

W O R K E R

# CO-OP

The Voice  
of Economic Democracy  
in Canada

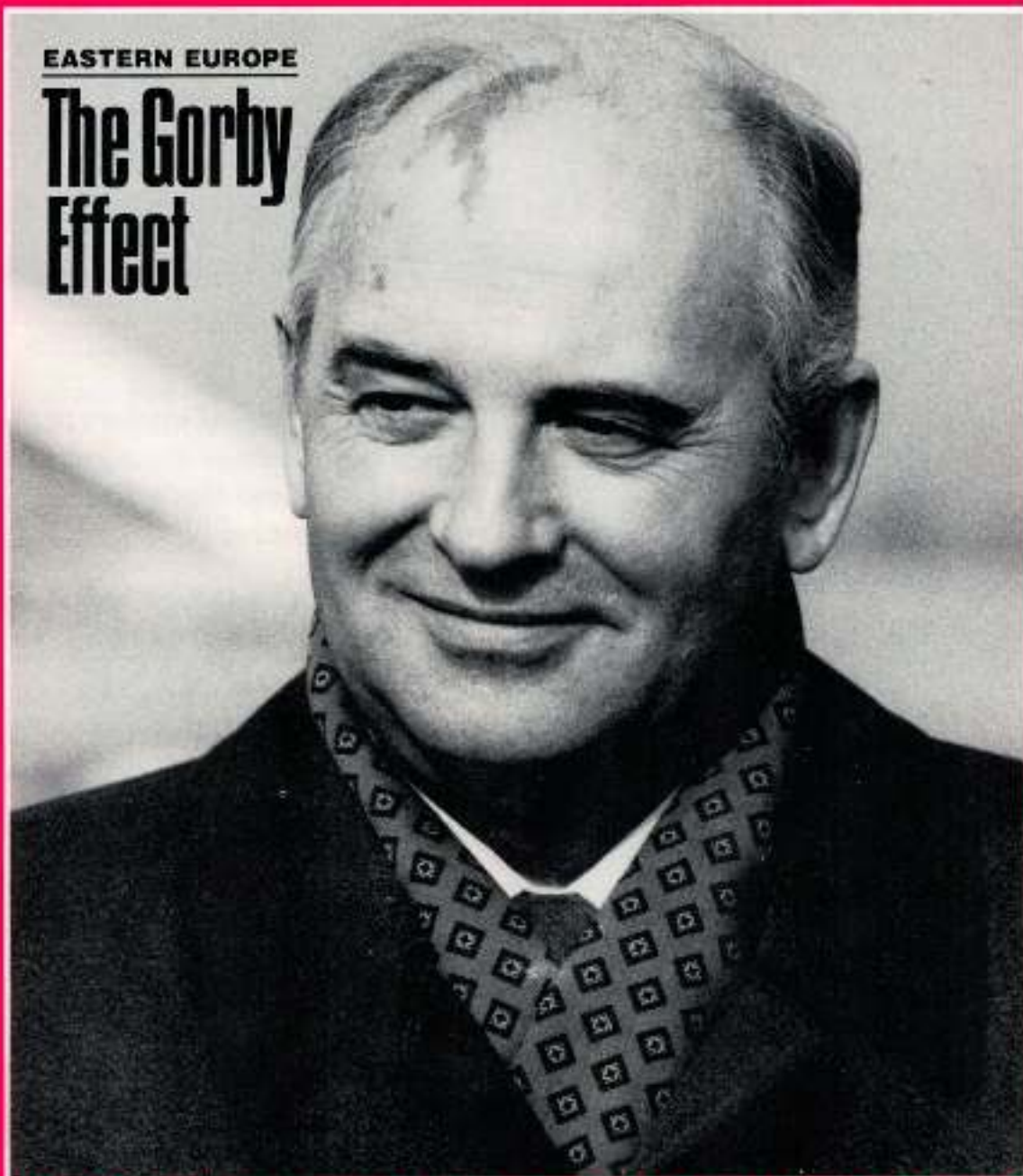
Vol. 9  
No. 3

Winter  
1990

08 15

EASTERN EUROPE


## The Gorby Effect



In Canada: a worker co-op federation is born

0140.11  
W9 (3)

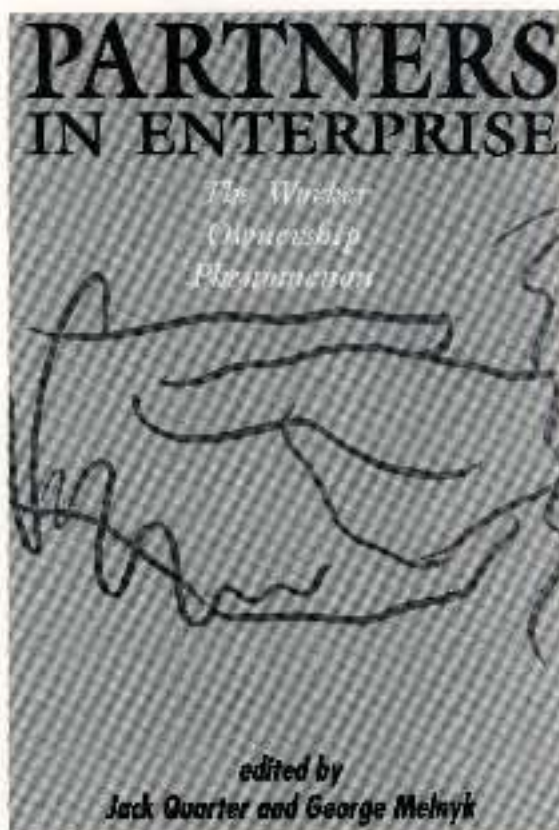


From yogurt to  chip dip to sour cream to cottage cheese to butter to you.

When it comes to freshness, taste and downright goodness, you can always count on Gay Lea dairy products!

*We make the things you can count on.*

Gay Lea Foods Co-operative Limited is owned and controlled by Ontario Dairy Producers.



