

WORKER CO-OPS

Manitoba's Employment Co-operative Program is off and running

Worker co-ops high on agenda of first federal/provincial conference on co-operatives

President of the United Steelworkers of America speaks out on worker ownership

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Churchill Park Greenhouse Co-op:
A community service co-op conversion

One day ends and another begins

What has happened to the Newsletter, you may want to know. Like the worker co-operative movement in general, our publication has grown and has changed. With the support of a growing number of subscribers and with generous assistance from the Centre for the Study of Co-operatives at the University of Saskatchewan, we have evolved into a magazine.

Our masthead reflects our national makeup; our business office is now in Saskatoon; our editorial/marketing committee remains in Toronto; and we have an enthusiastic group of contributing editors from coast to coast who bring us the news about worker co-operatives.

As for the future, who knows? Worker co-operatives in Canada and throughout the world are growing so rapidly that in all likelihood our publication will continue to change. The direction that we take will be influenced greatly by feedback from our readers. If you did not complete our market survey, just drop us a note indicating what you'd like to see in *Worker Co-ops*. And, as always, submissions from our readers are most welcome.

A word of thanks is due to some people who have recently retired from our group. We are grateful to Fred Matthews, who redesigned the publication two years ago and, in spite of the increased number of pages, continued to do the artwork without too much muttering.

Also, we are indebted to Hugh Lawson and Suzanne Rancourt, who recently retired from doing our renewals, and Ethan Phillips and Karen McMillan, who have retired as our mailman and our notes editor, respectively. The rest of our organization remains intact, and is strengthened by the assistance of Jo-Anne Andre and Margret Asmuss, of the Centre for the Study of Co-operatives, who will be handling the production process. Printing will be done by Federated Co-operatives Ltd.

Last but not least, we need more subscriptions in order to maintain our growth. As a volunteer organization, our marketing is limited, and any assistance you can provide will be appreciated. Little things are very helpful--like mentioning us to friends and acquaintances or arranging with your co-operative for a bulk subscription.

For example, Co-op Atlantic and the Newfoundland and Labrador Federation of Co-operatives send a copy of *Worker Co-ops* to each of their member organizations; Federated Co-operatives and the Co-op College have subscribed in bulk for the members of their boards; and Communitiworks has subscribed for all of the MPs and MPPs in the Ottawa area. Every little bit helps.

Jack Quarter
Co-ordinator

Cover: The cover photograph is from an NEB poster on "Everyone's Business", a film about the Churchill Park Greenhouse Co-op in Moose Jaw, Saskatchewan (see film notes this issue). Photograph courtesy of the National Film Board of Canada. Photography: Gerry Kopelow; design: Steven Rosenberg.

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Co-op. (Story p. 22)



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addresses organizational
meeting of Pacific Armored
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economic impact of the construction of co-operative housing.

Worker co-ops discussed

Worker co-ops and fishery co-ops were discussed in detail. The CUC's report on current activities in the worker-co-op area was supplemented by the Conseil canadien de la cooperation, which indicated that, in 1986, it would devote specific attention to worker co-operatives.

Discussion also focussed on the financing of worker co-ops, both start-up and equity, and the training of worker/owners in self-management and in business skills. Ministers raised points about phoenix co-ops (buyouts), particularly from the perspective of shutdowns of branch plants and the impact of plant closings on one-industry communities. Questions were asked concerning the role of credit unions in financing worker co-ops and responded to with examples, such as the experience of Canadian Porcelain. Mention was made of the need to educate credit-union lenders about worker-owned-and-managed enterprises. The capitalization of worker co-operatives in Quebec was reviewed, and there was criticism by the co-operative sector of federal tax policies, including those announced in the May, 1985 budget.

Some time was spent on the development process for worker co-operatives, including the use of resource groups. There was a general agreement around the table that not enough was yet known about the most appropriate development mechanism especially since the ministers represented diverse regions.

Second meeting soon

Jay Cowan, the Manitoba minister, reviewed his govern-

ment's "employment co-operatives program". Mr. Cowan proposed a second meeting with co-operative leaders in early 1986 to discuss a common approach to the development of worker co-ops. He also proposed a working group with federal, provincial, and co-operative membership to plan the second meeting.

Response to these proposals was positive, and the official conference communique announced the planned meeting. It was agreed that a discussion of worker co-operatives should have a significant place on the agenda that would include other items about co-operatives. If the preparations for the second meeting are solid, and if the co-operative sector and the governments approach it with the same openness and goodwill that characterized this first meeting, then we can be confident that understanding of the worker-co-operative model will increase and that related policy and programs will continue to improve.

Albert Chambers is the director of government affairs for the Co-operative Union of Canada, 237 Metcalfe St., Ottawa, Ontario, K2P 1R2; (613) 238-6711. ■

Believe it or not:



Robert Briscoe

When the writers of management textbooks rack their brains to imagine a situation in which democracy could never work, they usually think of a ship. On board a ship, they argue, it is only right and proper that the captain should be a very close second to God! His word must be law if the ship is to operate efficiently and safely. According to the experts, there is no room at sea for employee participation.

That's the traditional view, but even this last salt-water refuge for tyrants is under attack. According to Captain Laszlo Kovats, co-operation and the democratic process can make the shipping industry not only more humane but also a great deal more efficient. Kovats is one of the founders of Seafarers Limited, a worker co-operative which was formally incorporated in 1984. Seafarers is based in England but, according to its founders, it has the potential of developing into an international co-operative serving seafarers and shippers of all nations.

Captain Kovats is a master mariner and a barrister, who first

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Worker-owned co-operative.

A ship's captain who is organizing worker co-operatives on the high seas

studied law when he was an able seaman in the merchant navy. He heads his own company specializing in marine insurance and has written two standard texts and an armada of articles on shipping and insurance issues. I met him at his London office where he explained his vision of a shipping co-operative.

Kovats argues that shipping represents virtually uncontrollable capital which, in good times, exploits not only seamen but also the owners of cargo. And when times are not so good, seamen lose their jobs and standards of safety may suffer, endangering lives at sea.

Effective seafaring co-ops would do much to remove imbalance from the shipping market. They would also offer fairer, more consistent prices to shippers, as well as greater job security and a share of the profits to ships' crews.

But how can a shipping co-op expect to offer a better deal to both customers and crews? Captain Kovats argues that a co-op will reach new levels of efficiency because it will cultivate special relationships with its shippers and with its workers.

Increased efficiency will stem from changed attitudes and more flexible working arrangements. A crew which shares fairly in the profits of a ship will be meticulous in the care of cargo and in the management of shipboard expenses. And a crew which has more opportunity to take part in shipboard decision-making should also have a stronger commitment to the success of the whole venture.

Kovats and his associates have drawn up model rules to facilitate industrial democracy. Each ship's crew will form an association (a small co-op within a co-op) which will manage a budget for all ship-husbanding



Capt. L. J. Kovats of Seafarers' Limited.

functions--such as food purchasing or choosing a dry dock--and will share in the profits made on each voyage.

To ensure the safe operation of the vessel, the traditional chain of command will be preserved through carefully defined job descriptions, but members will be entitled to full information from the captain on all matters affecting the business operations and management of the ship. As a last resort, the crew is even entitled to demand the removal of the ship's captain at a general meeting of the co-operative.

Kovats also envisages a different division of labour between personnel at sea and those ashore. Seafarers' ships will have wider decision-making powers than are usually vested in the officers and crews of a vessel. This will lead to more meaningful participation, greater flexibility, and increased freedom to respond to local opportunities.

Shippers will also get a better deal, says Kovats, because they, too, will have the opportunity to

become members, earn rebates, and have a limited say in the running of the co-op.

Seafarers has yet to sail its first ship, though Kovats is using his extensive industry contacts to drum up business. He expects to carry the first cargoes in chartered ships, and is particularly keen to enter into working relationships with co-operatives involved in exporting and importing. Consequently, Kovats is approaching agricultural co-ops throughout North America and Europe to invite their participation in this imaginative venture.

Captain Kovats invites any co-operator who would like more information on Seafarers and the range of service it offers to contact him at Seafarers Limited, P.O. Box 688, London SE1 4HR, England.

Robert Briscoe teaches organizational behavior in the Department of Management and Administration, University College of Cape Breton, Nova Scotia. He is currently on study leave in the United Kingdom.

National educational program started for worker co-operatives

Jack Quarter

The embryo of a national education program for worker co-operatives was created by 22 representatives of resource groups from across Canada at a Co-op College symposium, in Saskatoon, November 10 - 12. With the support of a small grant from Labour Canada, the meeting was organized by Doug Holland, director of democratic studies at the Co-op College, and Laird Hunter, the recently-retired manager of the Co-operative Union of Canada's worker co-operative project.

The symposium thrust the Co-op College into a leading role in creating a worker co-operative educational program. Doug Holland will provide the co-ordination and will maintain contact with representatives of the regional resource groups.

The symposium urged the College to beef up the worker co-operative component of its secondary school resource materials. In addition, Lyndon Hillier, the President of the College, stated that, "the Co-op College would look at opportunities to

include information on worker co-operatives in existing courses and programs."

The College will also assist resource groups in making education program funding applications to federal government agencies. This may enhance the possibility of those applications being funded since the Co-op College is an established national organization and, therefore, may appear more credible to government agencies than fledgling regional resource groups. As a beginning, the College will look into the possibility of obtaining Secretary of State funding to translate French-language educational materials currently in use in Quebec.

One of the high points of the symposium was the stimulating presentation by Candice Selby, co-ordinator of Youth Action Co-operative (YAC), the worker co-operative operated by eight students in Saskatoon this past summer (see *Worker Co-ops*, Vol. 5, No. 2). As a result of this successful project and the "starter kit" that Ms. Selby is developing for use by others who are interested in replicating the approach used by YAC, the symposium

agreed to urge ministers at the federal/provincial meeting on co-operatives to make funding available in support of this program in their province and to urge resource groups to organize similar projects in their region.

Also, the Co-operative College is planning a national conference next year for persons involved in youth programs. The YAC program will be included in the agenda for that conference.

Many of the participants in the symposium--and in particular the Manitoba contingent of Doug Davidson and Jeremy Hull--argued for the need to link education to development. To that end, Sherman Kreiner and Cindy Coker of PACE (the Philadelphia Association of Co-operative Enterprises) which is developing the O & O worker co-operative supermarkets, made very interesting presentations on PACE's 17-stage development model and how education is tied into the development process. Sherman offered to make the facilities of PACE available for internships (details to be worked out), and Cindy will describe the PACE approach in the March issue of *Worker Co-ops*.

In addition, it was agreed that a subsequent meeting would be organized specifically for developers and that meeting would include a "training institute" which would help "to train the trainees" using resources currently available in Canada and possibly outside resources such as PACE. The symposium also adopted a suggestion by Glen Fitzpatrick, director of the Newfoundland Federation of Co-operatives, and Sherman Kreiner to create a national directory of resources and resource people who could be called upon when needed to provide specialized assistance.



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The symposium also reviewed resource materials that were available for worker co-operatives, and in particular the 300-page how-to-do-it handbook recently completed by the Worker Ownership Development Foundation (WODF) of Toronto. At the suggestion of Jim Woodward of Vancouver's CODA resource group, the meeting asked WODF to consider a "franchising" arrangement which would permit resource groups to adapt the handbook to their region and at the same time permit WODF to recover its development costs. Assuming that this type of arrangement could be worked out, it could establish a precedent for disseminating other types of resource materials including the long-awaited bibliography being prepared by Communitas of Edmonton. Skip McCarthy, of the Centre for the Study of Co-operatives at the University of Saskatchewan, agreed to assist the Communitas contingent of Debbie Ferdinand and Leo Tourgny in producing the bibliography and also agreed that the Centre would collect and publish the regional analyses that had appeared in *Worker Co-ops*.

Last, but not least, the symposium acknowledged the important role that Laird Hunter had played in co-ordinating worker co-operative activities and in lobbying the government, and it urged the Co-operative Union of Canada to continue its support for that type of function. In the course of the three-day symposium, the participants had specific needs that did not lend themselves to a general approach. There were regional needs, as articulated by Glen Fitzpatrick and Lawrence Canning of Newfoundland, Rick Parker and Grant MacDonald of Nova Scotia,



Doug Davison making a point at the Co-op College symposium. Below: Symposium leaders Laird Hunter (CUC), Doug Holland (Co-op College), Sherman Kreiner and Cindy Coker (PACE).



and Judy Cavanaugh and David Laycock of Saskatchewan; and there were gender-specific needs, as articulated by Rita Chudnovsky and Melanie Conn of WomenSkills in Vancouver. There were also differences of philosophy and just plain old-fashioned differences.

In the end, a grand plan proved to be elusive, but in spite of that, the practical accomplishment of the symposium left part-

icipants in a buoyant mood about the possibilities of sharing materials and programs. This buoyancy was increased by the generous supply of tasty bran muffins that the participants munched on from morning until night as they went about their business.

Jack Quarter is education co-ordinator of the Worker Ownership Development Foundation which he represented at the symposium. ■

British Columbia's worker

Dana Weber

In B.C. we read about "economic recovery" in central Canada and marginal drops in the national unemployment rate as if it were happening on Mars. The provincial government is throwing a big party next year (Expo '86), but for the nearly 14 per cent of B.C.'s workforce that remains unemployed there is little to celebrate.

Despite the persistence of the recession--or perhaps because of it--you can still add up the number of successfully operating worker co-ops without taking off your shoes and socks. While there hasn't exactly been an avalanche of new co-op development, interest in worker ownership continues to grow. We have several new initiatives on the drawing board, and there are a number of other hopeful signs.

Colleges, credit unions are important players

One optimistic sign is the increasing number of community-based economic-development groups which now view worker

ownership and workplace democracy as important elements in the C.E.D. strategy. Not a month goes by when CODA, B.C.'s resource group for worker co-ops, isn't asked to speak or conduct workshops on worker ownership somewhere in the province. Many of these initiatives are coming from the province's community colleges which are acting as development catalysts in many of B.C.'s smaller centres.

At the same time, a process of education and promotion which has been going on within the credit union system for the last two years has begun to bear fruit. Vancouver City Savings Credit Union has established a community ventures office to provide seed capital and a certain amount of development assistance to fledgling entrepreneurs. The capital fund, administered by a staff of two, will be small at first--a half-million dollars. The VanCity board hopes to shepherd ten projects through the program in the first year, and they have specified that at least two of these should be worker co-ops. Some of the fund's money has also been earmarked for other

community-controlled initiatives such as community development corporations.

In addition, the VanCity program is designed to counsel applicants on the preparation of business plans, to refer them to "mentors" who may be able to help them establish their business, and to assist them in obtaining access to appropriate government-assistance programs. A VanCity spokesperson says the credit union wants to establish "a friendly and nurturing relationship" with clients which will continue after their applications are approved. However, it has no desire to participate directly in enterprises seeded by the venture fund. Other large credit unions in B.C. have taken similar initiatives, although VanCity's approach may be the most comprehensive.

And at the other end of the credit union spectrum, CCEC continues to provide that "friendly and nurturing" environment for co-operatives and community organizations that other large credit unions are trying to emulate. Traditionally CCEC has been able to provide low-interest loans to its members by paying them no interest on deposits. Faced with declining interest rates and increasing costs, CCEC is modifying its no-interest policy in order to attract more depositors. But the credit union's basic purpose as a lender to co-operatives and self-help organizations remains unaltered.

More needed

Despite the initiatives of the credit union sector, community-development corporations, and educational institutions, there still is a gap in the level of organizational and technical assistance available to community businesses

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Still voices in the wilderness, co-ops: but the chorus is growing

generally, and worker co-ops in particular. Development groups like CODA and WomenSkills are still struggling to put themselves on a secure footing. Perhaps some of the newly-announced programs in the federal Canadian Jobs Strategy will help.

At the provincial level, however, megaprojects, special economic zones, and resource exports are still the cornerstones of the government's development strategy. So it seems unlikely that we will see any comprehensive program of support for community-based economic development and workplace democracy coming from our current provincial government. However the opposition NDP has been quick to pick up on C.E.D. and take it into the political arena. How economic development takes place, who controls it, and who benefits from it are perpetual B.C. election issues, and the next election will probably be no exception.

Actually, the provincial government has given direct as-

sistance to one worker co-op through its "Critical Industries Commissioner". B.C.'s recent high-profile buyout, Victoria Plywood, was finally achieved with provincial support but against union opposition (see *Worker Co-ops*, 5 (1) Summer 1985). The jury is still out on its viability. Meanwhile, an attempt by workers to put together a similar deal to buy sawmills in Sooke and New Westminster--this time with union support and credit-union financing--has just fallen through.

