of the worker and producer sector of the provincial movement.

Richard Hayes is the Managing Director of Newfoundland-Labrador Federation of Co-operatives, P.O. Box 13369, Postal Station A, St. John's, Newfoundland, A1B 4B7, 709-726-9431. ■

Not just best sellers: a business with a commitment

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Press and comparisons with similar agencies. All staff members are also collective members.

When Women's Press began, staff worked as generalists, and job rotation was common. In the last few years, though, staff members have specialized in such areas as finance, marketing, design and production.

Training is done on the job

On the job training is the primary means for skill development, although staff has taken some inexpensive professional development courses. If volunteers are willing to make a commitment to the collective, staff will help them with skill development.

The turnover rate is low, although staff members have been offered more attractive salaries from other publishing firms. Two of the full-time women have worked in Women's Press for at least eight years and many of the volunteers have been with the organization for almost as long. Their commitment is based on the social and political causes pursued by the collective and on their appreciation of the positive and supportive work environment.

In addition, all of those involved in Women's Press are committed to the women's movement, remaining on call when immediate issues arise.

Production includes extensive network

The production process is not restricted to collective members, but includes freelance editors, typesetters, printers and a sales force that extends across Canada. Women's Press has a contract with the University of Toronto Press for distribution, warehousing and billing. While union print shops were used exclusively at one

time, some jobs are now done in non-union shops because of the Press's limited budget. Computerization is being implemented, with edited material being stored on a DEC system prior to being sent out, by phone, to the typesetters. Some accounting and mailing lists are also computerized.

Women's Press recommends to other groups wishing to organize production on a collective basis that to

"know your business" is as important as an interest in and commitment to it. In addition, know that you are IN business.

Women's Press, 16 Baldwin Street, Toronto, Ontario, M5T 1L2, (416) 598-0082.

Joanne Lindsay is a planning and community development student at York University. ■

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