*The vast majority of workers in the Western democracies lack even the most elementary voice in decisions that affect the business that employs them.*

## **PARTNERS IN ENTERPRISE**

*The Worker Ownership Phenomenon*

edited by Jack Quarter and George Melnyk

The current interest in new forms of ownership of the economy stems from a number of sources: from worker buyouts to prevent plant shut-downs to workers' demands for self-expression and democratic control. The inability of established economic organizations to meet even traditional needs has led to the belief that worker ownership is "an idea whose time has come."

This book is about a form of business — the worker co-operative — in which workers are owners. The essays provide a record of the worker co-operative movement both as it stands at present and historically from the first experiments in the 1860s.

ISBN:0-921689-44-6 \$16.95

**BLACK ROSE BOOKS**



# CONTENTS

SAXENA LIBRARY  
BCICS

## DEPARTMENTS

### 4 EDITORIAL

Through a new country-wide federation, members of worker co-operatives are taking control of their destiny.

By Jack Quarter

### 5 LETTERS

Proposal Ignores Ontario Experience • The Whole Point of Reviews • First Women's Workers' Co-op in Hamilton • Finnish Music • The Best Yet • Save Wales' Rural Riculas • Students Fight Over Mag • One Thousand Dollars

### 7 FEDERATION

Representatives from dozens of worker co-operatives met in Ottawa in early February to lay the foundations for a country-wide federation. By Jack Quarter

### 10 ACROSS THE COUNTRY

Canot Confidential • Ontario Unions Against Buyout Fund • Provinces Move on Co-op Legislation • UI News • Québec Federation • Québec Ambulances Go Co-op • Culture Crafts • Fogo Hurting • Newfoundland Million • Rolling Pin • Saskatoon Beer • 30 Start-ups in Nova Scotia • Maritime Loaves and Fishes • Moncton's Bitter Lesson • B.C. Ed.

### 16 AROUND THE WORLD

Mondragon Update • Kerryan Farmers • American Workers Want to be Owners • Private Plans in Hungary • Soviet Co-ops Under Fire

### 27 BUSINESS CORNER

Adopting Mondragon Laws produced some problems in a Toronto co-op. By Marty Dankervoort

### 36 REVIEWS

Twenty years ago, there were 30 co-ops in the U.K. Today there are 1,500. Scott MacAulay reviews ICOM's new book, Co-ops to the Rescue.



## FEATURES

### 18 EMERGING FROM COMMUNISM'S DEMISE

According to reports from Warsaw, Budapest, and Moscow, worker ownership is a complicated proposition in Eastern Europe.

By David Eberman

### 22 PROFILE

In seven years, former soldiers in Zimbabwe's war of liberation have created a thriving agricultural co-op. 'Nothing ventured, nothing gained.'

### 24 ZIMBABWE'S ECONOMIC ZEST

Former freedom fighters have turned their attention to the economic front, and there's tremendous growth in collective co-operatives. By Albert Wrywa

### 28 FORUM

Has Mondragon, in the multinational age, turned away from its founding principles? By George Mahyk

### 32 THE KIBBUTZ MOVES FROM FARM TO FACTORY

Industry has become the economic backbone of the Israeli kibbutz. By Uriel Levitan

### 34 VOLCANOS AND ICECAPS

Iceland's co-operative movement has roots that are more than 100 years old.

By Kate Sigurdson

## NEXT ISSUE

Systems of worker co-ops



## The movement gets a voice

Representatives of worker co-operatives from across Canada met in Ottawa, February 1-4, and agreed to proceed with the formation of a federation. For the first time in Canada, there will be a representative organization that can speak on behalf of the movement to government and the Canadian Co-operative Association.

A similar trend is occurring provincially. Québec already has a federation, and in Nova Scotia, Ontario and British Columbia, networks of worker co-operatives have been discussing common concerns. Both nationally and in several provinces, the federation appears to be emerging as the preferred model for activities such as lobbying, communication among worker co-ops, and the creation of public policy.

With respect to business consulting services, the most widely publicized model has been the general resource group, funded primarily by government. Regionally-based *groupe conseils* in Québec have been successful in assisting the start-up of many "very small" worker co-operatives. The limiting factor in this approach is the poor prospects of success for very small, independent enterprises — whether worker-owned or privately-owned — in a competitive market.

Recently, an innovative alternative — the market-sector-specific resource group — has evolved. By specializing in one sector of the market only, these groups permit their staff to gain the expertise needed for planning in a dynamic economy. Such resource groups are also part of the network of worker-owned enterprises that they assist and therefore are able to encourage co-operation in purchasing, marketing, staff training and planning.

For example, Québec's forestry co-operatives (now numbering 49) have formed a second-tier co-operative — la Conférence des coopératives forestières — which in addition to facilitating communication among member-organizations and lobbying the provincial government, assists with business consulting through co-ordinating a networking arrangement. If an existing forestry co-op needs assistance with business planning, then la Conférence arranges for an expert from another co-op to provide assistance. The cost is shared between the benefiting co-op and the Québec Ministry of Energy and Resources.

A similar arrangement is evolving in Ontario's organic food sector, where new worker co-ops have been formed with the assistance of experts from existing co-ops. This informal networking is about to become a formal resource group, which would house business specialists to actively plan a system of organic food outlets.

Nor is the networking in organic foods limited to Ontario. Through the Alliance, co-operative organic food wholesalers (both worker and consumer) from across Canada are engaged in co-ordinated planning.

All of these examples show members of worker co-operatives taking control of their destiny. Determined, they are, to establish a legacy that future generations will emulate.

Jack Quarter  
Editor

# WORKER CO-OP

Worker Co-op is published four times a year by Crabgrass Publishing. Worker Co-op is an independent magazine committed to economic democracy in Canada. Except for the editorial statement, opinions expressed herein are those of the authors and not necessarily those of the editor. Reproduction of any material appearing in this magazine must be approved by the publisher.

#### MAGAZINE STAFF

**Editor:** Jack Quarter, **Marketing/Business:** Mary Donkersvoort, **Reviews:** George Melnyk, **Computing:** Yvonne Girdwood, **Translation:** Julia Berry, Rosemary Oliver, **Proofreading:** Moji Ojo, Judith Brown, Paul Wilkinson.