Another union-inspired project has been the attempt by workers at Loomis Armored Car, who have been locked out since August 6, to enter the security business themselves as a co-op. The co-op, to be known as Pacific Armored Car, hopes to break into the market by servicing credit-union branches. Several credit unions have expressed an interest in using the service. This co-op has contracted with CODA for development assistance, and it seems an obvious candidate for

some of VanCity's seed capital.

Co-op/union problems

Relations between the emerging co-op and its union have, as in other cases, proven problematic. The initiative was originally launched with the backing of the Vancouver local of the Independent Canadian Transit Union (ICTU), which represents the 89 locked-out workers in the Loomis bargaining unit. The local executive passed a motion endorsing the co-op and promising a certain amount of logistical and staff support. The national executive, however, over-ruled the local and support was withdrawn.

The national insists it is not antagonistic to the co-op, but it does have concerns. The B.C. labour code apparently prevents the owner of any business from being a member of that business's union. ICTU's own constitution makes the same stipulation about "anyone with the power to hire and fire", which could presumably include the co-op's board. Both ICTU's and the labour code's provisions were intended to prevent "company unionism", but neither envisioned a company democratically controlled by all its workers. Still, ICTU can't be seen as backing a firm whose workers couldn't be certified as a bargaining unit under the code. So the union is keeping its distance and suggesting that the co-op take the issue to the B.C. Labour Relations Board for a ruling.

For its part, the co-op sees union certification as essential to its success, since collective agreements at many of its major potential customers (liquor and Safeway stores, for example) require that cash be picked up by unionized guards.



Co-operation among co-ops: CRS Workers' Co-op has offered its boardroom free of charge to new Pacific Armored Car for organizing meetings.

B.C. has the most heavily unionized workforce in Canada. A favourable resolution of this issue is obviously important to the future of worker-co-op development here.

Despite the current difficult state of co-op/union relations, it is clear that worker ownership is now on the agenda for significant segments of B.C.'s labour movement; and that in itself is encouraging. Moreover, the discussion has moved from the theoretical level into the area of practical problem-solving which is the only place where real precedents can be set.

Newer co-ops have different roots

Most of the co-ops now on the drawing board in B.C.--whether buyouts or startups, in unionized industries or not--have a distinctly different flavour than those that emerged during the '70s. Some are a response to plant closures or labour disputes or the restructuring of B.C.'s basic industries. This restructuring has left much of our workforce, especially in areas like the Kootenays and Vancouver Island, "permanently" unemployed. As a

result, the initiators tend to be older, more experienced workers, without co-operative backgrounds, and without entrepreneurial skills. They are looking for ways to create jobs for themselves in their own fields: construction, forest products, marine maintenance, auto mechanics, and security. For them, worker ownership has generally been a defensive reaction to economic hardship.

By contrast, older co-ops and collectives like CRS, Edible Island, Baseline, Press Gang, or Western Reforestation were started by young co-operators, feminists, and socialists for whom ideals were at least as important as economics. In general, worker ownership for them was an active expression of political principle. Their profile, too, is reflected in the businesses they chose: whole-foods distribution, printing and publishing, and tree planting. Somewhat ironically perhaps, those people are now the worker-co-op establishment here. CRS, B.C.'s most often-cited worker-co-op success story, will celebrate its tenth anniversary in 1986.

While the older co-ops have been instrumental in starting and backing CODA, and CODA, in

turn, in assisting some of the newer co-ops, no one in B.C. is talking yet about a federation that would include both new and older worker co-ops. But it would be interesting, and probably beneficial, to bring these two streams of worker-co-op development together. One can see in their respective origins the classic co-op division between social and economic purpose.

However, that handful of worker co-ops which survived the '70s has successfully integrated those two elements and made co-operative principles work for them in business terms. Their members have been able to make co-operation a way of life as well as a way of making a living. Despite their different outlook and motivation, the new co-ops will have to find that balance, too. Communication and association with established co-ops may get them through the process more effectively, and with a lot fewer casualties.

Dana Weber is a founding member of CODA, a worker-co-operative resource group, located at 206 - 33 East Broadway, Vancouver, B.C., V5T 1V4; (604) 872-1128. ■

Cross-Canada Directory: British Columbia

Dana Weber

DEVELOPMENT GROUPS

Note: In B.C., any organization calling itself a co-operative must be incorporated under The Co-operative Associations Act. Co-operatives are not allowed to use the word "Limited" in their name, although co-operative incorporation does provide members with limited liability. Also, since the telephone area code for all of B.C. is 604, that information is not included in the listings that follow for individual co-ops.

Common Ownership Development Association (CODA) was established in late 1983 to promote and develop worker co-operatives in B.C. Much of CODA's work since its inception has been research, education, promotion, lobbying, and public information. This work was funded through the federal government, but has since been carried out on a voluntary basis by members of the CODA board. The organization

has recently contracted to provide consulting services for Pacific Armored Car, and the board is currently examining newly-announced federal funding programs which could support it in taking a more active development role, particularly in Vancouver. Contact: **CODA**, #206 - 33 East Broadway, Vancouver, V5T 1V4; or phone **Gail Cryer**, 873-5080; **Shane Simpson**, 254-3831; or **Dana Weber**, 251-3255. ■

WomenSkills Development Society is an information, research, and development group concerned with women in the workforce. One of its projects, "Economic Options for Women" is designed to encourage women to participate in the planning and operation of co-operative businesses. Womenskills has also conducted research on the role of women in worker co-operatives and sponsored discussion forums on trade union/co-op relations. Contact: **Melanie Conn**, #9 - 4443 Irwin St., Burnaby, V5J 1X8; 430-0450.■

ACTIVE WORKER CO-OPERATIVES

Baseline Type and Graphics Co-operative was established in 1982 when its founders were laid off by their previous employer, the typesetting division of a Vancouver publisher. The co-op was not a buyout, but it did inherit equipment, leases, and markets from the former employer. Typesetting is still the co-op's bread and butter, but it plans to take on more elaborate graphic-design projects. All seven of the regular workers are members, although the co-op does occasionally hire non-mem-

ber casuals. Members are expected to invest \$500 in the co-op by the end of their first year. Contact: **David Lach**, 986 Homer Street, Vancouver; 683-5038.■

Collect Resource Service Workers' Co-operative (CRS) has been incorporated since 1976. It now operates two businesses, a food wholesaler and a bakery, with combined annual sales of around \$3 million. The co-op is currently expanding its bakery retail operations to include a full delicatessen, and it is computerizing its invoicing and data-entry systems. The wholesaler recently merged its warehousing operations with those of **Fed-Up Co-operative Wholesale**, which was previously owned by small retail consumer co-ops and buying clubs. CRS employs 25 worker-members. After years of requiring only nominal investment from members, the co-op now asks them to buy \$2,000 worth of shares, usually through payroll deductions. CRS has evolved through a number of management structures and now combines a fairly conventional approach to management with overall democratic control by the membership. Contact: **Ron Hansen**, General Manager, 1239 Odium Drive, Vancouver, V5L 3L8; 251-3255.■

Edible Island Workers' Co-op is another natural-foods business based on Vancouver Island with a retail store in Courtenay which accounts for about 70 per cent of its one-half million dollar sales as well as a small warehouse serving northern Vancouver Island. For the past eight years, both retail and wholesale operations had been located on the Island Highway north of Courtenay where the business was highly dependent on seasonal tourist traffic. Sales are expected to increase substantially with the move to town. The co-op employs eight members, but it has allowed five former workers to retain their membership while their investment remains in the co-op. Contact: **Garth Owen**, Box 110, Merville, B.C., V0R 2M0; 337-5333.■

National Tradesmen Co-op was established last year by unemployed construction workers and tradespeople to do home repairs and renovation. It will do everything from fixing a toilet to house construction, and all trades are represented among its members and associates. Each trade has a designated chief who is responsible for preparing estimates in his or her area of expertise. Because of the independent nature of the people involved, National has tended to function more as a central switchboard and billing agency for individual operators than as a true co-op. Office manager **Laura Russell** says the co-op is beginning to cohere as people come to understand the organization, but the original looseness still makes it difficult to get people to take on management responsibilities or serve as directors. Sales are now in the \$100,000 range. Members' shares are \$50, but members supply their own tools. Contact: **Laura Russell**, Office Manager, Suite 302A - 2515 Burrard Street, Vancouver; 733-6913.■



Graphic artist Ian Bateson of Baseline Type and Graphics co-op at work on illustration for upcoming book.

One Hundred Mile Employment Co-operative Association (OHMECA) was organized in 1984, after a mill closure in 100 Mile, to act as a development umbrella for a number of worker co-ops and other initiatives. It has sponsored two federally-funded job-creation and training projects and is now set to launch its first co-op--Northern Aspen Co-operative. Northern Aspen will be using local wood to make disposable chopsticks for the Japanese market. Its pilot project will involve seven members and a manager, and the co-op hopes to have about 35 members at full capacity. Member investment levels have not been finalized but will be somewhere in the \$2 - \$4,000 range. The co-op has bought its own building with a credit-union mortgage and some help from OHMECA. Contact: **Russ Spencer**, c/o 100 Mile Branch, Williams Lake and District Credit Union, Box 1781, 100 Mile House, V0K 2E0; 395-4094.■

Pacific Share Workers' Co-op (PSC) is a natural-foods wholesaler serving southern and central Vancouver Island. Like CRS, in its early days PSC ran a number of businesses under a single umbrella, but gradually sold or closed out those it could not profitably manage. Since the co-op incorporated in 1979, sales from the warehouse have grown 20 - 30 per cent yearly to their current level of \$1.4 million. PSC expects that trend to continue in the next year as it increases its share of the Victoria health-food market and its sales to supermarkets. PSC does not require an investment from members, but this policy is under review. All five of its full-time workers are now members, but the group is divided over membership criteria for future admissions, with some favouring a traditional co-op open to all workers, while others tending toward more of a mana-

gers' co-op that could hire non-member labour. Contact: **Van Williams**, 800 Viewfield Road, Victoria, V9A 4V1; 386-3880.■

Victoria Plywood Co-op is a former Pacific Forest Products mill reopened earlier this year under worker management.

The co-op has not bought the mill but is leasing it from the owner with an option to purchase. Each of the co-op's 200 members is investing \$2,500 in the business. (For details see *Worker Co-ops*, 5 (1), Summer 1985). Contact: **Danny MacDonald**, President, P.O. Box 1206, Victoria, B.C., V8W 2V4; 283-8241.■

Western Reforestation Co-operative is a treeplanting co-operative that began as a nine-person crew in 1978 and now provides work for upwards of 50 people during the four-month planting season. Membership, however, is limited to 30 to preserve consensual decision-making at general meetings. The membership is divided into collectives along functional lines. The collectives nominate members to the management team which is then elected by the general membership. (The team also serves as the co-op's board of directors.) The co-op has brought about improvements for its workers in an industry otherwise typified by low wages, piece work, and turn-of-the-century working conditions. However, because most tree planters' commitment to the industry is short-term, the co-op has supported attempts to unionize silviculture workers as a more effective way to secure industry-wide improvements. Contact: **Nick Robertson**, Secretary, Box 65928 Station F, Vancouver, V5N 5L3; 251-9600.■

Wild West Organic Harvest Workers' Co-op was founded in 1977 to distribute organic fresh produce, juices, and other related

products to the Vancouver market. It recently increased its cold-storage capacity by building a 1200-square-foot walk-in cooler to be used primarily for apples. Wild West has been an all-women collective since 1979. It currently employs eight people, of whom five are full members and three are awaiting acceptance as members. Member shares are \$400. The co-op's sales are around \$1 million. Contact: **Jane Priest**, 2471 Simpson Road, Richmond, V6X 2R2; 276-2411.■

COLLECTIVES AND WORKER-OWNED COMPANIES

Isadora's Co-operative Restaurant is a consumer co-operative with a participatory-management structure which involves restaurant workers in decisions affecting wages, working conditions, profit distribution, management selection, and evaluation through a staff-elected "collective council." The licensed 120-seat restaurant near Vancouver's Granville Island Public Market has over 1,500 individual and corporate consumer members and, depending on the season, a staff of 45 - 75. Workers are encouraged, but not required, to become shareholders. Sales in the last fiscal year were \$1.4 million, and the co-op has eliminated the accumulated operating deficit incurred during the first two years after start up. As a matter of policy, the co-op intends to apply operating surpluses to community-development projects in addition to distributing profit shares to workers and members. Contact: **John McBride**, Business Manager, 1540 Old Bridge St., Vancouver; 681-8816.■

Kootenay West Wood Design is a new worker-owned company with a unique structure and shareholders' agreement. Although no investment is required of members, each is issued two

types of no-value shares, one of which carries voting rights and one of which carries rights to a share of net profits. In both cases, full rights accumulate over the first three years of membership (1/36 of a vote per month), after which time the co-operative principle of one-member/one-vote applies.

The business emerged as a project of the Nelson Unemployed Action Centre in response to the severe depression of that town's economy. It has LEAD funding for its first three years and employs six people with the potential to employ two more. It's currently producing a birch-plywood infant seat which can be used as a highchair and be converted to a type of jolly jumper; and it has two or three more products coming on stream in the next six months. Contact: **Dennis Bannert**, Co-ordinator, Box 389, Nelson, V1L 5R2; 352-6111.■

MUMS is a worker-run company that specializes in moving and gardening. It was started as a proprietorship four years ago by a person who was interested in alternative workplaces and who gradually built up the business to the point where more workers could participate in it. Business has grown at a rate of 20 per cent yearly, but tight cash-flow and capital shortages have hindered further expansion into larger, more efficient vehicles and commercial cartages. MUMS now has about 30 members, but only six work full-time in co-ordinating, dispatching, and accounting. This is because moving companies tend to do approximately 60 per cent of their business in the three days at the end of a month. Business also fluctuates seasonally, with summer months being four times busier than others. These factors have influenced MUM's structure: the amount of voting power a person has at quarterly

meetings is determined by the number of hours worked in the previous quarter. Contact: **Carl Johnson** or **Rob Tarrant**, 1751 E. 4th Ave., Vancouver; 254-5593.■

Press Gang Printers and Publishers is legally a limited company but operates as a "feminist worker-controlled collective" with an egalitarian wage scale and consensual decision-making. It has been printing and publishing, primarily for Vancouver's political and "alternative" community, since 1972. Five full-time workers are employed in the printing collective and one part-time in the publishing collective. Press Gang's most successful publishing effort has been Anne Cameron's *Daughters of Copperwoman* which is in its fifth printing. Contact: **Press Gang**, 603 Powell Street, Vancouver; 253-1224.■

Richmond Plywood Ltd., incorporated in 1956, is probably B.C.'s oldest worker-owned firm, and undoubtedly the largest, with gross sales of around \$40 million. The firm has about 275 worker-owners, and about 20 - 25 per cent of its workforce are non-members. Membership is now closed, and in light of declining markets for plywood, the company has been buying back shares in recent years to reduce the number of members. Because the company's shares, unlike co-op shares, can appreciate in value, they are now worth over ten times the original \$5,000 investment required of members in 1956. This has made it prohibitive for new workers to buy into the company. Contact: **Bill Jones**, President, 13911 Vulcan Way, Richmond; 278-9111.■

ON THE DRAWING BOARD

Co-operative Automotive Services garage has been modelled in part on a similar successful enterprise in Ottawa. The garage

itself will function as a worker co-op, but it is establishing an associated "club" for consumers of its service. The club will elect two members with advisory status to the co-op's board. Consumer associates will also be offered other benefits in return for a \$100 membership fee which will be invested in the co-op. Worker-members of the co-op (there are five at present) will invest \$5,000. After more than two years of planning, the co-op hopes to be up and running in the next couple months. Contact: **Shelley Goldstein**, 541 Carlsen Drive, Port Moody, V3H 4A1; 461-3641.■

Kootenay Natural Stone Mills began limited operations earlier this year building prototype flour mills. At the same time, the members are conducting a feasibility study and plan to commence full operation next year. The enterprise plans to build six different models, ranging from consumer-size to full-scale commercial mills, and provide work for eight or nine people. Like Kootenay West Wood Design, the founding group has applied for LEAD funding and, on LEAD's advice, has adopted a corporate structure similar to that of Kootenay West. LEAD also stipulates that member investment cannot be a condition of employment, so the company has no share capital. Once accepted, members can make loans to the business, and several have already put in considerable sweat equity. Contact: **Don Campbell**, Box 1084, Kaslo, V0G 1M0; 353-7303.■

Pacific Armored Car, at press time, was in the process of applying for a motor-carrier license and developing a business plan for presentation to lenders. Initially incorporated as a limited company for convenience, it is now converting to a legal co-op. Share value has been set at

The Pioneer Chainsaw massacre: The bitter lessons of

Bob Schutte

Two hundred and fifty workers lost their jobs when Pioneer Chainsaw--manufacturer of chainsaw powerheads and cutting attachments in unemployment-scarred Peterborough, Ontario--was closed this past February by its owner, AB Electrolux, a Swedish multinational. The Pioneer Chainsaw shutdown ended an eight-year struggle by the workers and their union to maintain what appeared to be a viable operation. It also provided further evidence of the pitfalls of minority employee ownership.