#### DONORS

Co-op Atlantic, Co-op Secretariat, Co-operative Trust Company of Canada, The CUMIS Group, CRS Workers' Co-op, Drum Travel, Gay Lea Foods Co-op Inc., Skilled Trades Co-operative Society Limited, Universities and Colleges Credit Union (Toronto) Ltd., VanCity Savings Credit Union. Add your name to the Worker Co-op donor box with a donation of \$100 or more.

#### CONTRIBUTORS

Frank Adams, Armand Arsenault, Myra Barclay, Robert Briscoe, Judith Brown, Claude Carboneau, Melanie Cass, Frank Driscoll, Maureen Edger, Deb Glazebrook, Peter Hough, Jeremy Hull, George Melnyk, Pam Threlfield, Jim Winter.

Indexed in the Alternative Press Index, ISSN 0829-376X.

Send subscriptions and back orders to: Worker Co-op Magazine, P.O. Box 101, Station G, Toronto, Ontario M4M 3E8. Make cheques payable to: Worker Co-op Magazine.

Individual Subscriptions: Canada \$17/yr., \$32/2yrs.; U.S. \$19/yr., \$36/2yrs.; Overseas \$19/yr., \$36/2yrs.; Institutions \$19/yr., \$36/2yrs.; Bulk Subs (10-49): \$15/yr.; Bulk subs (50+): \$14/yr.; Back issues: \$5.00 each.

Send letters and submissions to: Jack Quarter, Ontario Institute for Studies in Education, 252 Bloor Street West, Toronto, Ontario M5S 1V6. Phone inquiries to: Jack Quarter (416) 923-6641, ext. 2576.

Typesetting, artwork, design, and printing and binding by co-op and union labor at Our Times.





# LETTERS

## Proposal ignores Ontario experience

The structure of the Canadian Co-operative Association's central proposal — to establish five regional resource groups to assist the development of worker co-ops — seems to ignore the experience in Ontario, where the networking of existing worker co-ops is emerging as a model for the development of new worker co-ops. Jubilation Bakery Co-op was formed last year with the aid of The Big Carrot. A second new worker co-op in the natural foods industry, Origins, is drawing upon experienced people from The Big Carrot and the Ontario Federation of Food Co-operatives and Clubs (OFFCC). Carrot Cache, a development fund set up by The Big Carrot, has invested in both Jubilation Bakery and The Big Carrot.

If workers at the OFFCC succeed in converting that organization to a hybrid co-op which is half-owned by its workers, there will be a network of five worker-controlled organizations: The Big Carrot as a retailer; the OFFCC as a wholesaler; and three natural foods producers — Jubilation Bakery, Kagiwasa Manomin and Origins. This network can use its knowledge of the industry and its experience as worker co-ops to provide the resources and the support for the development of more worker co-ops in the natural foods sector.

Similarly, Just Work, another Toronto worker co-op, is examining ways of spinning off worker co-ops in the construction and renovations industry. A new co-op is in the advanced planning stages and will be launched this year.

If we look at the successful worker co-op start-ups in this region, few have received meaningful assistance from resource groups. The Big Carrot, for example, has spent \$30,000 on consulting fees in the past year, but



none of these funds was spent on the services of the local "resource group." Other worker co-ops in the Ontario area have also chosen to go elsewhere for resources. The network approach, on the other hand, is providing pools of expertise for worker co-op development.

Federations of worker co-ops will also be important to the movement's future. Québec has taken the lead in this area, while both federally and in Ontario federations are forming. The Community Development Co-op of Nova Scotia is hopeful that it may serve as a model to link traditional co-ops and worker co-ops.

If the worker co-operative movement in Canada is to be based upon real worker participation, the development model chosen in the next few years will be influential. Only if the development of worker co-ops is directed by the movement, will participation be preserved as a value.

If the traditional co-ops wish to support the growth of a worker co-op movement, one priority should be pilot projects within their own networks. The experimental conversion of consumer and producer co-ops into either worker co-ops or hybrid co-ops would greatly benefit the entire co-op movement. However, these experiments must be based upon a commitment to genuine worker participation and not be limited to "problematic" co-ops.

It is time for existing worker co-ops to take the lead in determining the fate of their movement. Links between

worker co-ops can benefit existing worker co-ops and can create the resources for developing strong new worker co-ops. The future of the worker co-op movement will be determined by whether existing worker co-ops take the lead.

**Bob Allan**  
Finance Manager  
The Big Carrot  
348 Danforth Ave.  
Toronto, Ontario  
M4K 1N8

## History revised

Thanks very much for writing such a favorable review of my book on David Dale (*Worker Co-op*, Vol. 9, No. 1, pp. 35-36). I particularly liked the word "provocative." I hope that the book is provocative, given that so much has been written over the years on Robert Owen. Much of this has, of course, been far too uncritical of Owen and based largely on Owen's view of himself in his autobiography. I think it's only in the last few years that we're beginning to see a more balanced picture which looks at Owen's achievements on a wider scale.

I was also particularly pleased to have a review printed in a magazine which is not based in En-

gland or Scotland, as this is bound to bring Dale's name to the attention of a wider public who would normally have associated New Lanark with Owen alone. This was the whole point in writing the book in the first place.

**David McLaren**  
8 Kilmaurs Dr.  
Giffnock  
Glasgow, Scotland  
G46 8ET

**Editor's Note:** David Dale of New Lanark by David McLaren is available from New Lanark Conservation Trust, New Lanark Mills, Lanark ML11 9DB, Scotland; (0555) 61345; Attention Lorna Davidson; £2.50 (including postage).

## The first

The First Women's Worker's Co-operative Inc. represents a brand new experience in Hamilton. We are women who feel that there is a need to help women in Hamilton match themselves to employment.

Our expertise is in housing management in the co-op sector and other non-profits. We intend approaching those in the process of developing new housing.

This is not only a new experience in the labor field, it is also Hamilton's first worker co-op. We are requesting any information you could send us. It will be greatly appreciated.

**Ruth Halstead**  
President  
P.O. Box 6043  
Station F  
Hamilton, Ont.  
L9C 5S2

## Announcement for letters

*Worker Co-op* welcomes letters and conference information from its readers.

Write to: Jack Quarter, Ontario Institute for Studies in Education, 252 Bloor Street W., Toronto, Ontario M5S 1V6; (416) 923-6641, Ext. 2576.