The Pioneer Chainsaw shutdown saga began in 1977 when the previous owner, Outboard Marine Corporation (OMC), an American conglomerate, announced that it was closing its Peterborough plant, which then employed 450 workers. OMC had owned Pioneer for 20 years, having purchased its forerunner, Industrial Engineering Ltd., an independent Canadian company, during a period of merger mania in the 1950s.

(cont.)

\$5,000. Important challenges for PAC will be establishing a seniority system for workers who are now active in the business and maintaining control over its own member-acceptance policies. The co-op intends to be operating early in the new year (see previous article for more details). Contact: **Bob Hahn**, Pres., 11904 99A Avenue, Surrey; 588-7910.■

RUMOURS

It has been rumoured that Marine Maintenance Workers Union was negotiating on behalf of employees to buy the Point Ellice Shipyard currently owned

At the time of the 1976 announcement, 85 per cent of production in the Peterborough plant was outboard motors, and even though Pioneer Chainsaw sales had risen 100 per cent in the previous five years, OMC claimed it lost \$5.6 million on the division in 1976.

The workers did not take the shutdown announcement lying down. They believed that OMC planned to move the plant to the U.S. They were also convinced that Pioneer could be made profitable by eliminating the outboard-motor production facility.

Buyout attempted

The workers quickly developed a plan for a buyout, and within a month of the shutdown notice, 82173 Canada Ltd. had been incorporated to bid on the plant.

Support was strong from the community and local businesses. Local M.P. Hugh Falkner arranged for 50 per cent of the cost of a feasibility study to be financed by the federal Enterprise

by Seaspan International. However, no further information was available at press time.■

REST IN PEACE

Emma's Jambrosia, a collective of six women producing natural fruit spreads near Nelson, has recently gone out of business after an ill-fated attempt to enter the US market. Apparently misled and poorly represented by a US health-food distributor whom they had chosen as their agent, Emma's overextended its resources while attempting to build up inventories to meet a non-existent demand.■

Development Board. The municipality, the Steelworkers union local, and over a hundred laid-off chainsaw-division workers would cover the balance.

As the buyout process unfolded, the feasibility study indicated that an independent Pioneer Chainsaw could be a viable company. Wholesale and retail dealers were supportive, offering to pay cash on delivery for chainsaws. The worker-buyout team, however, still needed to find a credible candidate for general manager. Feelers went out for the right man. The first to present himself was Montreal entrepreneur Joe Mason, who had previously engineered the re-opening of a woodpulp mill in Temiscaming, Quebec.

Mason's financing package came to about \$7.6 million. Of this, \$4.5 million was secured debt from a term lender and was covered by 90 per cent deficiency guarantees from the Ontario Development Corporation and the federal Enterprise Development Board. The Federal Business Development Bank was on the hook for \$1.75 million and the Ontario Development Corporation for another \$1 million. For all the money the FBDB put up, it held only 25 per cent of the voting shares of the new company.

The workers acquired 24 per cent of the voting shares for about \$128,000, and Mason and his investment group got the controlling interest of 51 per cent for \$272,000. When the deal was finally signed in May, 1978, government loans and guarantees totalled some \$5 million.

The first year was tough, but Pioneer proved its viability by breaking even with sales of about \$17 million. (By comparison, OMC claimed to have lost \$5.6

a plant shutdown



million on sales of \$19 million the previous year.) Unionized workers had taken a pay cut of \$1 an hour (in some cases more) in return for 10 per cent of after-tax profits. During the first year there were no profits, but the future looked bright.

Enter Electrolux

The AB Electrolux conglomerate of Sweden controlled about 10 per cent of the European market for power saws and was seeking an entry into the North American market. Electrolux offered the management and worker-shareholders \$16.35 per share, a large increase over the issue price of 50 cents a year earlier. A condition of the offer was that the FBDB's 25 per cent shareholding could be purchased first, at \$2.50 per share. The FBDB was prepared to accept the offer, even though the original plan had been to sell its shares to the workers.

Joe Mason was keen to accept the Electrolux offer. Pioneer, he said, needed money to expand, and he had tried in vain to interest other Canadian buyers or investors. Whether this was true or not, Mason could sell control to Electrolux and take his profit. For the workers it was not as simple. As Doug Monks, a former president of the United Steelworkers local 8753 at Pioneer and one of the two worker rep's on the board, argued, "Why sell out and go back into the same situation you were in before. . . once bitten by a multinational is enough."

The union made a representation to the Foreign Investment Review Agency (FIRA) which would have to approve the takeover. It pointed out that Electrolux could strip Pioneer of its technology and European markets

and in so doing create a loss of jobs in Peterborough. Electrolux responded with promises to FIRA: the plant would be maintained in Peterborough; management and workers' groups would retain majority representation on the board of directors; \$25 million would be spent over five years to expand the plant; 1,000 new jobs would be created.

Workers sell shares

The cash offer was attractive, the promises sounded good, and the workers were not in control in any case. A majority voted to sell eight per cent of their shares (a third) to Electrolux. Subsequently, the workers sold their remaining shares. Mason's investment group sold 17 per cent, and the FBDB sold its entire 25 per cent to give Electrolux control in June, 1979. A year later, Mason's Granton Corporation sold off its remaining 34 per cent of shares to give Electrolux an 84 per cent interest.

Once firmly in control, the multinational lost interest in worker participation. Worker representatives were kicked off the board and factory discipline grew increasingly oppressive. Pioneer's European markets, a third of its sales, were eliminated as Electrolux exported Pioneer's chainsaw technology to its European subsidiaries. Research and development went back to Sweden, and the promised expansion program never happened.

The success of "worker capitalism" at Pioneer had previously made front-page news ("Workers make a million selling firm they saved", *Toronto Star*, June 14, 1979). The real cost to the workers and the community of having lost control was destined to make news again. Like a recurring nightmare, workers saw

another shutdown coming as production was increasingly contracted out and layoff followed layoff.

In July, 1984, the shutdown was announced. The Pioneer operation would be moved to London, Ontario where it would become only an assembly plant, and there would be no jobs for shop-floor workers. In spite of a vigorous protest by the community and the union, nothing could be done.

Had Electrolux broken its promises? Yes, but the promises were unenforceable.

Company president, Gary Isberg, was quoted in the press as blaming the shutdown and removal of the plant on "a major worldwide overcapacity in the manufacture of chainsaw powerheads and cutting attachments" and "a stagnant market". Sales at Pioneer had dropped, he said, to 3.5 million units in 1983 from 5.2 million in 1980. This drop, however, could be accounted for by the one-third of Pioneer's former European sales cut off by the Electrolux takeover. Failing to achieve an increased share of the North American market, it only made sense for Electrolux to economize by turning Pioneer into an assembly plant and contracting out the parts manufacturing. As it turned out, most of this manufacturing work ended up in the U.S.

There is every reason to believe that Pioneer would still be a viable, independent Canadian company if the government had backed the workers instead of Joe Mason and Electrolux. Unfortunately, recent evidence suggests that the Canadian government is not wiser as a result of the Pioneer experience.

Bob Schutte is a member of the editorial committee of *Worker Co-ops*. ■

Women's worker co-operatives needed, Vancouver organizer says

Melanie Conn

Economic Options for Women, an innovative Vancouver-based project, was formed in February '85 with a mandate to promote community economic development and, particularly, worker co-operatives for women. Economic Options for Women is sponsored by WomenSkills (Women's Skill Development Society) and also uses Women's Link-Up, a similar project established in the United Kingdom in 1981, as a resource.

Some reasons for starting women's worker co-ops are the same as for co-ops in general: chronic unemployment or unstable employment; dissatisfaction with the traditional, hierarchical employment structure; and, commitment to co-op philosophy--democratic control, surplus-sharing, and education for members.

However, women also have special needs which may be satisfied more fully through their own co-operatives. Women's worker co-ops provide the opportunity for access to business skills such as marketing, financing, budgeting, and bookkeeping. Women's co-ops devise different methods for building business expertise: taking courses, hiring consultants, and learning by trial and error. One women's co-op, Emma's Jambrosia, has its feasibility study model being used by other groups in the province. Emma's members recall the mixture of determination and lack of information with which they began.

Production is another important area for skill development. A number of women's co-ops are in non-traditional trades such as printing and construction. A member in a women's co-op has much greater access to all aspects

of the trade than does a sole tradeswoman in a traditional operation. In more traditional areas, such as food preparation and sewing, members of a women's co-op may have access to new aspects of production including equipment purchase and design.



While democratic control is a co-op principle, many women have had to learn to be decision-makers and problem-solvers in order to be full participants in their co-op. Women's co-ops often provide support for the development of individual confidence and responsibility. Some women's co-ops use techniques such as rotating the chairperson or adapting rules to equalize speaking at meetings. Others

systematically include less experienced women in a team approach to co-op activities.

Women's co-ops also provide the opportunity to integrate new responsibilities as a worker/owner with family responsibilities. Many have developed creative systems for childcare, from on-site facilities with rotating supervision to flexible work-hours geared to children's needs. There's also recognition in women's co-ops that members may experience family pressure as they gain confidence and new independence.

Women often say their main reason for working in a women's co-op is that they find it easier to take on the challenge of operating a business from a familiar, socially-comfortable base. To gain this social cohesion some mixed co-ops, such as Wild West Organic Harvest, have evolved into women's co-ops.

Women bring into the co-op a variety of group skills and a willingness to deal with emotional and personal issues. Women's co-ops have developed and refined systems for dealing with conflicts and other group-interaction issues. Many women are fiercely committed to the collective process and work very hard to balance members' emotional and personal needs with the demands of the business.

For the individual woman, the co-op is often a way out of social isolation as well as a chance for economic survival. Also, connections are made between women in co-ops and the women's community. Some women's co-ops have been initiated through the support or outright sponsorship of a women's centre or organization. Other women's co-ops support women's issues. For example, Press Gang prints materials for women's groups and

publishes feminist books. Some co-ops contribute a percentage of their profits to women's groups; Plane Jane Construction provided carpentry services at reduced rates to women's groups with limited budgets.

In a more general way, women's co-ops interact with the women's community providing services and products that women want to purchase. Women of different cultural backgrounds formed a co-op in England to produce multicultural toys and games; a number of cities support women's-co-op bookstores. Of course, the financial viability of women's co-ops will always require markets beyond the identified women's community.

Some of the particular problems that women's co-ops confront have been outlined: lack of business expertise, the need for confidence-building and support with family responsibilities. Access to capital is another significant problem for women with low or fixed incomes. In the U.K., financing of women's co-ops has occurred through municipal and regional Enterprise Boards as well as through methods of using unemployment and social assistance benefits for new business development.

In Canada, specific programs for financing women's co-ops do not exist. One solution lies with financial institutions known to have a commitment to the needs of women, such as the Ottawa Women's Credit Union and CCEC Credit Union in Vancouver. Financing for women's co-ops may also come from community development corporations. Also, women's groups are beginning to organize endowment funds to raise venture capital for women's enterprises.

Special training programs are needed for women's co-ops.



Press Gang

Drawings by Claire Kowalik

ICOM Women's Link-Up Training Scheme is one attempt to deal with particular problems in establishing women's co-ops. Link-Up's three training modules are aimed at women with different levels of educational, technical, and business skills. These modules are designed to build assertiveness and confidence and to prepare women for working life. Through group teaching and one-to-one sessions, 425 women have been trained in organizing co-ops.

In B.C., WomenSkills intends to expand its Economic Options for Women project into a Women's Community Development Centre. We hope to catalyze women's co-op businesses by continuing to hold educational workshops, and by providing development and business assis-

tance. We are also preparing a directory for women to use in their planning. We want to hear from women working in co-ops so that we can exchange and share experiences. Please write!

Resources for women's co-ops

Economic Options for Women, #9, 4443 Irmin St., Burnaby, B.C., V5J 1X8; (604) 430-0450.

ICOM Women's Link-Up, c/o Linda Vaughan, 1st Fl., 14 Great George St., Leeds LS1 3DW, England (0532) 451424.

Ottawa Women's Credit Union, 210 Bank St., Ottawa, Ontario, K2P 1W8, (613) 233-7711.

CCEC Credit Union, 33 East Broadway, Vancouver, B.C., V5T 1V4; (604) 876-2123.

Women's Community Enterprises, Suite 212 - 424 Wellington St., London, Ontario, N6A 3P3.

Melanie Conn has worked in a women's carpentry co-op and a health collective. She is currently co-ordinator of Economic Options for Women. For more information, Melanie can be contacted at WomenSkills, 9 - 4443 Irmin St., Burnaby, B.C., V5J 1X8; (604) 430-0450.

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Manitoba's Employment Co-operative Program



Jay Cowan, Manitoba's Minister of Co-operative Development.

Doug Davison

Manitoba's Employment co-operative Program (ECP) received its official kick-off from Jay Cowan, Minister of Co-operative Development, during national co-op Week (October 11, 1985). Projects falling into three categories are eligible for assistance: greenfield (new worker co-ops); conversion (purchases of existing enterprises by their employees or others forming an employment co-op); and rescue (purchases of established firms which are threatened by closure or significant downsizing).

A project or sponsor is eligible for assistance if certain general conditions are met:

1. The "applicant" or sponsor should be incorporated as an employment co-operative under *The Co-operatives Act* of Manitoba (for this purpose an employment co-operative is defined as a co-operative whose main objective is to provide employment to its members).

2. The venture must have reasonable evidence of com-

mercial viability and a demonstrable potential to create or protect jobs.

3. Applications for developmental financing must have an adequate feasibility study documenting the scope of the venture and its likelihood of success.

The incorporation-assistance portion of the program is designed to facilitate the first stages of project development. The employment-co-operative staff provide a series of "pre-development" services to interested workers or companies by assisting them in preparing incorporation documents, in drafting corporate bylaws, and in understanding the basic principles of the co-operative structure and corporate models. The goal is to provide enough information that prospective members can proceed to subsequent stages of planning.

Feasibility assistance

The program requires that feasibility analyses be concluded on the following terms prior to the submission of requests for financing:

1. Studies should indicate commercial and employment-related prospects for success, and a business plan should be prepared which outlines financial information and the steps that will be taken to facilitate co-operation between management and worker/owners.

2. Applicants must make a contribution toward the costs of conducting feasibility studies (the scope of these contributions vary according to the type of project as explained below).

3. At a minimum, feasibility studies should generally include: three-year financial projections; a detailed assessment of the market value of and demand for the pro-

duct or service; a description and evaluation of the annual operating costs to the co-op.

4. Studies should be conducted by qualified consultants who are "unrelated" to members of the prospective co-op.

Through the ECP financial assistance is provided for feasibility studies. This financial assistance takes the form of interest-bearing loans which are repayable if the co-op ultimately becomes operational; the feasibility loans are forgiven if the project is abandoned.

Fifty per cent of the cost of feasibility studies is offset by assistance from the ECP. (Feasibility study costs are generally expected to run at 15 per cent of the total development cost of a worker co-op.) In the current year of the program approximately \$300,000 has been set aside for feasibility studies.

Development funding

The ECP assists prospective co-ops with "bridged" financing until a satisfactory financial package is put together. A key aspect of this approach is to assist the co-op members in putting together a financial package consisting of their own financial contributions, and contributions from private lending institutions and public support programs.

Three features of the ECP financing stand out. First, the program is structured to provide loans, forgivable loans, grants, loan guarantees, or various combinations thereof as particular project needs suggest. In every case this financial support is designed to offset the impact of normal development costs associated with both "start-up" (e.g., feasibility studies, initial market development, first wages, and

is off and running

travel) and "capital" operations (e.g., land, buildings, machinery and equipment, working capital, and inventory).

Second, the use of these financing instruments varies according to the type of employment co-op. In the case of greenfield projects, for example, the program encourages applicants to demonstrate that other lenders or support programs have been approached. If satisfactory evidence can be provided that these other sources cannot provide assistance for reasonable terms, the ECP will be prepared to lend a hand. In the case of a "conversion" or "rescue", the condition of approaching other sources can be waived in the interest of a speedy resolution of pressing financing problems.

Third, the program seeks to ensure that worker/owner equity is established as early as possible and to significant enough levels to both demonstrate serious intent and create lasting "common cause". The ECP will make its contributions only after a demonstration and calculation of "applicant equity". The equity requirement is defined not only to indicate precise expectations, but also to leave prospective users enough

flexibility so that financing does not become an insurmountable hurdle in establishing an enterprise. The equity is defined as "the minimum of either: \$3,000 per member of the co-operative; or 20 per cent of development costs when borne collectively; or an amount agreed to by the applicant and the Department of Co-operative Development."