# LETTERS

## Finnish music

We are a music instrument co-op in Finland (founded in 1984) with six worker-owners. We make many different kinds of string instruments and also do repair work. We import wood, tools and accessories for all instruments. We also play in several bands — give and arrange concerts.

And now we would like to subscribe to the *Worker Co-op* magazine.

**Erkki Okkonen**  
Luthier  
Soitinrakentajat AmF  
Tuikkalanie 2  
SF-79100 Leppavirta, Finland

## The best yet

Let me congratulate you and everyone else involved with the last issue. Volume 9, Number 2 has to be the best yet, both from a content and layout point of view!

**Grant MacDonald**  
Dalhousie University  
Henson College  
Halifax, Nova Scotia B3H 3J5

**Editor's Note:** Grant MacDonald has assisted *Worker Co-op*, both as the Forum editor and as the Nova Scotia contributor, since the publication was a newsletter. We are grateful for his contribution and wish him well with his future endeavors.

## DRIVE for Rural Wales

British Government policies now appear heavily skewed toward privatization and self-help schemes, with little direct incentives for traditional worker co-operatives — which have become an endangered British species. DRIVE (Development of Rural Initiative Venture and Enterprise) is a Development Board for Rural Wales, providing financial assistance to private industry so as to create self-sustaining growth in rural Wales.

Its aim is to act as a catalyst for private-sector initiatives which will strengthen the economy, increase private sector investment and create opportunities for new jobs. DRIVE will be available throughout the Development Board for Rural Wales area until 1994-95.

Apart from the excessive emphasis upon privatization, perhaps more worrying is the shift away from the traditional mainstays of the rural economy by allowing a gradual increase in the suburbanization and anglicization of Welsh countryside.

**Gareth Morgan**  
Alternative, Cultural &  
Tourism Initiative  
The Mount, Bwlch  
Brecon, Powys LD3 7RJ  
Wales, U.K.  
Telephone (0874) 730137

## Students fight

The last issue of the magazine looks wonderful! Great color on the cover. Good reading, too. I've made good use of it — just finished teaching a course on women and the economy, and the students almost fought over my copies.

**Melanie Conn**  
Women Futures  
217-1956 West Broadway  
Vancouver, B.C. V6J 1Z2  
(604) 737-1338

**Editor's Note:** Melanie Conn is the author of *More than Dollars: A Study of Women's Community Economic Development in British Columbia*. This monograph is available from Women Futures.

## Merci

We are pleased to pledge our financial support for your excellent publication. Please find enclosed a cheque for \$1,000.

Best wishes,  
**Linda Crompton**  
Vice-President  
Human Resources Division  
Vancouver City Savings  
Credit Union  
P.O. Box 24807, Station C  
Vancouver, B.C. V5T 4E9

## CIRIEC's 18th International Congress

CIRIEC will hold its bi-annual conference in Portoroz, Yugoslavia, from June 12 to 14, 1990. The theme is new forms of co-operation between Eastern European and Western countries. Other topics are: economic reforms in the socialist countries and the role of the public and the co-operative economy in environmental protection and regional economic disparities.

For more information, contact Rado Bohinc, president of the organizing committee, c/o Kompas Tours, Congress Dept., Prazakova 4, 61000 Ljubljana, Yugoslavia.

## Valencia-Mondragon Study Tour

Greg MacLeod will lead a study tour to Spain's leading centres of community enterprise, Valencia and Mondragon. The trip, April 16-27, 1990, will be the fourth such tour he has conducted. It will include classes and discussions in the mornings and site visitations in the afternoons. The objective is to become familiar with the structure and strategies of two successful experiments in community economic development.

Mondragon, in the north of Spain, is the centre of the well-known Basque worker co-operative complex with 20,000 workers. Valencia is a southern city with a community conglomerate of consumer co-ops, a credit union, insurance company, etc.

The approximate cost of \$3,100 (Can.) includes air fare, hotels, two meals per day, and all course expenses. In addition to the tour, there will be an opportunity for private tourism.

For more information, contact Greg MacLeod, University College of Cape Breton, P.O. Box 5300, Sydney, N.S. B1P 6L2; (902) 539-5300.

## Canadian Association for Studies in Co-operation

CASC will hold its annual meeting in Victoria, British Columbia, May 27-29, 1990. Topics include: empowerment through co-operatives, women in co-ops, international development, healthcare co-ops and co-operative models of community economic development.

Proposals for papers should be sent to David Gartrell, Dept. of Sociology, University of Victoria, Victoria, B.C. V8W 2Y2; (604) 721-7572.

## NCEO in San Francisco

The National Center for Employee Ownership holds its ninth annual conference in San Francisco, April 18-20. The conference focuses on practical concerns related to ESOPs (Employee Stock Ownership Plans).

For more information, contact the NCEO at 2201 Broadway, Suite 807, Oakland, California 94612; (415) 372-9461.



# FEDERATION

## A worker co-op federation for Canada

By Jack Quarter

Ottawa — Worker co-operators from across Canada met in Ottawa, February 1-4, and agreed to proceed with the formation of a federation. "A shell organization will be incorporated immediately," said Bob Allan, the finance manager of The Big Carrot in Toronto, who organized the meeting together with Marty Frost, general manager of Vancouver's CRS.

The Ottawa meeting agreed to hold a formal founding convention in the spring of 1991. In the interim, an executive was elected to speak on behalf of the new organization. It consists of Allan and Frost, as well as Peter Hough, manager of the Nova Scotia Community Development Co-operative and Constructors Co-op in St. Peter's, and Jim Winter of the Newfoundland and Labrador Federation of Co-operatives.

### Québec representation

The Québec Federation of Worker Co-operatives also has been asked to select a representative for the executive committee. The Québec Federation sent a two-person delegation to the Ottawa meeting, consisting of Huguette Giaré and Marcel Ariveau. Sylvie St. Pierre-Babin from the Conseil canadien de la coopération (CCC) attended as an observer, and Richard Roussin attended on behalf of the Montréal-Laval Co-operative Development Group.

Giaré, the secretary of the Québec Federation said, "I know that we will help in some way, but I am not sure as yet what status we'll have. We have to speak to our board. Our first choice might be a confederation of provincial federations of worker co-operatives. However, we will consider different possibilities."