Finally, there are a set of normal ranges for development funding. In the case of loans, the ECP limits its assistance to 25 per cent of total costs (after other sources are taken into account--this is the bridging concept). Loan guarantees, however, range from 25 per cent to 75 per cent of the financial package, the amount to be at the Department's discretion and dependent on circumstances. Additional discretion and flexibility are provided by the terms of repayment.

Post-incorporation assistance

In administering the ECP, the Province has begun to work on a series of ongoing support measures that will assist co-ops after incorporation. For example, departmental staff have been pre-

paring development manuals for both prospective clients and themselves. Procedures are constantly being re-examined and specific projects are reviewed.

A training program is being contemplated for employment co-operative management, worker/owners, and boards. Community-based resource groups are currently being studied as a method for providing support. The intention is to ensure that a full range of long-term supports are set up so that employment co-operatives have a basis for success in Manitoba.

In the more immediate term, the staff of the Employment Co-operative Unit will be making themselves available for information updates and problem-solving.

For further information on the Employment Co-operative Program, call or write to Mr. Vic Hryshko, Director, Co-operative Development Branch, 8th Fl., 215 Garry St., Winnipeg, Manitoba, R3C 3P3; (204) 945-4455.

Doug Davison is a worker-owner of WMC Research, located at Rm. 607, 259 Portage Ave., Winnipeg, Manitoba, R3B 2A9; (204) 944-9450.

Three new employment co-operatives in Manitoba

Jeremy Hull

Manitoba's Employment Co-operative Program has moved into high gear in the past few months. About 20 organizations have begun exploring the possibility of forming employment co-ops, and the "active" file at the province's Employment Co-op office is almost taking on a life of its own. Early indications of the types of worker co-ops that

are likely to emerge in Manitoba are found in the following three recently-incorporated companies.

PRT Manufacturing Co-operative

PRT is a Manitoba-based worker co-op designed along the lines of the Mondragon co-operatives in northern Spain. PRT was initiated by the Association for Community Living (Winnipeg Branch) in order to create

integrated employment opportunities for Manitoba workers, including workers with disabilities. Besides some recent assistance from the Manitoba Employment Co-operative Program, the co-op is also supported by the Manitoba Jobs Fund, the Department of Business Development and Tourism, and the federal Department of Regional Industrial Expansion.

The business concept of PRT

is that of a manufacturing service, providing finished sub-assemblies for other Manitoba-based manufacturers. Its initial focus is on electrical and electronic assemblies--the electrical systems of tractors, trailers, boats, etc. In its first few months of operation, PRT has manufactured wire harnesses for Bristol Aerospace and Lund Boats and has developed prototype harnesses for several other local manufacturers.

PRT's plan is to replace manufactured imports--assemblies which Manitoba manufacturers are forced to buy outside of the province and sometimes outside of Canada. The group believes that a strong local supplier can be more responsive to needs of local manufacturers such as custom design, quality assurance, production timing, and inventory control.

In addition to worker ownership and control, there are several other characteristics which may set PRT apart from other enterprises:

1. PRT has a clear commitment to the employment of people with disabilities, and anticipates that somewhere between 15 and 20 per cent of its member/workers will be handicapped.
2. The company is committed to sharing a portion of its profits

with the community--following the Mondragon example, 10 per cent of PRT's pre-tax profits will be contributed to a Community and Co-operative Development Fund.

3. PRT's founders will take an active interest in the development of other worker-owned enterprises. The founders want to see the creation of a strong co-operative-enterprise network in Manitoba--that is, a group of companies who won't "go south" at the whim of outside stockholders or with fluctuations in the value of the American dollar. PRT's organizers include Ted Powell, President; Peter Krahn, Vice-President; Bud Duffin, General Manager; and David Wetherow, Secretary/Treasurer. Each of the principals (and each future worker/member) makes a substantial capital contribution towards the co-op. The contribution is made in stages, consisting of an initial cash contribution followed by a series of payroll deductions. Other necessary capital is obtained through a combination of secured and non-secured loans and business development grants. Special arrangements will be made to allow workers with disabilities (who may not have much in the way of personal savings) to purchase their shares.

The founders envision one major departure from the Mondragon system: while there will be a range of salaries (limited to a maximum 1:3 spread as in Mondragon), the share of profits that each member earns will be proportional to his or her capital contribution.

As it progresses, the co-operative will explore additional manufacturing services in order to diversify and expand its sales base. Early investigations are underway in the field of hydraulic assemblies. Production opportunities that are not consistent with PRT's general business concept will be suggested to other worker co-operatives.

For information about PRT contact **David Wetherow**, Executive Director, Association for Community Living (Winnipeg Branch) 809 - 259 Portage Ave., Winnipeg, Manitoba, R3B 2A9 or **Ted Powell**, President, PRT Manufacturing, 1 - 1329 Niakwa Road, Winnipeg, Manitoba, R2J 3T4; (204) 256-5162.

Crocus Information Management Co-operative Ltd.

This co-op was established in June, 1985 after almost seven years of feasibility research by the principal worker/owners regarding the potential for an employee-owned and operated information-management service in southwestern Manitoba.

Crocus offers a full range of information-management and media-systems services which will be made available throughout Manitoba and will hopefully be of direct service to other employment co-ops in the province. These services include the preparation of policy manuals, computer programming, audio recording and sound systems, television and radio productions, writing and editing, information management and evaluation, organizational development, and limited preparatory work in the

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production of magazines and newsletters.

Crocus is owned and operated by eight members all of whom currently work on a part-time basis in the Brandon-based operation. Their intention is to be working full-time within three to four years. All eight members have a substantial record of experience in the information-management field as well as with co-operative ownership. Until recently, some members have been unemployed and have been freelancing in the information and media business. Two members have made operating loans to the business and others are donating (through a rental agreement amongst themselves) various equipment to the co-op.

The Manitoba Employment Co-operative Program has provided a loan guarantee to Crocus and therefore has been a catalyst to a useful concept which has been on the drawing boards for a number of years.

Crocus Information Management Co-operative can be contacted at 204 - 1020 26th Street, Brandon, Manitoba, R7B 2C1; Jim Ritchie, Secretary (204) 727-6578.

Accu Graphics Co-op Ltd.

Accu Graphics was formed recently by three former employees of the Wallingford Press, a large and established Winnipeg-based printing company.

Between 1982 and 1985, Wallingford was experiencing difficulties in maintaining its preparation department as a viable component of the printing operation. During this period, the workforce of the preparation department was reduced from seven to three employees. In the summer of 1985, the three remaining employees decided that the most effective way to save their jobs and to continue offering printing-preparation services would be to form their own

co-operatively-managed business.

Accu Graphics Co-op was incorporated on July 10, 1985 as a separate business offering a complete range of preparatory work including typesetting, camera-ready artwork, and the preparation of printing plates. Between July and November 1, 1985, the three worker/owners developed detailed business plans and settled with the owners of Wallingford Press on "conversion details". As a result, the Accu Graphics Co-op has become fully operational under a series of corporate agreements which provide for a three-year rental arrangement with Wallingford, and a three-year guarantee from Wallingford that the larger company will not set

up a preparation department which would compete with Accu Graphics.

Accu Graphics Co-op has received the benefit of a loan guarantee from the Manitoba Employment Co-op Program as well as \$3,500 in equity from each worker/owner. For further information, write Jim Livingstone, *Accu Graphics, 18 - 10 Shelmerdine Drive, Winnipeg, Manitoba, R3R 2Y1; (204) 943-0601.*

Jeremy Hull, a worker/owner of WMC research consultants, can be reached at Room 607, 259 Portage Ave., Winnipeg, Manitoba, R3B 2A9; (204) 944-9450.■



P.R.T. Manufacturing Ltd., a Winnipeg worker co-operative.

Many of the community development corporations which have been formed across Canada in recent years plan to "spin-off" worker co-ops. In Moose Jaw, Saskatchewan, employees of the Churchill Park Greenhouse Co-op, a community service co-operative (similar to a community development corporation) are in the process of restructuring their production as a worker ("employment") co-op. The intention of these unionized employees is to form a separate employment co-operative and lease the facilities from the original community service co-op. The workers will retain their ties with the Retail, Wholesale, and Department Store Union, Local 455, a composite local in Moose Jaw with whom they have been affiliated since 1975.

The original objectives of the co-op were: 1) to establish a self-sustaining vegetable-producing industry as an import-substitution strategy; 2) to create employment opportunities for the disadvantaged and to accomplish this goal in a non-exploitative way; and 3) to develop a production co-operative in which the employees would have a significant role in decision-making based on their shared work experience.

Beginning in 1973, Lorne Elkin, a University of Regina psychologist, started organizing local people in support of the Churchill Park idea. His academic and work experience led him to believe that this was a viable application for innovative economic and social objectives with the disadvantaged. Based on their initial feasibility study, the co-op proceeded in 1974 with start-up funding from the provincial Human Resources Development Agency (HURDA) and the federal Local Employment Initiatives Program (LEAP).

The combined federal/provincial development funding made it possible for the co-op to

Churchill Park Greenhouse Co-op:

purchase equipment and to begin renovating the 63,000 square foot greenhouse in 1974. Previously, the facilities had been used for over twenty years in the production of flowers and ornamental plants, originally by a Evans Florist, a western Canadian chain, and in four years prior to the co-op takeover, by a family business which finally went bankrupt.

Marketing Strategy

The board structure represents a broad cross section of the Moose Jaw population with board members and workers drawn from an association for the physically handicapped, a single parents' group, the Anti-Poverty Council, local branches of the Canadian National Institute for the Blind, and the Saskatchewan Association for the Mentally Retarded. Churchill Park's marketing strategy is to go into vegetable production, including tomatoes, cucumbers, and bedding plants.

Don Mitchell, a staff member at Churchill Park, explains the rationale for converting from ornamental plants to food production: "I guess one [reason] is the social priority of producing food instead of ornamentals. But on a more practical level, vegetable production used a higher proportion of labour and was less capital intensive than production of ornamental plants. It was also a less competitive market because there was virtually no greenhouse vegetable production at that time, although we were obviously competing with imports and other provinces' products. There was research available from both Alberta and Manitoba because, while Saskatchewan had no greenhouse vegetable industry, there was a growing industry in both Manitoba and Alberta at

that time."

Later in 1974, the board hired a general manager and a horticulturalist on a three-year contract at professional salary rates. These two then hired the initial nine permanent employees. These employees came from backgrounds which corresponded to the interest groups represented on the board: ex-sheltered workshop clients; a few who were physically handicapped; single parents; and others who were on welfare or unemployed but who had no physical or mental handicaps.

Wages were originally set at \$3.50/hr. at a time when the minimum wage was \$2.50/hr. Under the current contract there is an \$8/hour wage target. Revenues are divided on a 50-50 basis between wages and operating costs. However, as revenues are variable, a \$1.00 per hour interest-free worker loan is deducted from the payroll of each employee during the eight-month growing season. This loan, which represents labour equity, becomes repayable within the season if adequate revenues have been realized.

If there is a year-end surplus, either it is applied to a reserve fund, or capital fund, or is carried over for the following year's operating expenses. Shortfalls result in partial or no payouts from the worker loans in a given year. This accumulated equity of approximately \$15,000 has proven to be an adequate cushion in lean years. Churchill Park is considering the implementation of a pension fund in the next few years.

Private sector helpful

The Churchill Park Greenhouse Co-op has had mixed experiences both with govern-

A community service co-op conversion

ment agencies and with consumer co-operatives and credit unions. Financing and credit at times have been difficult to arrange through third sector institutions. As a result, most of their financing and marketing have been through private sector organizations such as the Royal Bank and Scott National Wholesalers. Much of their production is also sold through farmers' markets.

Annual total production on this one and one-half acre site involves approximately 30,000 dozen bedding plants, 25,000 pounds of tomatoes, and 40,000 English cucumbers: a potential sales revenue of \$160,000. From this the co-op must pay \$80,000 in labour costs, \$25,000 in heating costs, and \$30,000 in horticultural supplies plus other costs.

A long-term threat to the co-op is ever increasing energy costs. The harsh prairie winter has forced Churchill Park to reduce its growing season (originally nine and a half months) and to explore energy alternatives such as waste-heat recovery. With the assistance of the Saskatchewan Department of Co-operation and Co-operative Development, inquiries about a possible demonstration project by relocating the co-op's greenhouse production to a waste-heat recovery site have been made to the Trans-Canada Pipeline and Kalium Chemicals but, to date, these corporations have not responded positively.

The conversion of Churchill Park from a "community service co-operative" to an "employment co-operative" is targeted for February, 1986, before spring production resumes. Before the formal conversion is completed, some questions still need to be

resolved with the province about the role of a trade union in an employment co-operative.

The problem, according to Mitchell, is, "How you wear two hats, management and worker, and insure that both sides of the equation are addressed. If you don't structure yourselves to protect both the collective interests of the enterprise and the individual rights and interests of the worker, one or the other may suffer. Any worker co-op has to wrestle with this problem. Our solution is to incorporate and formalize both an employment co-op for collective self-management and a union agreement to formally set out the rights and protection of individual workers. A single group of workers will be differently, but simultaneously, represented by their manager-coordinator and their shop steward."

Having accomplished, in large part, its earlier objectives and having reduced its dependency on state funding (there is still some government funding through the provincial Employment Support

Program), the Churchill Park Greenhouse Co-op is now ready to tackle its next organizational objective--that of becoming a formally structured worker co-op.

Explains Mitchell, "What we want is both autonomy and access to government and trade union resources, if needed, so there's kind of a paradox there because we can't afford to be selfish or isolated in our approach." Having already accomplished so much, this group of co-operative workers shows great promise for success.

Skip McCarthy is a Research Associate of the Centre for the Study of Co-operatives. This article is based on interviews with Don Mitchell, a working member of the Churchill Park Greenhouse Co-op, a sessional lecturer in Political Science at the University of Regina, and author of "The Politics of Food".

The Churchill Park Greenhouse's address is 1105 Main St. South, Moose Jaw, Saskatchewan: S6H 6S5.



Don Mitchell of the Churchill Park Greenhouse Co-op.



Marty Donkervoort and Eunice Leeson of Co-operative Work Ltd.

Opinion: Who should organize worker co-operative resource groups?

Marty Donkervoort

The need for resource groups has been demonstrated in both the development of housing co-ops and our limited experience with worker co-ops. What hasn't been clearly established is who is going to provide this service.

Various provincial governments, traditional management consultants, and groups in the co-op sector have expressed interest in developing worker co-operatives. All three sectors (public, private, and co-op) have specific reasons for their interest and bring certain biases to the task.

Support for worker co-operatives from some provincial governments is mainly related to employment creation, increased pro-

ductivity, and regional economic development. Although all of these are important reasons for supporting worker co-ops, they do not include the single, most important factor--workplace democracy. The lack of concern about workplace democracy by governments provides a strong argument against government resource groups acting as the leading vehicle in the development of worker co-operatives.

Admittedly, government can be very influential in the development of worker co-operatives through removing roadblocks to development, passing enabling legislation, and supplying funding and support services to worker co-operatives on an equal basis with the private sector. It can, however, also be argued that it is

inappropriate for provincial governments to provide specialized assistance in the form of resource services to any one type of business organization.

Traditional management consultants may be interested in developing worker co-operatives due to their increasing popularity and their business potential. They are, generally speaking, not informed about or sensitive to co-operative principles, particularly as these apply to worker co-ops. Due to their close relationship with the public and private sectors, they have a bias towards hierarchically-structured and autocratic organizations. Some consultants overcome this bias and become sensitive to co-operative principles. However, this newly-developed expertise would be in conflict with the traditional consultants' values and biases.

Resource groups in the co-operative sector are generally knowledgeable about and share in co-operative values and philosophy. They are familiar with the unique aspects of worker co-operatives and are committed to the concept. They possess the technical and business skills necessary to evaluate ideas, investigate feasibility, develop business plans, and assist with the capitalization process of a worker co-op. Because of their knowledge of the co-op sector, marketing and financing within the sector can be stressed and more easily pursued. Resource groups in the co-op sector are not affected by political swings in the public sector or the profit motive in the private sector. There is no doubt, therefore, that the co-op sector is the appropriate sector for the development of worker co-ops.

Marty Donkervoort is a member of Co-op Work Ltd., a worker co-op management consulting business located at 357 College St., Toronto M5T 1S5; (416) 928-9568.■

Across the Nation



ARCTIC

Andrew Goussaert

The Inuvik Parka Enterprise

Arctic Co-operatives, the central organization owned and controlled by 35 NWT multi-purpose co-operatives, provides management-accounting, purchasing, marketing, and educational services for its membership. During 1980 - 1981, the government of the NWT announced its intention to privatize the majority of its commercial enterprises. The Inuvik Parka Enterprise, a small garment production plant, had been operating for several years and was marketing about 25 per cent of its production through the small chain of Northern Images stores owned by the northern co-ops.

The board of directors and management of Arctic Co-ops, with strong encouragement from government officials, declared an interest in the Inuvik Parka Enterprise with the following objectives:

1. To continue the marketing of the truly northern products from Inuvik through the Northern Images Stores and to expand into the wholesale marketing of all Inuvik products through Arctic Co-operative Limited's wholesale marketing arm, Canadian Arctic Producers.

2. To provide opportunities for northern native people to have ownership and control of viable commercial enterprises through co-operative ownership.

3. To work with the employees of the Inuvik Parka Enterprise towards the formation of a worker co-operative and to have the employees operate and own the project as a member of Arctic Co-operatives Limited.

Towards the end of 1982, an agreement was reached and equipment and inventories of the factory were bought for \$1,626,556. It was a new venture for ACL, and in the very early stages management realized it was going to be a drain on the much-needed resources of the organization. Much has been done to make Inuvik Parka a viable operation, but because of the highly competitive nature of the product and the handicap of having to operate in a remote area with high energy costs and a work force untrained for highly efficient production, prolonged subsidization will be needed.

At its annual meeting in November, 1984, the membership of ACL gave clear direction to its board of directors and management either to divest itself of the plant or to obtain subsidization from other sources because the cost to ACL was too great. Consequently, an extensive submission has been made to the government of the NWT presenting the alternatives, with the understanding that if no solution can be found ACL will not



Some of the beautiful products of the Inuvik Parka Enterprise.

operate the plant beyond the end of 1985.

The Inuvialuit Development Corporation is considering purchasing the plant to assure the preservation of job opportunities; there are also other parties interested. The plant workers themselves are lobbying with politicians for the continuation of the enterprise. The plant workers view ownership by themselves through a co-operative as the ideal solution, however, they do not have the necessary resources at present. Depending on what the government is willing to contribute, other agencies might decline to risk their resources.

ACL is working with the plant workers to resolve the outstanding issues. At present the Inuvik Parka is being marketed throughout the country; it is a high-quality fashionable garment, which speaks highly for the people producing it.

Andrew Goussaert is Chief Executive Officer of Arctic Co-operatives Ltd., 1741 Wellington Ave., Winnipeg, Manitoba, R3H 0G1; (204) 786-4481. ■

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BRITISH COLUMBIA

Dana Weber

CBC features worker co-op

Victoria Plywood Co-operative was featured on the CBC series, *Venture*, October 26. Unfortunately, CBC will not make available a tape of the program, but if some enterprising soul made a video, perhaps he or she would be kind enough to let out the good word--discreetly, of course. ■

Across the Nation

CODA keeps busy

Since the April general meeting, CODA's new board has kept busy with education and promotion work across British Columbia. Dana Weber and Nick Robertson presented two worker-co-op case studies at a Parksville conference on worker ownership; Gall Cryer and Melanie Conn conducted a workshop on worker co-ops on the Sunshine Coast (Sechelt); Melanie and Dana have developed a seven-day in-depth course, including a worker-co-op simulation, through New Westminster's Douglas College.

CODA has recently completed a 38-page information package for prospective worker co-operators. Along with an overview on issues of structure, incorporation, management, and governance, the package includes a bibliography and background material. CODA members can receive a free copy; for others, \$5 will cover CODA's costs. Order from CODA, 206 - 33 East Broadway, Vancouver, B.C., V5T 1V4. ■

ALBERTA

Debbie Ferdinand

Communitas activities

Communitas is preparing a series of booklets for individuals interested in developing co-operatively-based economic enterprises. Booklet topics include: an introduction to shareholder-owned and operated co-operatively-based economic enterprises; organization; financial organization and investment; corporate organization; and, working together.

A public information session on co-operatively-based economic enterprises was held on October 17 during co-op week. A presentation was also made to the Edmonton Co-op Lunch Club in November. A more detailed one-day session will follow at a later date.

Communitas is also looking at methods of raising risk capital for potential co-ops. Fund raising is expected to start shortly.

For more information, contact Debbie Ferdinand, Communitas, Inc., 10551 - 123 Street, Edmonton, Alberta, T5N 1N9; (403) 482-5467. ■

SASKATCHEWAN

Building Windbreaks Against the Future: the Co-operative Movement in Saskatchewan is a display of artifacts and other items of interest to everyone interested in the history of co-operatives. The display, hosted by the Rt. Hon. John Diefenbaker Centre of the University of Saskatchewan in conjunction with The Centre for the Study of Co-

operatives, will run from January 16 to March 31, 1986 at the Diefenbaker Centre. ■

MANITOBA

Doug Davison

WCM

WMC, otherwise known as Working Margins Consulting, is a worker-owned and co-operatively-managed consulting company which is providing advice about worker co-operatives to government and non-government people. WMC recently hosted Sherman Kreiner and Cindy Coker of PACE (the Philadelphia Area Co-operative Enterprises). With the recently announced Employment Co-operatives Program in Manitoba, the member/consultants of WMC are looking forward to increased development of worker co-operatives.

For information Doug Davison can be contacted at Rm. 607, 259 Portage Ave., Winnipeg, Manitoba, R3B 2A9; (204) 944-9450 or (204) 755-2964. ■



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Across the Nation

ONTARIO

Jack Quarter

Worker Ownership Development Foundation

The much heralded handbook, *Starting a Worker Co-operative*, has been completed by the Worker Ownership Development Foundation and can be purchased for \$50 (including postage and handling) with a ten per cent discount for bulk purchases of ten or more.

With about 300 pages of material, the handbook is a detailed how-to guide on starting a worker co-operative. There are chapters on history, governance, membership policies, feasibility, business plans, financing, marketing, legal options, accounting and taxation, and the use of outside resources. The handbook even comes complete with case studies, a glossary, and a bibliography.

The handbook is a companion to an introductory booklet, previously published by the Foundation. The intro booklet can be purchased for \$7.50 (including postage and handling) with a ten per cent discount for bulk purchases of ten or more.

With these resource materials now under its collective belt, the Worker Ownership Development Foundation is undertaking courses and specialized workshops about worker co-operatives. The courses range from introductory workshops for those who have never heard of a worker co-operative to specialized assistance to groups with a definite business idea. There is something for everyone--co-operative and credit union managers, government officials, trade union and church leaders, and community-group members.

And if all that isn't enough, the Foundation is participating in a group which includes George May and Laird Hunter, and which is lobbying Ontario's provincial government to develop a worker-co-operative statute. The group is also providing information for a provincial-government report of possible initiatives that can be taken to develop worker co-operatives in Ontario. (Given the current state of the provincial landscape, there is an endless list of ideas.)

Last but not least, the Foundation is unabashedly soliciting funds (without prejudice to denomination) in order to keep its work going. For any of these matters--purchases of the handbook or booklet, information about courses or workshops, provincial legislation, participating in the Foundation's work, or just an old-fashioned donation (tax deductible)--write to the *Worker Ownership Development Foundation*, 357 College Street, Toronto, M5T 1S5; (416) 928-9568.■

The Big Carrot

So you want to know what is happening with The Big Carrot, the natural food market in Toronto, which is completing its second year of business? Sales have passed \$1.5 million, the membership has reached 12 with two others on probation, incorporation as a co-operative corporation is just being completed, and the Big Carrot is now using the Ontario Federation of Food Co-operatives as a wholesaler. If that isn't enough, there are rumours that something might happen. At this point, it is not clear whether the "something" is really something or like the something in a Joseph Heller novel. We shall soon know!■

For more information, Jack Quarter can be contacted at 253 Willow Ave., Toronto, M4E 3K6; (416) 694-4614.■

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QUEBEC

Claude Carbonneau

Forestry co-ops organize provincially

On October 3, 1985, representatives of the 35 Quebec forestry co-ops got together in Quebec City to set up a provincial service co-op for the forestry sector.

For many years, Quebec's forestry co-ops have met each other through a Quebec Forestry Co-op Conference. Considerable evolution in their sector, as well as political changes brought about through Quebec's Ministry of Energy and Resources, has led the co-ops to band together and to give themselves a legal status.

The mandate of this provincial organization is primarily to co-ordinate and to organize the formation of co-ops. Also, the organization will facilitate meetings between the different co-ops, engage in planning, and it will also become the official mouthpiece for Quebec's forestry co-ops.

The 35 forestry co-ops active in Quebec do a combined business of about \$85 million. They have more than 3,000 members.■



conférence
des coopératives
forestières
du Québec

Across the Nation

A worker co-op "gap" is filled

As announced in the last provincial budget, Quebec worker-co-op members will receive new tax advantages for investment in their co-ops. (In fact, the Regime d'investissement cooperatif (R.I.C.) has been in effect since August 28, 1985.)

The new regulations allow all worker co-ops to issue privileged shares to members, the cost of which is tax deductible. The R.I.C. is the co-operative counterpart to the Regime d'epargne-actions du Quebec. The R.E.A.Q., in existence for a few years, permits Quebecois enterprises to issue capital stocks that confer to their holders an equivalent reduction in taxable income.

The R.I.C. therefore fills a gap in the R.E.A.Q. by providing a tool to facilitate capitalizing co-operative enterprises. It adds up to another measure that encourages the creation and development of worker co-ops in Quebec. ■

S.A.Q.: the Supreme Court rejects the union's claim

Once more, the union of office and store employees of la Societe des alcools du Quebec (S.A.Q.) has been refused an injunction that would prevent the privatization of S.A.Q. branches. The decision, rendered by Judge Irving Halperin, of the Supreme Court, effectively gives the S.A.Q. full powers to sell 129 of its branches in the regional municipality of Montreal.

At the due date for acquiring the branches, 33 co-operatives had submitted bids. This represents almost half of all applications received by the S.A.Q. for acquiring one of its branches. About 60 of the branches had

not, in effect, interested any group during the tender period.

The legal feud led by the union does not, however, seem to be over. The union has already announced intentions to appeal Judge Halperin's decision.

(French translation by Joanne Lindsay.) ■

For more information Claude Carboneau may be contacted at the S.D.C., 430 Chemin Ste. Foy, Quebec City, Quebec, G1S 2J5; (418) 687-9221.

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NEW BRUNSWICK

Nancy Lee Armstrong

Noranda buyout

The District Labour Council, St. Michael's Parish Council, and the Canadian Mental Health Association in the Chatham-Newcastle area have formed a coalition to inform unemployed workers about worker-co-operative development. Frank Clancy, of the District Labour Council, says that education with an emphasis on social and political analysis has been identified as a priority for motivating unemployed workers to undertake control and ownership of the means of production.

The importance of education has been underscored by the efforts of laid-off workers (of the Canadian Paper Workers Union) and local woodlot owners to get the Noranda-owned pulp and paper company back into operation. While succeeding at becoming 49 per cent owners of the restructured plant, the workers have had to make serious

wage concessions by agreeing to forego any wage increases for three years (they had not received any increase in the past four years). The woodlot owners, in turn, agreed to reduce the cost of a cord of firewood by \$3 - \$4, rendering themselves economically marginal.

The attitude of the new part-owners, as described by Clancy, is that anything is better than nothing, and at the very least many will get their jobs back. However, he argues that it is an unsatisfactory arrangement, giving workers no real power or long-term security even though they bear the heaviest burden of production costs. Consequently, an educational program which offers workers a critical analysis of social, political, and economic structures has become imperative for worker buyouts and future worker-co-op development in New Brunswick. ■

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Across the Nation

Micmac co-op

The Native Indian Women's Council of New Brunswick has hired a manager and three trainer-supervisors for a worker co-operative that produces Micmac and Maliseet crafts. A van has been acquired to allow for the delivery of training to local communities. The trainer-supervisors will facilitate the organization of women at the grassroots level and provide a resource to those women. **George Tomer**, manager, stresses that local organizations will take a traditional approach to the co-operative, emphasizing a social component and involving men and children "as it used to be". The sponsors of the worker co-op (the Council) are designing a brochure and are planning trade shows to exhibit the crafts.■

Destitute Canadians

A volunteer group, which calls itself the Restigouche County Volunteer Action Association, held a conference last September with delegates from across the Maritimes to address the issue of providing essential services such as food and clothing banks to the growing numbers of destitute people in high unemployment regions like Restigouche County. **Sid Pobihushchy**, a director of Co-op Atlantic, was invited as spokesperson and challenged the gathering to further their thinking beyond immediate needs to root causes of current economic conditions. The enthusiastic response drew requests for further information on economic alternatives such as worker co-operatives and gave rise to the idea of forming study groups to pursue new avenues of social action.

Nancy Armstrong is a resident of Black's Harbour, New Brunswick, EOG 1H0. She is currently studying at York University and living at 157 Lascelles Blvd., Toronto, M5P 2E7.■

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NOVA SCOTIA

Grant MacDonald

Development co-op planned

An important workshop on worker-co-op development was held at St. Francis Xavier University late this past August. Organized by **Duncan MacIntyre** of the University's Extension Department, the gathering was called with the objective of establishing some kind of mechanism to actively develop and promote worker co-ops throughout the region.

Present at the workshop were representatives of Co-op Atlantic, the N.S. Credit Union Central, the Co-operators Insurance Company, the Canadian Co-op Credit Society, the Strait of Canso Industrial Development Commission, the N.S. Department of Development, the N.S. Federation of Labour, several existing worker co-ops, university Extension staff, and others with a special interest in worker co-ops. There were some 35 participants.

Worker co-ops were seen by most of the participants as a potentially important community-based alternative to traditional economic development. It was thought that, if promoted, worker co-ops could provide a valuable source of employment in economically-depressed communities. Support would have to come from the existing co-op sector in terms of a commitment of finan-

cial and other resources, and there appeared to be optimism that such a commitment would be forthcoming.

It was felt that existing provincial and federal governments could be of some help, but that they were often unable to provide help that was timely, cheap, close-by, understanding, and caring.

The needs of worker co-ops in the region were identified: start-up, marketing, production, management, and financial. The experience of existing worker co-ops was not that there was a shortage of good advice but a shortage of skilled and committed people to spend time helping them through critical periods.

The groundwork is now being laid for the establishment of a co-operative development co-op whose membership will be composed of the institutions within the existing co-op sector, trade unions, churches, social action groups, and worker co-ops themselves. A development co-op would serve as a resource to worker co-ops until such time as they could take over this function by creating their own central body.

It is expected that the development co-op will establish, as a wholly-owned subsidiary, a venture capital corporation for the purposes of administering a low-interest or interest-free loan fund. This fund would be comprised of monies invested by the co-operative sector and matched by the region's provincial governments, all of whom have venture-capital programs.

The new development body will likely have a Nova Scotia focus initially, although it was everybody's intent to see worker co-ops promoted and supported throughout the region. Part of the mandate of the new body will be to develop a list of resource

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people interested in and willing to work with workers' co-ops.

It is expected that the new body will be formally in place by early 1986.

Grant MacDonald is involved in adult education and community outreach at the Institute of Public Affairs, Dalhousie University, Halifax, Nova Scotia, B3H 3J5; (902) 424-2526. ■

Mondragon study tour

The Tompkins Institute at the University College of Cape Breton is organizing a five-day course in Mondragon, Spain, sometime in February or March, 1986. The format will be lecture and discussion in the morning with site visitations in the afternoon. For example, one morning will be devoted to finance including the role of the credit union, financial agreements with various enterprises, internal interest rate systems, wages, worker capital-fund, pensions, etc. The afternoon will be devoted to a visit to a credit union and perhaps to some retired workers. Another morning will be devoted to the role of technology--the impact of robotization, purchase of foreign technology, and general research and development. The afternoon will involve a visit to the IKERLAN research centre to view a demonstration of their new robot--and/or a visit to a technically-sophisticated factory. On the last day, the topics of philosophy and education will be discussed.

Students will be provided with video cassettes and literature prior to departure. The total cost (including transportation from Montreal, room and meals, resource people, and translation service) will be from \$2,000 to

\$2,500. Some very economical side-trips can be arranged, such as a two-week trip to the Canary Islands.

If you are interested, please contact Greg MacLeod at the Tompkins Institute, University College of Cape Breton, P.O. Box 5300, Sydney, Nova Scotia, B1P 6L2; (902) 539-5300. ■

Community Initiatives Support Network (CISN)

CISN is a national, non-profit research organization that serves to facilitate community-based economic development. Activities are financed through membership subscriptions, research contracts and donations. CISN publishes *Community Options Communautaires*, a newsletter featuring community economic development reports and reviews. Demonstration projects are planned for employment and enterprise development.