The Ottawa meeting did not discuss the form a federation would take. According to Bob



From the far East (L to R): Ralph Rogers, Jim Winter, Ron Grant, Alcide Bernard, Peter Hough.

Allan, "one option is a union of provincial and regional federations. That's one of the many issues we still have to consider." The executive committee will make a strong effort to involve Québec. Alcide Bernard, manager of the Acadian-based Prince Edward Island Potato Chip Co-op, also emphasized "the importance of involving Francophone worker co-operatives outside of Québec."

### CCA and CCC representation

The executive committee will meet with the CCA and the CCC to discuss participation in their respective organizations. There was a widespread feeling at the meeting that the voice of members of worker co-operatives must be heard within the apex organizations of the co-operative movement. The executive committee, which will meet regular-

ly, plans to co-ordinate a response to the *Worker Co-operative Strategy Report* that was presented to the federal-provincial ministers' conference in Montréal last October. The recommendations in this report are currently being considered by the provinces and the federal government.

The CCA appears to be very supportive of a worker co-op federation. Lynden Hillier, its executive director, and Kenton Eggleson, manager of the Americas desk in CCA's international division, both addressed the Ottawa meeting. The CCA's director of education and development, Myrna Barclay, participated in parts of the meeting and organized a reception for the worker co-operators. Ken McCready and Alain Roy of the Co-op Secretariat also participated in portions of the meeting and have offered to be of assistance to the federation.

Participants in the Ottawa meeting had the opportunity to share many common concerns. There were many interesting discussions which led to an optimistic feeling about the movement and its future. At closing, Deb Foote of Wild West in Vancouver said, "I'm really thankful for being here and hopeful about our movement's future." It was a sentiment echoed by many of the participants, as they prepared to go home and to undertake the task of communicating with and organizing networks of worker co-ops in their region.

*Persons desiring more information about either the Ottawa meeting or the federation should contact Bob Allan, The Canadian Worker Co-op Organizing Committee, c/o The Big Carrot, 348 Danforth Ave., Room 213, Toronto, Ontario M4K 1N8; (416) 466-2129.*



## The CCA view

By Lynden Hillier

*The following text is based on the presentation by Lynden Hillier, executive director of the Canadian Co-operative Association, to the Ottawa meeting of worker co-operators.*

Worker co-ops provide an alternative to other forms of business

**Lynden Hillier, executive director of the Canadian Co-operative Association.**



# FEDERATION

in many ways, but the most significant is a focus on providing employment. At this moment, many areas of the country are being hurt by single-industry economies. A worker co-op can provide one alternative which can contribute to maintaining a community.

I am talking about projects that work, like potato chip production, forestry products, etc., as opposed to idealistic notions of economic development which don't produce. Many communities, particularly in the Prairie provinces and the Atlantic, need some realistic, creative ideas. People are frustrated and leaving.

We are currently developing a broad policy framework for describing the role of co-operatives in economic development. Communities are co-operatives; co-operatives therefore must invest in communities. But we need vehicles for this investment, and also legislation.

We must also sell this approach to co-ops. Co-ops are by nature parochial, because they are directly responsible to their members in a specific role, for example, as a consumer.

The Canadian Co-operative Association wants to encourage and facilitate the development of new co-ops. This has been the position of our board and management for the two years that I have been here. CCA itself doesn't have a lot of money, but we do co-ordinate, facilitate and encourage. We can co-ordinate our limited resources with CCC (la Conseil canadienne de la coopération) to provide support to Anglophones and Francophones.

Specifically, we have helped with legislative changes around unemployment insurance, accessing innovations monies, public education, co-ordination between worker co-op organizations, developing policies for government and participating in a review of taxation for worker co-ops.

For more information, contact **Lynden Hillier**, Canadian Co-operative Association, 400-275 Bank St., Ottawa, Ontario K2P 2L6; (613) 238-6711.



**La belle province (L to R):** Huguette Giard, Richard Roussin, Marcel Arteau.

## What was said

*"The degree of support from the worker co-operative participants, the CCA, and the Co-op Secretariat indicates a strong potential for the effectiveness of the new organization. The momentum is there for the worker co-operative movement to go to the next stage of development."*

— **Bob Allan**, The Big Carrot, Toronto

*"This meeting will give real impetus to regional development. I'm really impressed with the quality of the people who have come together. The quality is reflected in the quick support for a Canadian federation."*

— **Paul Gibbard**, The Toronto Worker Co-operative Network



**More than Carrots (L to R):** Bob Allan, Jack Quarter, Maureen Lavery, Paul Gibbard (seated), Luc Labelle, Mary Lou Morgan.

*"The federation will provide a voice with the CCA so it can address the issues that affect us."*

— **Mary Lou Morgan**, The Big Carrot, Toronto

*"This is the most mature group I've ever participated in. The new organization will reveal that worker co-operatives are a viable economic entity, and it will put*

*them into the mainstream in access to capital. Larger co-ops can help smaller co-ops in obtaining economies of scale."*

— **Nick Orton**, PSC Natural Foods, Victoria

*"I was very happy to meet people from other worker co-operatives in Canada. I did not know the reality of worker co-operatives in the rest of Canada. We feel that having a national organization is important, and it is extremely important to have more contacts between French and English."*

— **Marcel Arteau**, Québec Federation of Worker Co-operatives

*"I'm very pleased with the relation that has emerged with the Québec Federation of Worker Co-operatives during this meeting. It looks like the two groups will work together. That's very positive considering that the needs of worker co-operatives in the various regions of Canada are different."*

— **Luc Labelle**, The Big Carrot, Toronto





"Things are happening in the rest of Canada in the same way as in Québec. The idea of a Canadian federation is an expression of the same needs and the same goals as led to the Québec Federation. We understand this very well."

— **Huguette Giard, Québec Federation of Worker Co-operatives and Les Nuages, Montréal**

"This meeting has been a total learning process for me."

— **Maureen Laverty, Our Times, Toronto**

"I'm very pleased that we've decided to look after our own needs and to establish a body that will represent our own views at the federal level."

— **Alcide Bernard, Prince Edward Island Potato Chip Co-op, Urbainville**

"I see this as the beginning of a wonderful networking system. We have a lot to learn from the experience of other groups. I'm really looking forward to this organization."