CISN can be contacted at 3290 Agricola St., Halifax, Nova Scotia, B3K 4H5. ■

PRINCE EDWARD ISLAND

Gilles Michaud

As of this issue of Worker Co-ops, Gilles Michaud is our correspondent from P.E.I. or "Spud Island" as he calls it. In this, his first contribution, Gilles describes Culture Craft Co-op Ltd., the small worker co-operative which he manages.

Since our beginning, approximately two years ago, we have struggled through the trauma of

birth to the realities of infancy. Initially, we were referred to as an "employment project" but now we have become an independent, officially-registered worker co-operative known as Culture Crafts Co-operative.

The co-op has a board of eight people, comprised of four workers and four non-workers. The board members make decisions by consensus on all issues, and meet once a month to discuss the activities of the worker co-op, both past and future. Our biggest task is to increase production and to find more marketing outlets.

After our request for funding under the LEAD program was turned down by the local office in Charlottetown, our board has had to make several changes to our plans. Initially (after an extensive feasibility study), we planned to be a wood-carving and woollen-product enterprise; now, for the time being, we will focus on wood-carving.

Of the four wood-carving machines now owned by the worker co-operative--purchased through risk capital provided by local funding--we have two machines placed in the homes of employees, one of these being a worker-member couple. A third machine will soon be into production and will be placed in the home of a member currently on social assistance. We have moved our work from Queen's County to Prince County as our four working members are living in this region.

As for the marketing outlet, we are attempting to negotiate the purchase or preferably the lease of a building. This would provide us, first of all, with a central location for supplies and other machinery needed for finishing wood products and, secondly, with the option to establish a retail outlet. The

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location of the building would be suitable for this purpose since it is situated in a high-density region for tourists during the summer months.

Thanks to the fall issue of *Worker Co-ops*, we were made aware of the new government initiatives in providing funds to groups such as ours. We are now attempting to analyze these programs to see which, if any, could provide us with funds needed at this crucial time, without having to compromise our objectives.

For more information, Gilles Michaud can be contacted at Culture Craft Co-op Ltd., P.O. Box 1647, Summerside, P.E.I., C1N 2V5; (902) 436-2727. ■

NEWFOUNDLAND

Robert Thompson

Scottish Experience

Cairns Campbell of the Rowen Consultancy in Scotland visited St. John's on September 20, 1985. Mr. Campbell is a former director of the Scottish Co-operative Development Committee (SCDC) and was invited to Newfoundland by the Co-operative Research and Development Board (CRADB).

The SCDC is a non-government agency which helps potential worker co-ops prepare business plans, evaluate markets, approach financial institutions, and implement management systems. Similar to those in other areas of Europe, worker co-ops in Scotland have a success rate far exceeding conventional small businesses.

The Newfoundland groups which heard Mr. Campbell's talks

were particularly impressed by the similarity of economic problems between rural Scotland and rural Newfoundland. Mr. Campbell spoke of four models for organizing worker co-ops: bottom-up, top-down, Phoenix, and conversion. He said each of these models have been used successfully by the SCDC. ■

Newfoundland government to study co-op sector

Shockwaves were recently sent across the consulting community of the nation as the Newfoundland government invited bids on a study of the co-op sector in Newfoundland. Almost 60 consulting groups requested copies of the terms of reference, and study proposals were received from 24 firms.

The telephone wires were buzzing as firms with no co-operative background made contact with the co-operative intelligentsia to solicit their services. As well, consultants with no experience in Newfoundland actively pursued Newfoundland-based researchers to improve their local content.

Sam Kean, Registrar of Co-operatives with the Newfoundland government, says the study is designed to assess the prospects for co-operative development in Newfoundland and to recommend what role government should take in this development. He also said he was overwhelmed by the response from consultants from Newfoundland and other provinces. The study is expected to give intensive treatment to worker and producer co-operatives due to their potential contribution to economic development.

Unfortunately, the choice of the successful consultant was not made when *Worker Co-ops* went

to printing but will be available in the next edition.

Robert Thompson is the Supervisor of Policy Research, Research and Analysis Division, Government of Newfoundland and Labrador, Department of Rural, Agricultural and Northern Development, St. John's, Newfoundland, A1C 5T7; (709) 576-3180. ■

NATIONAL

Albert Chambers

CUC worker co-op project

As the year-long worker-co-operative project of the CUC nears completion, active consideration is being given to the future role of the CUC in assisting a worker-co-operative sector. The August, CUC board meeting reviewed Laird Hunter's preliminary report on the project and the recommendations of the advisory committee that worked with Laird. The final report and the results of the various sub-projects will be considered in January, 1986. ■

CUC and innovations

As noted in the last issue of *Worker Co-ops*, the *Canadian Jobs Strategy* provides some interesting opportunities for those interested in the establishment of worker co-operatives or in facilitating the emergence of a support network, particularly for training in business skills and self-management. CUC has continued its discussions with CEIC officials concerning these opportunities. The response to our representations has been positive although a

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suitable framework is not yet in sight for joint action between the established co-operative sector and the federal government to encourage worker-co-operative development and training.■

Mayer staffs up for Task Force response

Charlie Mayer, federal minister responsible for liaison with the co-operative sector, introduced one of his senior advisors at the federal/provincial ministers' conference in Regina on October 18. Al Wagar is a long-time co-operator. Prior to his retirement several years ago, he was general manager of one of the sector's insurance companies, CIS, and the chief executive officer of Co-op Trust. A colleague from the co-operative movement in Quebec is expected to join Mr. Wagar as a senior advisor to the minister.

Albert Chambers is the Director of Government Affairs for the Co-operative Union of Canada, 237 Metcalfe St., Ottawa, Ontario, K2P 1R2; (613) 238-6711.■

NDP convention supports worker co-ops

At its 13th federal convention this summer, the NDP passed several resolutions in support of worker co-ops. These were:

[to] encourage and build community-based investment and job initiatives through community and worker co-operatives, community development corporations, regional councils, small businesses and farms and through municipal government;

[and to] aim at control for workers in the workplace, through trade union organizing, participation in decisions affecting their lives and legislative strengthening of regulations to protect and enhance workers' rights.

The NDP also resolved that it will:

take steps to make working people equal partners in corporate decision-making and will expand a third sector of the economy consisting of employment co-operatives and other forms of common and joint ownerships, and . . .

in consultation with the co-operative sector and the labour movement, to:

(a) clarify and broaden federal enabling legislation for co-operatives; (b) establish equal access to all development support currently available to other economic institutions; and (c) direct financial assistance to co-operative development agencies and pilot co-op projects.

Roger Peters of Mountain, Ontario writes, "some of us will be meeting with caucus members to discuss the next steps."

Information about these resolutions can be obtained from the NDP, 301 Metcalfe, Ottawa, Ontario, K2P 1R9.■

Air Canada

Air Canada employees have offered to purchase 40 per cent of the company, but have been told to scale down their aspirations because the federal government does not intend to "privatize" more than ten per cent of the airline.■



Across the World

ENGLAND

Soho strippers

Of the more than 1,000 worker co-operatives in England, most are small labour-intensive businesses. Therefore, it should not be surprising that there is one made up of strippers.

Peep-show as it is known, is the result of a buyout of a failing business by the women who were previously employed there.

Britain's *Co-operative News* provides a graphic portrayal of the new venture: "Eight booths surround a narrow stage and for 50p customers get 1 minute 40 seconds peering through a glazed slot as co-operative members dance naked to the music."

Because rent in the Soho Square premises is expensive, more than 400 customers are needed each seven-hour shift for the co-operative to break even.

Even though Peep-show's

members have their proverbial backs to the wall, the co-operative appears to be getting by. According to the *Co-operative News*, the strippers are earning "a bare living of £20 per shift" and are running their own show--more or less!

Robert Briscoe, our international contributing editor, promises to send us more on this venture as he continues with his research.■

Across the World

Training in worker co-ops

A new course is being offered April 22 - July 1 in Leeds, England, for people involved in creating and developing small-scale worker and community enterprise co-operatives.

It is a joint effort of the University of Leeds, the Plunkett Foundation for Co-operative Studies, and Beechwood, the training centre of U.K. community and worker co-operatives.

The course is designed to meet the needs of staff in government ministries, development agencies, persons involved in the development of small enterprises, and those with responsibility for establishing and advising worker and community enterprise co-operatives.

Course fee, including accommodation and meals, is only \$8,263.50 (Canadian). Information is available from *Beechwood Training Centre, Elmete Lane, Leeds LS8 2LQ United Kingdom.*

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BARBADOS

Youth program

The Barbados Co-operative Credit Union League Ltd., the parent body of all credit unions in Barbados, is planning a seminar for young people to encourage them to form worker co-operatives. *Oriel F. Doyle*, the development officer for the League, writes that he believes worker-co-operative development is "the answer to most of the problems that are now affecting our economy."

The Barbados Credit Union League is in search of ideas and working papers that would be of assistance to it and is eager to

maintain contact with organizations that might be willing to help.

Contact *Oriel F. Doyle, Credit Union Development Officer, Barbados Credit Union League Ltd., Gibson House, Spry Street, Bridgetown, Barbados; Telephone: 97075.*

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BRAZIL

If you are a trivia buff, it would please you to know that Brazil's national airline, Varig, has been employee-owned since 1945. Ownership is through a foundation in which employees with ten years or more of service are members. How about that!

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INDIA

See the world

If you are a sociologist, or if you can pass for a sociologist, you should know that the World Congress of Sociology will be held in New Delhi, August 18 - 23, 1986, and that one of the sessions is on participatory decision-making in industry and the public sector. A call for papers has gone out from the organizer, *Alexander J. Matejko*. He is located at the Department of Sociology, University of Alberta, Edmonton, Alberta, T6G 2H4; (403) 435-0449.

And if your outlook is interdisciplinary and if you are an adventurous type, consider a combo which involves stopping in Jerusalem on your way to New Delhi. Fate would have it that the International Association of Applied Psychologists is meeting

in Jerusalem, July 13 - 18, and there will be a session on workplace democracy.

For information, contact *Dov Elizur, Department of Work and Organizational Psychology, University of Amsterdam, Weesperplein 8, 1018XA Amsterdam, Netherlands.*

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ISRAEL

International association

If your interest in the cooperative idea tends in the direction of communes, you may be interested in joining an international association of communes that has recently been formed. If you want your name on the mailing list (free of charge), write to *Shimon Mahler, Yad Tabenkin, P.O. Ramat-Efal, Israel 52960; Tel. (03) 344-367.*

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UNITED STATES

Tidbits

Large employee-owned corporations are becoming more prevalent in the United States. Among corporations with at least 80 per cent employee-ownership are: *Hyatt Clark* (1,400 employees) manufacturing bearings; *The Okonite Co.* (1,900) cable manufacturing; *Matthews International* (1,250) marking-devices manufacturing; *W.L. Gore* (3,000) high-tech products manufacturing; *Bureau of National Affairs* (1,200) publishing; *Weirton Steel Corp.* (8,000) steel manufacturing; *Dan River Textiles* (11,000) textile manufacturing; *Publix Super Markets* (37,000)

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supermarkets; **American Cast Iron Pipe** (2,900) pipe manufacturing; **The Journal** (3,460) communications; **Lifetouch** (4,000) school photographs; **Pamida** (5,200) retail; **OTASCO** (2,500) outdoor-supplies retailing; **Denver Yellow Cab Co-op** (1,200) taxi services; **Science Applications International** (6,000) research and development.

O & O, the Philadelphia chain of worker-co-operative supermarkets, has opened its third store, and a fourth market is being planned. . . . **The Massachusetts Mature Industries Act** has led to the creation of an **Economic Stabilization Trust**, a quasi-public agency, that can provide loans to economically-troubled but viable firms. Priority is given to employee buyouts. Also created through the Act is the **Industrial Services Program** which can provide assistance for feasibility studies of buyouts. . . . In Oregon, the tenth American state with legislation in support of worker buyouts, the **Economic Stabilization and Conversion Act** has led to the creation of a \$2-million loan fund to help finance the purchase of plants that would otherwise close. Loans are limited to 50 per cent of a buyout's cost, and 15 per cent of the overall loan fund is available for feasibility studies. . . . Worker buyouts of various types are proceeding at full blast in the US. Here are some that have just been completed or which are moving ahead. . . . **Rainbow Workers Co-operative** is a 30-member sewing co-operative, based in Oakland, which was formed when CML conglomerate decided to close its Sierra Design division, maker of high-quality tents, sleeping bags, jackets, and other camping equipment. Workers raised the \$120,000 needed for the buyout through \$1,000 membership shares and low-in-

terest loans from church groups and government agencies. . . . Threatened with the closing of **Stroh's Detroit Brewery**, the 1,000 employees are exploring ownership with the assistance of their union (Brewer and Bottlers Local 181) and the Michigan Employee Ownership Center (a local resource group). . . . **The Sedro-Woolley Timber Co.** has been formed as a co-operative from the remnants of the bankrupt **Body Lumber Company** of Sedro-Woolley, Washington. . . .



Workers at **General Electric's** steam turbine plant in Ladson, South Carolina are looking to the South Carolina Development Board for assistance with a buyout. . . . **Coastal Industries Inc.**, an Akron, Ohio liquid bulk transportation company, is attempting to improve its financial position by establishing a 45 per cent ESOP in return for 18 per cent wage cuts from workers, many of whom belong to the Teamsters

Union. . . . In much the same manner, the 20,000-employee **Ryder Co.**, which lost \$26 million in 1984 and \$11.9 million in the first quarter of 1985, has established a 49 per cent ESOP in exchange for a 15 per cent reduction in wages for five years and representation on the board by the workers who belong to the Teamsters. . . . **McLean Carriers** of North Carolina is financing itself in a similar manner. Non-management workers own 43 per cent of the ESOP, management holds 12 per cent, and **Wedge Transportation**, MacLean's parent firm, holds 43 per cent. . . . In the financially-troubled steel industry, the **United Steel Workers of America** has negotiated a variety of "worker-ownership plans" in exchange for wage reductions. Among the plants that have negotiated these types of contracts are: **Kaiser Aluminum and Chemical**, **Wheeling-Pittsburg Steel**, **Continental Steel**, **McLouth Steel Products**, **Eastmet**, **Bethlehem**, **Lyon**, **McNally**, **Gilmore**, **Dusquesne**, **Republic Container**, and **Nesco Steel Barrel**. . . . The controversial buyout in **Weirton**, West Virginia shows continuing signs of success. **Weirton Steel** had a \$10 million profit in the first quarter of 1985, the fifth consecutive quarter in which the plant has shown a profit, and **Weirton** was one of only two integrated steel companies in the **Fortune 500** list to make a profit in 1984. . . . **Avondale Industries**, a large conglomerate composed of seven manufacturing companies including a shipbuilding facility in New Orleans, has been purchased through an 8,000-employee ESOP for \$375 million. The ESOP is administered by management-appointed trustees, and employees did not have to sacrifice wages or benefits as is the case in most ESOP buyouts. . . . **Pan American Airline** pilots have

Seeds of a movement: Quebec's worker co-ops create a federation

Claude Carbonneau

Nineteen of Quebec's worker co-ops have formed the Quebec Federation of Worker Co-ops (la Fédération québécoise des coopératives de travail). This is the seed of an organization that should grow a great deal during the months and years to come.

The Federation held its founding conference in Montreal on September 7, 1985. As well as bringing together representatives from co-op members, the Federation's first general assembly attracted several dozen delegates from organizations interested in worker-co-op development. More than 50 individuals expressed their intention to become auxiliary members of the Federation.

This first assembly adopted bylaws for the federation's internal governance as well as a plan of action oriented mainly toward information and organizing.

The assembly ended with members electing a board of directors, with Aurele Seguin, of l'Imprimerie coopérative Harpell (Ste-Anne de Bellevue) as president. Yaive Farland, of le Messagerie Coop de Quebec, is the vice-president. Other directors are Rejean Monpetit, la Coopérative Les Nuages (Montréal); Bernard Gagnon, Coopérative des électriciens des Laurentides (Saint Jerome); and Jean-Leon Rondeau, Coopérative de théâtre Parminou (Victoriaville). The remaining board positions will be filled by regional representatives elected by worker co-ops in each region of Quebec.

History of events

Worker co-ops in Quebec date back to the 1940s, when

forestry co-ops emerged in most of Quebec's regions. At that time, such co-ops were largely supported by the religious authorities. Forestry co-op activities consisted primarily of felling timber, with the co-ops working mainly as sub-contractors for the larger paper industries.