— **Deb Foote, Wild West Organic Harvest Co-op, Vancouver**

"The interests of worker co-operatives are unique in the co-op sector. The people at this meeting understand them well. A federation would be able to communicate them directly."

— **Marty Frost, CRS, Vancouver**

"It is a good idea to talk with each other and to create links on common concerns. However, it seems premature to create a formal structure."

— **Jacques Gauvin, la Conférence des coopératives forestières (sent regrets because of a last-minute business commitment)**

"The voice of worker co-operatives has to come from the bottom — from people who work in them."

— **Ron Grant, Nova Scotia Community Development Co-op and Future Forestry Co-op, New Glasgow**



**The Wild West (L to R): Nick Orton, Marty Frost, Deb Foote, James Richie.**

"We'll have a presence politically on the federal scene as a voice for worker co-operatives, instead of the CCA approaching worker co-operatives through interested parties who aren't members of worker co-operatives."

— **Peter Hough, Nova Scotia Community Development Co-op and Constructors Co-op, St. Peter's**

"This meeting was valuable to deal with our isolation, because I



Photos: Maureen Laverty

**Mission statement adopted by the Ottawa meeting**

To work for the development and expansion of businesses organized according to the co-operative principles and the principles of worker ownership and control, and to promote the ideals of democracy in the workplace by:

- Providing leadership and a voice for worker co-operatives in Canada.
- Creating a vision and a strategy for the development of worker co-ops in Canada.
- Representing the interests of worker co-ops to the co-op sector, governments, organized labor and the public.
- Creating and maintaining adequate resources for the development of existing and new worker co-ops.
- Increasing support and understanding of worker co-ops.
- Providing forums for the networking of worker co-ops and support for regional and industry action on appropriate issues.
- Encouraging the development of worker co-ops internationally.

met other people with similar problems. We were able to compare solutions, and I came away with at least six good ideas for our own co-op."

— **Jim Richie, Souris Valley Echo, Souris, Manitoba**

"We need a lot of help in gaining knowledge and markets. If we had a central federation office, we could get valuable contacts and information. Co-ops are about helping each other."

— **Ralph Rogers, Viking Crafts Co-op, Baie Verte, Newfoundland**

"Having this meeting has given a lot of credibility to the sector. The direct involvement of worker co-operatives in decision-making bodies will bring even more credibility to the sector."

— **Jim Winter, Newfoundland and Labrador Federation of Co-operatives**

"We've decided to represent ourselves as the worker co-operatives of the country. We still have to gather support from other

groups that are interested in workplace democracy."

— **David Lach, Baseline Type and Graphics Co-op, Vancouver**

"This meeting was a good idea. It was nice to meet with other worker co-operative activists from across Canada and to share common concerns. These contacts help all of us. As for a national organization, I think that we need a study committee to look at the various options."

— **Richard Roussin, Montréal-Laval Co-op Development Group**

**Thank you**

The following organizations provided donations which made possible the Ottawa meeting of worker co-operatives:  
Bread and Roses Credit Union, Co-op Atlantic, Co-op Secretariat, CRS Workers Co-op, PSC Natural Foods, The Big Carrot and Universities and Collegas Credit Union. Their generosity is appreciated.



# ACROSS THE COUNTRY

## The Ontario Beat

By Judith Brown  
and Paul Gibbard

### CHANGES AT THE CARROT

Toronto — The Big Carrot has a new store manager. Luc Labelle has been extremely active in the co-op movement in Québec. He has worked for several years as a consultant with the Coopération de développement régional de Montréal, assisting the start-up of worker co-operatives, including the successful Auxi-Plus homecare co-op.

### CARROT CONFIDENTIAL

Toronto — In mid-1988, a Mondragon-style Social Council was formed at The Big Carrot, with a mandate to serve as an advocate for our workers and to provide training and education. One of the first actions of the Social Council was to distribute a questionnaire to staff requesting information on which benefits they most wanted and were willing to pay for.

A confidential counselling program was identified as a priority. *Carrot Confidential* is an off-site counselling service available free of charge through our benefits' package to full-and part-time workers and their immediate families. E.A.P. Associates, an independent counselling agency, provides the service, thus ensuring anonymity.

Workers have responded very positively with a higher than expected participation rate in the program. One of the most common uses has been to clarify career goals either in the transition to outside jobs or within The Big Carrot.

### UNUSUAL ARRANGEMENT

Windsor — In an unusually prolonged conversion from private to worker ownership, 110 employees at the Windsor Factory Supply Company have now purchased 43 per cent of the stock and will assume total ownership by 1995. Under this arrangement, no one person can own more than six per cent of the shares and all employees are



Photo: David Hartman

Delegates debate the issues at the Ontario Federation of Labour convention.

shareholders.

Windsor Factory Supply has outlets in Windsor, Leamington, Wallaceburg, Sarnia and London. Within this unusual company, there are no official job titles

### ONTARIO LABOR OPPOSES BUYOUT FUND

Toronto — At its bi-annual meeting in Toronto, the Ontario Federation of Labour voted to establish a Social Investment Fund that would be used to support co-operative housing and environmentally-sensitive enterprises. The OFL rejected a proposal to extend the fund to support worker buyouts. Leaders of the United Steelworkers of America were among those favoring the worker buyouts' proposal. The USWA has organized many successful buyouts in the United States, and it recently attempted to organize a buyout of Toronto's Inglis plant, without success.

Inglis closed on November 29, 1989, putting 650 workers — many longtime employees aged 50 and above — out of a job. Even though a labor adjustment committee is assisting with retraining, it is anticipated, based on other similar plant closings, that most of the former Inglis workers will be forced into lower paying jobs not utilizing their

skills and experience.

At the OFL convention, the president of the former Inglis local, Mike Hersh, spoke in favor of modelling the Ontario fund on the Solidarity Fund of the Québec Federation of Labour. This fund, with \$285 million in assets, invests heavily in small- and medium-sized companies, and it is credited with salvaging 13,000 jobs since 1984.

Opponents of this model, led by the Canadian Auto Workers, carried the day at the OFL. They cited the use of worker ownership

to undercut contracts and to bust unions. They also feared that workers will "look at the world from the perspective of owners rather than from the perspective of workers."