There was a fresh outburst of worker co-ops in the 1970s, and since 1980 the number has continued to grow to about 350. The Quebec government has strongly encouraged the creation of worker co-ops by establishing co-op consulting groups, that provide specialized assistance, in each of Quebec's regions.

The birth of the Federation

The birth of the Quebec Federation of Worker Co-ops is an important step in the history of co-ops in Quebec. This birth marks the beginning of an organization that has yet to be built. Indeed, the 19 founding co-ops constitute a trail-blazing nucleus. Over the next few months they must give their Federation the credibility to win over the hundreds of other co-ops who have not yet decided to join. Considering the potential scope of this type of federation, it seems inevitable that the benefits of coming together will sooner or later attract the other worker co-operatives in Quebec.

French translation by Joanne Lindsay.

For more information, Claude Carbonneau can be contacted through the S.D.C., 430 Chemin Ste. Foy, Québec City, Québec, G1S 2J5; (418) 687-9221. ■

proposed a 51 per cent buyout of that company. Pacific South West Airlines has increased its share of employee ownership, adding itself to a list of like-minded carriers that includes Pride, People's, Eastern, TWA and Presidential. . . A number of large chains have recently been sold to employees. These include: the 28-store Warehouse Grocery and Food City in Texas bought through an ESOP by its 800 employees; the 25-store Dealers Electric Supply Co. purchased through an ESOP by its 385 employees; the Elliot Meat Co., with sales of \$100 million, has been purchased through an ESOP by its employees; 51 per cent of the stock in the Granite City Construction Co. of Watson, Colorado, a heavy construction company with sales of \$300 million, has been purchased by salaried employees through an ESOP; the 15-store Fred Schmid and Co. of Colorado, that sells televisions and household appliances, has recently been sold in total to an ESOP. Previously this company had profit-sharing arrangements for its employees during which time sales increased from \$27 to \$62 million. . . Last but not least, it bears mentioning that not all buyouts are successful. Hyatt-Clark Industries, a manufacturer of tapered roller bearings, has been put up for sale. Purchased by its employees from Gener Motors in 1982, Hyatt-Clark needs about \$5 million of investment to keep itself going. Any takers?

Primary sources for "U.S. Shorts" are: The News Bulletin of the National Center for Employee Ownership, 927 South Walter Reed Drive, Arlington, Virginia 22204, (\$30 U.S.), and Workplace Democracy, 111 Draper Hall, Amherst, Massachusetts 01002 (\$18 US). ■

Former combatants of the liberation war

Members of Worker Co-ops editorial committee recently hosted two Zimbabwean co-operators on a tour of Toronto's food-retail and distribution co-ops. Talent Nyathi lives and works on a farm co-op just outside of Harare; Mathias Mawire works in All Are One Co-operative, a supermarket in Bulawayo. The following article is based on information provided by these visitors.

The "collective co-ops" of Zimbabwe were formed primarily by former combatants of the liberation war which ended in 1980 when the independent state of Zimbabwe emerged from the colonial regime known as Rhodesia. As part of demobilization strategies, the national government gave each soldier \$185 per month for two years. This financial settlement was meant to compensate them for giving up educational and employment opportunities while fighting and to assist them with integration into the productive economy.

Together with peasants and other workers, many of these former fighters have formed collectives for work and, in some cases, housing. Of the 400 or so co-operatives formed primarily by these ex-combatants, 65 per cent are agricultural, 25 per cent are involved in commerce and trading, and 10 per cent are industrial. Since agricultural co-ops generally have more members than co-ops in other sectors, their membership statistics would be proportionally higher.

When these collectives presented themselves to the government for business licenses, they were registered under the 1957 Co-operative Societies Act. This Act had been established by the colonial government for registering some of Rhodesia's co-ops. Other co-ops, notably the large agricultural co-ops that accepted only white members, were registered under the Companies Act.

To assist the capitalization of these collective co-ops, the Zimbabwean government agreed to give the ex-combatant members their demobilization money in a lump sum, which amounted to \$4,440 each.

Pitfalls

Talent relayed some of the bad experiences faced by the collective co-ops in getting their operations off the ground. Some found that once land had been bought, they had no money left for agricultural tools and no practical experience as farmers. Others were exploited by private owners of established businesses. In some cases they convinced inexperienced collectives to rent and operate businesses, such as restaurants, that required at least some knowledge of operating procedures. When all the bills were paid, if even that were possible, the members had no money left to cover their own shelter and subsistence costs.

These experiences have led to criticism of the government's planning process, especially the allocation of demobilization money. As Talent asked, "How far can \$4,440 go when you are building a 400-acre farm?"

Emerging from the grassroots

While this experience left many ex-combatants bankrupt, at least 400 collective co-ops managed to remain in production. In 1983, these groups formed a federation: the Organization of Collective Co-operatives of Zimbabwe. OCCZIM represents a voluntary movement of grassroots origin, with no control or direc-

tion coming from the government. There is not even a law in place that pertains to this type of federation.

OCCZIM, the development of which has been supported by the internationally-funded Zimbabwe Project (see *Worker Co-ops*, Vol. 5, No. 1, p. 13), is unique in that it represents all the collective co-ops independent of their type of activity. In contrast to OCCZIM, the Central Association of Co-operative Unions (CACU) represents marketing and supply co-ops. CACU promotes the development of commercial infrastructures to service its members who are small-holding farmers and communal-landhold peasant producers. CACU members do not operate as collectives.

Talent and Mathias see one of the tasks of OCCZIM as assisting the collective co-ops to get financing from outside the country. Banks inside Zimbabwe were not favourably disposed to loan money to groups who had fought in the liberation war, even if the money was for creating co-ops. OCCZIM also attempts to educate the public on how co-ops differ from private businesses.

A training program

The rush to form collective co-ops resulted in many mistakes, including the original training programs. Initially, there were examples of people being trained on equipment not available in their co-ops. Through OCCZIM's current training program, the collective co-ops plan who gets trained and at what level. These plans are then used by OCCZIM in its negotiations with outside funders.

er co-operatives in Zimbabwe:

r redirect their energies

Both Talent and Mathias were vehement in asserting that the right to plan training and co-op development strategies should remain with the co-ops themselves, rather than being at the whim of foreign funding agencies. Since promotion was one of the objectives of their tour, they were passing this message on to potential funders they met with while in Canada.

Help from the government consists of "moral" support, Mathias reported. The government doesn't interfere with co-op development and has given OCCZIM the go-ahead to draft an Act for collective co-ops. The Minister of Lands, Resettlement, and Rural Development, Cde Moven Mahachi, spoke at OCCZIM's first annual general meeting in April, 1985. His speech made clear the government's expectation that the co-operative movement be based on self-reliance: "My ministry, through the Department of Co-operative Development, is presently performing various tasks which, strictly speaking, should be performed by the movement."

Women better co-operators

Mahachi's cautiously worded advice to OCCZIM was to develop close working relations with CACU (the other co-operative federation) in order "to generate their own income rather than depend on donors". As an aside, the minister also spoke on leadership matters, noting in particular that co-operatives run by women were better organized and had fewer problems of power struggles and misappropriation of funds than those run by men.

Many of the internal structural relationships between collective co-ops, non-collective co-ops, and private producers still remain to be worked out. Central marketing structures that do exist in Zimbabwe were developed by the racist colonial state and have remained, since independence, under the control of large-scale farmers and agricultural entrepreneurs. So the farm workers that have formed collective co-ops are left to make their own marketing arrangements. Mathias pointed out that a hog-marketing bureau had successfully thwarted entry of hogs from co-ops, such as the one that Talent works on.

The rapid growth of the co-op movement in Zimbabwe is in itself a problem: there are about 20,000 members in the agricultural collective co-ops, and the activities of the industrial and commercial collective co-ops include printing, construction, manufacturing, transportation, and retail services. When one considers that only one collective co-

op existed in Zimbabwe at the time of independence, the rate of growth does, indeed, appear dramatic.

Talent and Mathias stopped in Toronto on a CUSO-sponsored tour of the Canadian co-op movement, for purposes of information exchange and promotion. The tour was organized by la Centre d'information et de documentation sur le Mozambique et l'Afrique Australe. CIDMAA has published a dossier on the Zimbabwe collective co-ops that can be obtained for \$3 from 3738 Saint Dominique, Montreal, Québec, H2X 2X9; (514) 288-3412.

WORKER CO-OPS will continue to publish reports on eastern and southern Africa as we receive items from Joanne Lindsay, a member of the editorial committee, who is currently on a study tour of industrial-producer co-ops in Tanzania, Zambia, and Zimbabwe. Joanne can be contacted through WORKER CO-OPS' Toronto address. ■



Map reprinted courtesy of CIDMAA.

President of the United Steelworkers of America speaks

The following is an excerpt from a speech, "Labour Unions and Employee Ownership", by Lynn Williams, President of the United Steelworkers of America. In this speech Mr. Williams discusses the role of unions in companies with employee ownership, primarily Employee Stock Ownership Plans (ESOPs).

Through an ESOP--a trust fund for investment in a company--workers become shareholders of the company in which they are employed. Most often, only a minority of stock is held in the ESOP, but in some cases workers can own their company in total.

Unlike a worker co-operative, an ESOP-owned company may maintain a very conventional management structure and even though workers are owners through the ESOP often they do not participate in administering the fund. In spite of these differences between an ESOP and a worker co-operative, Mr. Williams' statement reflects the need of organized labour to come to grips with worker ownership.

Lynn Williams

We did not form and develop our union for the purpose of becoming the owners of the mines, mills, factories, and foundries where our members work. Our purpose was to protect the interests and ambitions of workers in dealing with the owners. However, I do not believe there is any practical or philosophical reason why unions and worker-ownership cannot co-exist, so long as the ESOP concept is not misused--as has sometimes happened--to undermine the interests and expectations of working men and women. Where employee ownership

arrangements are entered into sincerely, there could be a significant reduction in labour-management hostility and tension. This, in turn, may lead to a freer flow of communication between workers and managers and a resulting increase in productivity.

In the past several years, the metals industries in which most of our members are employed have been subject to a severe depression. Many of our members have become unemployed as a result of plant closings and curtailment of production. In the course of this painful depression, we have learned that Employee Stock Ownership Plans are a device that can sometimes be used to preserve the jobs of our members and generate capital to modernize antiquated facilities. Similar wage investments have occurred in other industries, such as the airline industry. For example, the employees of Eastern Airlines now own 25 per cent of Eastern's common stock as well as approximately \$250 million in preferred stock.

Worker ownership necessary

In the metals industries, the involvement of our union in Employee Stock Ownership Plans has been a matter of necessity. In a number of cases, we have been approached by companies whose long-term viability was threatened by depressed conditions in the industry. In such cases, we have been willing to recommend, and have gained the approval of our members, for programs of wage and benefit investments under an Employee Stock Ownership Plan. In essence, we have agreed to increase the employer's cash flow and earnings by substituting an Employee

Stock Ownership Plan for some portion of wages and benefits which would otherwise be paid in cash. Such programs have been established through amendments to our collective-bargaining contracts. The stock ownership plans which our union have negotiated have not involved and will not involve the sacrifice of pension benefits. It is our view that workers should not be dependent solely upon the business success of their employer for the provision of an adequate retirement income. This is particularly important because the benefits provided through an Employee Stock Ownership Plan are not guaranteed by the Pension Benefit Guarantee Corporation. We therefore will continue to insist that stock ownership plans should be invested broadly rather than being concentrated in a single business.

The union's role

As our members become stockholders, possibly even controlling stockholders, in the companies where they are employed, our union has been forced to consider the implications of this development on the role of the union and the collective bargaining process. Whether or not workers own or are beneficial owners through an ESOP of some or all of their employer's stock, they will still need organizations through which they can:

1. Inform themselves of the wages, benefits, etc. of others in their industry or trade.
2. Inform themselves of the true financial condition of their own employer and assess the meaning of that financial condition in terms of their interests as workers.

out on worker ownership

3. Negotiate with management for the protection or improvement of their standard of living, insurance, retirement income, etc.

4. Negotiate and enforce equitable arrangements for promotion, demotion, layoff, recall, prevention of unfair discipline,

the structure of wage relationships, and other working condition problems.

5. Establish and enforce safe and healthful working conditions and inform themselves on workplace hazards.

6. Inform themselves of their

own interests in the political and legislative processes of their community, state, and nation, and act collectively to pursue those interests.

Each of these is a real need which most workers perceive at one time or another. Only by satisfying these needs for organization as workers can most people gain some voice over the conditions of their working lives.

But the ownership of stock, directly or through an ESOP, should allow workers to achieve other important purposes. First, they can assist their employer to obtain the capital needed to keep their tools and equipment modern. In industries engaged in world competition, this can be critically important.

Second, workers can accumulate a stock investment to supplement their retirement income or provide greater security in periods of layoff, major illness and the like.

Third, like any other investors in common shares, workers should gain a voice in selecting managers and thereby exercise some influence over managerial policies.

In essence then we must recognize that the worker-owner has two sets of interest arising out of his separate roles of worker and investor. Business managers, even if the worker helps select them through stock voting processes, cannot effectively represent workers' interest as workers. The need for unions will therefore continue, and unions will continue because workers will continue to perceive the need for them. I certainly would not fear for the future of the USWA if every employer in the United States became an ESOP company.



U.S.W.A. President Lynn Williams supporting striking Eatons' workers in Toronto.

Management's role

By the same token that there is a continuing need for unions, even in employee-owned companies, there is also a continued need for management in such companies. When it works properly, the tension between labour and management can be a constructive one which results in greater productivity along with improved working conditions. In order for this to occur, however, management must encourage communication and co-operation rather than insisting on the prerogative of management to make decisions which are blindly accepted and obeyed. To this end, our union has and is negotiating for the establishment of labour-management participation teams at all levels. As shown by numerous studies, effective labour-management participation can increase productivity by raising morale, preventing waste, improving the design and engineering of tools and equipment, and bringing about improved co-ordination of work efforts. In addition, the role of labour-management participation teams can be supplemented and made more effective by union representation on the board of directors. In several cases where we have negotiated ESOPs, we have also agreed to nominate union representatives to serve on corporate boards as another means to improve communications and increase productivity.

In connection with the experiments which our union and others are undertaking involving Employee Stock Ownership Plans, we favour the utilization of all the tax advantages which the government will give to us. For many years, tax advantages have been lavished upon the real estate industry, the oil industry and others to the detriment of the traditional smokestack industries where many of our members are employed. We therefore support

the provisions of existing law which allow ESOP companies to tap an inexpensive source of capital while simultaneously allowing workers to obtain significant long-term tax advantages for their stock investments. To the extent the advantages of Employee Stock Ownership Plans can be extended and improved, we support such improvements.

The future

I believe that our union will become involved in the negotiation of increasing numbers of Employee Stock Ownership Plans in future years. In connection with this effort, there are two important tasks.

First, we want to preserve the opportunities for employee ownership by preserving the advantages available to Employee Stock Ownership Plans under current law.

Second, through negotiation and through legislation, we want to make the changes necessary to ensure that ESOPs operate in a fair manner and in the best interests of employees.

In order to be equitable, Employee Stock Ownership Plans should provide for the full pass-through of voting rights to the employee stockholders. The alternative is to create a disenfranchised set of stockholders and

thereby undermine the basic foundation of corporate democracy. For example, I have seen some ESOPs where for a period of 10, 20 or more years a majority of the stock held by an ESOP will be voted by an ESOP trustee selected by management. Management should not have discretion to name an ESOP trustee who is then responsible for electing management. This typically leads to the same persons serving both as plan fiduciaries and as corporate directors. As directors, they appoint themselves fiduciaries, and as fiduciaries they elect themselves directors. This type of closed system is not in the best interest of industry or of labour. It produces an entrenched management responsible only to itself.

As we move into the future, we in the USWA look forward to experimenting with new techniques in order to revitalize and renew the industries in which our members are employed. We believe that Employee Stock Ownership Plans may help us to improve our structures of capital, management, and labour. I, therefore, look forward to the continued growth of such plans in the years ahead.

Excerpts printed with permission of Richard Miller of the Communications Department, United Steelworkers of America.

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Book Reviews



EVOLUTION OF COOPERATION

by
Robert Axelrod

Basic Books, New York, 1984

Reviewed by **Wally Brant**

What do a gaming tournament, trench warfare, the spawning of sea bass, the U.S. Congress, and diamond markets have in common? All are manifestations of the evolution of co-operation amongst self-seeking individuals without any central authority policing their actions.

In this interesting and readable book, the winner of the Newcomb Cleveland Award of the American Association for the Advancement of Science uses his intriguing theory to explain successes and failures of co-operation in a diversity of settings. Though the core of this book is an analysis of the results of two computerized Prisoner's Dilemma tournaments, Robert Axelrod draws general conclusions about co-operation.