The final wording of the resolution stated that: "The Québec Solidarity Fund approach is not, however, one that we find attractive nor, indeed, entirely relevant to the Ontario situation."

*Judith Brown is a doctoral student in Community Psychology at the Ontario Institute for*

Helping You Achieve Your Goals  
Is One of Ours

We believe in people working  
together to achieve their  
potential, to enhance their social  
and economic well-being, and to  
produce and consume what they need.

CO-OPERATIVE TRUST  
COMPANY OF CANADA

Saskatoon  
Halifax • Ottawa • London  
Calgary • Edmonton • Toronto  
Regina • Vancouver • Winnipeg



# ACROSS THE COUNTRY

*Studies in Education, 252 Bloor St. W., Toronto, Ontario M5S 1V6; (416) 923-6641, L. 2576.*

*Paul Gibbard is a former member of The Big Carrot, 348 Danforth Ave., Toronto, Ontario M4K 1N8; (416) 466-2129.*

## PROVINCES IMPLEMENTING RECOMMENDATIONS ON WORKER CO-OPS

By Myrna Barclay

Ottawa — More provincial governments are enacting procedures that will assist the development of worker co-operatives. The federal and provincial ministers responsible for co-operatives met on October 20 in Montréal. The two major items on the agenda were worker co-ops and health-care co-operatives. Only Alberta and Ontario were not represented by an elected official. The Alberta minister could not attend at the last minute due to ill health.

Ministers responded to recommendations in the *Worker Co-op Strategy Report*, a report they instigated at the 1988 ministers' conference. The report's recommendations were grouped into three levels:

- tier one — amending legislation and procedures that discriminate against worker co-operatives;
- tier two — providing for equality of treatment for worker co-operatives in legislation and procedures;
- tier three — proactive programs to finance resource groups or to provide other forms of financing and tax assistance.

The communique, released by ministers following the conference, states: "The ministers recognize that governments can provide an environment that enables co-ops and private enterprise to compete as equals. Today, we have agreed to work together to ensure this type of environment exists."

At its December meeting, the Canadian Co-operative Association's advisory committee on worker co-ops proposed that the CCA use its regional council and staff to solicit responses from



Richard Messier (left), president of the Québec Federation of Worker Co-operatives, and Claude Béland, president of the Desjardins Movement, sign an agreement.

provincial governments on the report's recommendations. The CCA has also been urged to work with the Conseil canadien de la coopération (its French-Canadian counterpart) to solicit responses on each recommendation from Charles Mayer, the federal minister responsible for co-operatives.

## UNEMPLOYMENT INSURANCE FOR WORKER CO-OPS

Ottawa — Two government committees did not raise any objections to treating people wanting to start worker co-operatives on the same basis under the revised Unemployment Insurance Act as entrepreneurs wanting to start other forms of business. Both the legislative and senate committees on Bill C-21 are studying amendments to the Unemployment Insurance Act which will permit the use of U.I. benefits to start a business. In its brief to these committees, the Canadian Co-operative Association argued that people wanting to form a worker co-operative should be given the same rights as other prospective entrepreneurs.

*Myrna Barclay is the Director of Education and Development at the Canadian Co-operative Association, 400-275 Bank St., Ottawa, Ontario K2P 2L6; (613) 238-6711.*

## La Belle Province

### QUÉBEC FEDERATION

Québec City — The Québec Federation of Worker Co-operatives held its annual general meeting on January 27 in Québec City. The meeting re-elected Richard Messier of the worker co-operative, Les Nuages, as its president. A cocktail party was hosted by the city council, now with a social-democratic majority, and councillor Jacques Fyset spoke at the meeting.

The Québec Federation of Worker Co-operatives, now representing 40 enterprises, has undertaken a membership drive among the 100 "active" worker co-operatives in Québec. This figure does not include the forestry co-operatives which are in a separate organization (La Conférence des coopératives forestières). The Federation's membership drive is being headed by Marcel Arteau, its first staffperson.

The Federation is also working on several proposals for its members:

- A registered retirement savings plan for worker co-operative members.

- Alternatives to the Québec co-operative investment plan so that it would be of greater benefit to worker co-operatives.

- A proposal for a "divisible reserve" in a worker co-operative. A portion of the year-end surplus could be allocated to this reserve,

and a member leaving a co-op would be eligible for part of it based upon years of service.

- A system for marketing the products of worker co-operatives.

For more information, contact Marcel Arteau, 1026 Rue St. Jean, Suite 102, Québec City, Québec G1R 1R7; (418) 692-2026.

## QUÉBEC WORKERS BUY ANOTHER AMBULANCE COMPANY

By Claude Carbonneau  
(Translated by Rosemary Oliver)

Hull — The CSN labor federation in Québec has assisted 52 workers in the Outaouais region to purchase the ambulance company that employs them. This is now the fifth ambulance company with workers represented by the Confédération des syndicats nationaux which has undergone a conversion from private ownership to a worker co-operative. The others are in Metropolitan Montréal, the south shore of Montréal, Maurice and Québec City. Two other groups of ambulance workers are expected to form worker co-operatives in the next few months.

The Metropolitan Montréal co-op has recently acquired additional licences, thereby assuming a monopoly of that city's service. It has also begun replacing older



# ACROSS THE COUNTRY

vehicles with the most up-to-date ambulances.

The CSN's involvement in these conversions is through its own groupe conseil (resource group). The CSN's ongoing role in encouraging conversions to worker co-operatives is unique to organized labor in Québec, and indeed the rest of Canada.

The Québec Federation of Labour, by comparison, has not been supportive of direct ownership by workers. Its president, Louis Laberge, argues that direct worker ownership puts workers' savings in peril. The QFL has encouraged indirect workers' investment through its Solidarity Fund, as a method of strengthening businesses and having workers participate in the expansion of the economy.

For more information about the ambulance conversions, contact Normand Campeau, Groupe conseil confédération des syndicats nationaux (CSN), 1601 Delormier, Montréal, Québec; (514) 598-2275.