The winner of both tournaments was University of Toronto professor Anatol Rapoport, with his TIT FOR TAT solution (the simplest of all those submitted). In analyzing this success, and comparing the TIT FOR TAT strategy to biological and historical examples, Axelrod supports his theory of co-operation.

The game works by giving two players two choices each: to co-operate or to defect. Three results are possible: mutual co-operation, where each player gets three points; mutual defection, where each gets one point; one

player defecting, getting five points, with the other co-operating, and getting zero.

The TIT FOR TAT strategy begins with one player co-operating and then doing whatever the other player did on the previous move. TIT FOR TAT succeeds by eliciting co-operation from others, not by defeating them.

Axelrod's conclusions about what contributes to co-operation would be less convincing if he had not shown that the dynamics of the gaming experience can be generalized to other contexts such as warring battalions in World War I, antagonistic biological species, business tycoons, and politicians.

Though this book doesn't specifically focus on worker co-operatives, it provokes a new way of thinking about the common problem of getting, and keeping, people working together.

Axelrod suggests that "to help promote co-operation among members of an organization, relationships should be structured so that there are frequent and durable interactions among specific individuals". This conclusion seems to be consistent with the current view that if a worker co-operative exceeds a certain size, co-operation among members is reduced (eg. the Mondragon co-operatives have limited the size of individual enterprises).

The primary value in Axelrod's book is in helping the reader to understand the process of co-operation. The last sentence of this book is noteworthy: "Perhaps if we understand the process better, we can use our foresight to speed up the evolution of co-operation."

Wally Brant is a course director in Social Science at Atkinson College, York University and a member of the Worker Ownership Development Foundation.

WORKER COOPERATIVES IN AMERICA

Edited by
*Robert Jackall
Henry Levin*

University of California Press,
Berkeley 94720, 1984, 311 pp.,
\$25 U.S.

Reviewed by **Jack Quarter**

According to HaRevah's law of the circular universe, new ideas are never created; rather, old ideas are recreated, sometimes in a slightly different form. Bearing in mind HaRevah's cynical outlook, it is refreshing to read *Worker Co-operatives in America*. Some of the material in this edited collection is *deja vu*. However, much of the writing is interesting and very readable, and there are several essays that are intellectually provocative.

A positive feature of this collection is the variety of topics. Derek Jones (and in combination with Donald Schneider) authored two historical essays on producer co-operatives in America and self-help production co-operatives during the Depression. This historical record is informative, although the writing suffers from the overuse of acronyms.

There are case studies of four worker co-operatives--two small and two large--by Robert Jackall, Joyce Crain, Christopher Gunn, and Edward Greenberg. The "ethnographic" approach to these studies is a refreshing departure from the survey research that is predominant in industrial sociology. The authors help the reader to gain a feel for the everyday life of a worker co-

operative and, in addition, draw out some important conceptual issues.

Gunn's description of the decision-making structure of the Hoedads, a 300-member forestry worker co-operative based in Eugene, Oregon, may be of use to the growing number of forestry co-operatives in Canada.

The remaining essays in this collection are authored by Henry Levin (both by himself and in combination with Robert Jackall and Zelda Gamson) and by David Ellerman. The topics include: obstacles to the survival of democratic workplaces; ESOPs; a legal structure; future prospects; and productivity in worker co-operatives.

There are three essays in this collection that stand out. These are now discussed in greater detail.

1. *Employment and Productivity in Producer Co-operatives* by Henry Levin.

In this essay, Levin advances the proposition that, "given similar products and levels of output, producer co-operatives will behave in such a way that they will create greater employment and require less capital investment than will capitalist firms."

Levin argues that to the extent that it is economically possible, producer co-operatives will attempt to maximize employment; that producer co-operatives will receive relatively higher productivity from their members than capitalist firms receive from their workers; and that costs and labour productivities are subject to less variability in a producer co-operative than in a capitalist firm.

Levin's proposition is, by his own admission, quite "speculative". Nevertheless, this proposition can be tested empirically, and if the evidence is supportive, it may influence government policy. With the unacceptably high rates of unemployment in countries like Canada and the

United States, governments are searching for programs that can provide stable jobs. If there is evidence that for comparable investments, more jobs will be created through worker co-operatives than through conventional firms, governments may listen. First, there must be evidence.

2. *Paradoxes of Collective Work* by Robert Jackall.

Jackall provides a no-holds-barred description of "an ongoing state of open conflict" in The Cheeseboard, a highly successful cheese store in Berkeley, California. In addition to selling cheeses of all shapes and sizes, the members of the Cheeseboard fight--indeed they fight a lot.

Jackall's research is useful because it represents a candid description of the 57 varieties of conflict--e.g., priority over desirable jobs; choice of hours of work; styles of working; ideological disputes; ongoing incompatibility between members--and some analysis of the reasons for the conflict, particularly the freedom that the co-operative grants its members.

Some years ago, when I spent a year living on a Kibbutz with my family, I was astonished at the level of conflict and wondered whether this was particular to the Kibbutz or whether it was a common quality of small collectives. From Jackall's account of the Cheeseboard and my own subsequent experiences both as a participant and an observer of small collectives (e.g., one Toronto worker co-operative spent a full year fighting over a salaries policy), I, too, have concluded that conflict is quite common in democratic collectives.

But the equally-intriguing issue is: what keeps the collective together? Jackall argues that "even when workers do not get along with one another, they feel committed to each other, just as blood family members feel they share the same fate."

It's something to think about. My observation of the Kibbutz was similar: there are very strong ascriptive values, so that each member feels that he or she belongs, as if in an extended family. And, paradoxically, this sense of belonging provides the freedom to speak openly and, in turn, creates the basis for much of the conflict.

More analysis of this issues is needed, but full credit to Jackall for his interesting essay.

3. *Workers' Cooperatives: The Question of Legal Structure* by David Ellerman.

This is the crown jewel of the book. In this clever essay, Ellerman amplifies on the analysis which he started in an earlier pamphlet, "What is a worker co-operative?"

The title of this essay is misleading; rather than describing a "legal structure" for worker co-operatives, Ellerman is, in fact, creating a conceptual framework for defining a worker co-operative.

The linchpin of the framework is Ellerman's view that in a worker co-operative there is a separation between "membership rights" and "property rights". "The membership rights (voting plus profit rights) are personal rights assigned to the functional role of working in the company, rather than commodities or marketable property rights." By comparison, in a conventional corporation (or indeed a conventional corporation owned by its employees) the membership rights are property rights and, as such, can be bought and sold according to their market value.

The key difference between the two models is the role assigned to work: in a worker co-operative, work is the basis of the right to vote and the basis for a share of the surplus or deficit, because work creates the surplus or deficit (Ellerman with an assist from David Ricardo, a 19th-century Scottish economist); in a conventional corporation, by

comparison, work earns the worker only a salary. Voting rights are associated with capital or property rights.

But some worker co-operatives have shares--indeed Ellerman advocates this approach. Isn't the "membership share" (the amount that members pay to join and the amount which becomes an investment in the co-operative) the basis for voting in the co-operative? Ellerman acknowledges that "there are financial obligations of membership", but he resolutely argues that not these, but only work, is the exclusive basis of membership rights. Indeed, he goes so far as to say that members of a worker co-operative are "not owners because the membership rights are not property rights". The worker co-operative is quite simply a "democratic social institution" not owned by anyone.

In order to illustrate how this conceptual distinction between membership rights and property rights can be realized in practice, Ellerman uses the Mondragon system as an example. In the Mondragon co-ops, the membership share is kept at a relatively constant value and a series of internal capital accounts are used to record each member's share of the co-operative's surplus each year. Ellerman argues that a "membership share" does not represent ownership of the co-operative because its value does not change according to the book value of the company, and it is not traded between a new member and a retiring member. When a member retires he is paid out, and when a member joins he purchases a membership share from the co-operative.

However, the retirement of old members and the entry of new members are not unrelated events. The replacement of retiring members is not only to replace labour, but also to replace capital without which a co-operative could not survive. Furthermore, even in the approach

advocated by Ellerman, there are payments for capital (interest) and for labour (patronage dividends) both of which accumulate in the capital accounts.

Most important, in the eyes of the workers and in the eyes of the law, the membership shares are tantamount to ownership shares. Through the purchase of membership shares, the workers, in fact, share in the ownership of their co-operative. To say that the membership rights are independent of this "investment" in the co-operative seems to be empirically incorrect. Willynilly, membership in most worker co-operatives is based on a financial contribution as well as on work. As long as membership rights in a co-operative are related to the member's investment, the distinction between membership rights and property rights is questionable.

Where this conceptual distinction is justified would be in models in which there is no member investment in the co-operative. Examples would include the Yugoslav model where the State provides the capital; the

common-ownership co-operatives such as Scott-Bader in England; or the community-owned collectives such as the Israeli Kibbutz.

In all of these examples the membership rights are unrelated to a member's investment. But interestingly, Ellerman rejects these models as "misplaced idealism". Clearly, Ellerman is acknowledging the practical realities of developing worker co-operatives in America--members' investment is important to get co-operatives off the ground and to motivate the workers. But then, one has to "call a spade a spade": property rights are associated with membership rights and the members are, in fact, owners.

In spite of this criticism, Ellerman--in this essay and his other writings--demonstrates that he is a leading thinker in the contemporary co-operative movement. His essay is must reading!

Jack Quarter is a Community Psychology professor at the Ontario Institute for Studies in Education, in Toronto. In his spare time he passes for the editor of Worker Co-ops.■

HOLY LAND TOUR

No, your eyes are not playing tricks on you! A number of people have expressed interest in a study/tour of Israel's co-operative system--including worker co-operatives, kibbutzim, and the moshav system. Before formulating a definite plan, we want to see whether there is sufficient interest. If the idea appeals to you, get in touch with **Jack Quarter**, 253 Willow Ave., Toronto, Ontario, M4E 3K6; (416) 694-4614 or 923-6641, Ext. 2576.

Indicate the types of things that you would want included in the tour. Without a definite plan, the price is difficult to estimate. However, the cost should be similar to that for the study/tours of Mondragon.

Book Notes



A new Journal on worker participation and management

The inaugural volume of *Advances In the Economic Analysis of Participatory and Labor Managed Firms* was published in July, 1985. Editors are Derek Jones, of the Department of Economics, Hamilton College, and Jan Svejnar, of the Department of Economics and the Program on Labor Managed Firms, Cornell University.

The editors' foreword notes that the journal "is intended to serve as a forum for high quality original theoretical and empirical research in the broad area of participatory and self-managed organizations." The focus will be on economic issues, but the editors also welcome analytical studies in other areas such as industrial relations, psychology, sociology, political science, and modern history.

Ordering information can be obtained from JAI Press Inc., 36 Sherwood Place, P.O. Box 1678,

Greenwich, Connecticut, 06836-1678. Refer to ISBN 0-89232-583-6. ■

Worker Co-operatives: An Introduction by Kris Schnack and Ted Jackson.

Recently published, this 46-page booklet is a handy how-to guide on starting a worker co-operative. Included are sections on what a worker co-op is, getting started, legal options, financial sources, support groups, and case studies.

Copies can be purchased through **Communitiworks**, 200 Isabella Street, 2nd Fl., Ottawa, Ontario, K1S 1V7. ■

The Search for Community: From Utopia to a Co-operative Society by George Melnyk, Montreal: Black Rose Books, 1985, 170 pp; (Paperback, \$14.95; Hardcover, \$28.95).

Melnik looks at a variety of co-operative traditions--liberal, marxist, socialist, and communalist--and presents a thought-provoking theory of "social co-operatives".

Hot off the press, *The Search For Community* will be reviewed in the next issue of *Worker Co-ops*. ■

A New Earth: The Jamaican Sugar Workers' Co-operatives, 1975-1981, by Monica Frolander - UIF and Frank Lindenfeld. New York: University Press of America, 1985, 225 pp. (\$12.50 US, paper; \$24.50 US, library binding).

Just hot off the press, this book chronicles the movement to change the inequitable and oppressive conditions of the Jamaican sugar co-operatives in the late 1970s. A complete review is forthcoming in *Worker Co-ops*. ■

Films



Everyone's Business

The Churchill Park Greenhouse in Moose Jaw produces bedding plants, tomatoes, and cucumbers for retail and wholesale markets across Saskatchewan. The co-operative is profiled in *Everyone's Business*, a National Film Board of Canada production.

The co-op is different in a special way--its employees are handicapped or in some way disadvantaged. The 21-minute film features interviews with the employee/members of this community service co-op. (An article on the greenhouse appears in this issue of *Worker Co-ops*.) 16 mm colour NFB 106C 0182 035; also

available in videocassette colour NFB 116C 0182 035. ■

A New Video

A new audio-visual production on worker co-operatives is now available from the Co-operative College of Canada.

The 20-minute tape, entitled *Worker Co-operatives: An Idea Whose Time Has Come*, was developed as part of the Co-operative Union of Canada's worker co-operative program through a joint effort with the Co-operative College.

The production begins with a

brief overview of the Canadian co-operative system. It then explains the success of worker co-operatives in Europe and focuses on their application and potential in Canada.

Three Canadian case studies are highlighted. In addition, there is an exploration of the role of government, individuals, and the co-operative movement in worker co-operative initiatives.

Worker Co-operatives: An Idea Whose Time Has Come is in 1/2-inch VHS, and may be rented for \$15 or purchased for \$100 from the Co-operative College of Canada, 510 - 119 4th Ave. S., Saskatoon, Saskatchewan, Canada S7K 5X2; (306) 373-0474. ■

Worker ownership pays, American research suggests

1. A 1985 *National Center for Employee Ownership* study by **Matthew Trachman** found that companies in the computer and electronics industries that offer ownership to over 50 per cent of their employees had annual sales growth twice as fast and annual employment growth four times as fast as comparable non-employee ownership companies. Companies that offer ownership only to managers, by contrast, had growth rates 50 per cent lower than companies that offer no ownership.
2. A 1984 *National Center* study by **Ira Wagner** of thirteen publicly-traded companies that were ten per cent or more employee-owned found that these firms outperformed 62 - 75 per cent of their competitors, depending on the measure used (net operating margin, return to equity, sales growth and book value per share). Stock prices in these firms tended to follow industry norms.
3. A 1984 study by **Arnold Tannenbaum, Jack Lohmann and Harold Cook** of the *University of Michigan* found that their sample of 115 employee ownership companies performed roughly at the same level as comparable conventional companies during the 1976 - 1982 study period, but were ten per cent more likely to stay in business. The authors speculated that the employee ownership firms were more likely to accept lower profits during what were often recessionary years rather than cut back operations or close.
4. In the 1984 book *The 100 Best Companies in America to Work For*, authors **Robert Levering, Milton Moskowitz and Michael Katz** found that sharing ownership was one of the characteristics of the most desirable firms and listed eight substantially employee-owned companies among the top 100 (Hallmark, W.L. Gore, People Express, Linnton Plywood, Publix Supermarkets, Lowe's Companies, Viking Freight and Quadragraphics).
5. In their 1984 survey of the best companies for women to work, *Savvy* magazine added nine new companies to their existing list. Five of the nine were substantially employee-owned (Hallmark, W.L. Gore, People Express, Publix and North American Tool and Die).
6. A 1983 **McKinsey and Company** study, *The Winning Performance of Mid-Sized Growth Companies* found that these successful firms were distinguished by their much greater tendency to share ownership with employees than was the case in larger firms. Employees owned an average of eight per cent in these firms (excluding management holdings), and the percentages were growing.
7. A 1983 study by **Corey Rosen and Katherine Klein** of the *National Center for Employee Ownership* reported in the August, 1983 *Monthly Labor Review*, found that companies with a majority of their stock owned by employees generated three times more net new jobs per year than comparable non-employee-owned firms.
8. A 1980 study by **Thomas Marsh and Dale McAllister** reported in the Spring 1981 *Journal of Corporation Law* found that companies with ESOPs had twice the annual productivity growth rate during the 1975 - 1979 study period as comparable conventional firms (+ .78 per cent/year comared to -.78 per cent/year).
9. A 1978 study by **Michael Conte and Arnold Tannenbaum** at the *University of Michigan's Survey Research Center* found that in a sample of 30 employee ownership companies, profits were 1.5 times as high as those in comparable conventional companies, and that as the percentage of stock the employees owned grew, the percentage difference became greater.
10. **Katrina Berman**, in a 1967 study done for an IRS court case, found that worker-owned plywood co-operatives were 30 per cent more productive than comparable conventional firms.

Reprinted with permission of the *National Center for Employee Ownership (NCEO)*. Membership in the NCEO, including a subscription to the bi-monthly newsletter is \$30 (U.S.). Contact the NCEO at 927 S. Walter-Reed Drive, #6, Arlington, Virginia 22204; (703) 929-2375.■

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