## LEADERSHIP

Québec City—Leadership is the most important factor in preventing failure in worker co-operatives, according to the Société de développement des coopératives, the Québec government agency responsible for co-operative development. Although worker co-operatives in Québec are doing better than the 20-per-cent survival rate after five years among small businesses in general, failures still are common. The difference between success and failure in a worker co-operative is the presence of one or more leaders capable of providing a long-term vision, particularly during the difficult start-up years when workers can become discouraged. Training members in business development also will help them to stand up to the challenges of their enterprise.

*Claude Carboneau is the communications director of the Société de développement des coopératives, 430 Chemin Ste. Foy, Québec City, Québec G1S 2J5; (418) 687-9221.*



Official opening of Culture Crafts Co-op five years ago. L-R: Gilles Michaud, Ann McIsaac, Jean Guld, Blaine Martin and Laurie Martin. Culture Crafts is in the Acadian part of Prince Edward Island, communities with a strong co-op presence.

## In the Maritimes

### CULTURE CRAFTS CELEBRATES FIVE YEARS

By Elizabeth Cran

Richmond, P.E.I. (Atlantic Co-operator) — Culture Crafts Worker Co-op of Richmond, P.E.I., sponsored its first wood-carving workshop recently for people interested in exploring this craft as a career. Ten participants, all from the West Prince area of the province, spent the weekend working on a relief carving of a subject of their choice. Robert Geoffroy and Clement Pelletier, members of the Eastern Quebec Professional Sculptors Association, were the instructors. Theodore Theriault, craft development officer of the St. Thomas Aquinas Society, helped arrange the program, and the Society, which is the Island Acadians' educational and cultural organization, provided funding.

The aim of the course was to provide preliminary training for anyone wishing to earn money as a wood-carving craftsman. Culture Crafts, which has now been in existence for five years,

has found there's a market for high quality work of this kind. The co-op wishes to encourage more unemployed or underemployed people to try it. Together with Theriault, who is a wood-carver's son, co-op members are working on getting the funds to put on a two-year course in the West Prince area, using the same instructors or those of similar calibre. In the meantime they may offer another short course before the year is out.

### FOGO HURTING

Fogo Island (W.C.) — The Fogo Island fishing co-operative has been hurt badly during past years by the depletion of northern

cod stocks, and it is concerned that the current quota is too high to permit the stocks to be replenished to traditional levels.

Fogo Island is an in-shore fishery, off the coast of Gander, Newfoundland, with a co-op consisting of 1200 fish catchers and workers in five plants. The high quotas have meant that there is insufficient fish for the in-shore catch. As a result, residents of Fogo, particularly the young, are leaving for other parts of the country.

The Fogo Island co-operative was featured recently on CBC television's *The Journal*, and in *Worker Co-op* magazine, Vol. 9, No. 2, pp. 24-26.

CO-OP

**The Farm Store...**  
*and more!*

QUALITY PRODUCTS FOR YOUR  
HOME AND FARM

UNITED CO-OPERATIVES OF ONTARIO



# ACROSS THE COUNTRY

## ATLANTIC FISH CO-OPS (AFCO) CO-ORDINATE MARKETING

By Frank Driscoll

Charlottetown — Eight Atlantic fish co-operatives — referred to as AFCO — have launched an \$87,300 project aimed at "devising a financially self-sustaining market research and co-ordination office."

The fish co-operatives involved are: North Lake, Acufin, and Tignish (Prince Edward Island); Baie St. Anne and Richibucto Village (New Brunswick); and Cheticamp, Ceildt, and Victoria (Nova Scotia). President of AFCO is Yvon Deveau of Cheticamp; vice-president is Chuck Scully of North Lake, and secretary-treasurer is Baldr Johnson of the Canadian Co-operative Association in Moncton.

Funding for the project is a joint effort of the co-ops themselves, the three Maritime provinces, the Co-operative Secretariat and the Atlantic Canada Opportunities Agency which provided \$60,000.

AFCO has hired Doug MacDonald of Antigonish, Nova Scotia, to be the prime contractor, in association with GTA Consultants of Shediac, New Brunswick.

AFCO represents over 5,000 fishing captains and plant workers in the three Maritime provinces. This project will contribute to the long-term viability of the sector.

*Frank Driscoll is Prince Edward Island's manager of co-operatives. He can be reached at P.O. Box 2000, Charlottetown, Prince Edward Island C1A 7N8; (902) 368-4000.*

## MILLION DOLLAR FUND

**Baie Verte, Newfoundland (W.C.)** — A new craft producers co-operative (Viking Crafts Co-op Inc.) has been formed in Newfoundland. Its products will be made of seal fur and leather. The five members of the co-operative are all graduates of the Central Newfoundland Community College.

Viking Crafts has been assisted



North Lake fishing co-op in Prince Edward Island is a member of AFCO.

Manager, Mary Jewer (left), and board member, Dolly Hawco, promote the Rolling Pin co-op bakery on Bell Island, Newfoundland.

by the Newfoundland and Labrador Federation of Co-operatives. At its 40th Annual General Meeting in St. John's, the NLFC's president, Ken Kavanagh, stated that "priority is being given to the establishment of worker and producer co-operatives whose main aim would be the creation of new jobs and economic growth, particularly in rural areas of the province."

The NLFC created a \$500,000 fund to assist the development of worker and producer co-operatives. The NLFC is now concluding an agreement with the Newfoundland and Labrador Development Corporation that would bring the fund to \$1 million and have it administered mutually by the two organizations that are involved.

The first project assisted by the fund, a worker co-op doing house and office cleaning in St. John's, did not succeed. It was recently wound up.

Nevertheless, the NLFC remains optimistic about its development program, particularly in Newfoundland's rural communities.

## THE ROLLING PIN

**Bell Island (W.C.)** — Business is brisk at the Rolling Pin bakery and coffeeshop on Bell Island, Newfoundland. The Rolling Pin is part of the Bell Island Community Development Co-op, established to bring jobs to this



small bedroom community near St. John's.

Five permanent jobs have been created at the Rolling Pin, which according to Ken Kavanagh, president of the Newfoundland and Labrador Federation of Co-operatives, are "the first permanent jobs created here since the local mine closed in 1966." Kavanagh is optimistic that the

Rolling Pin will be a stepping stone to other projects.

*For more information, contact Jim Winter, Newfoundland and Labrador Federation of Co-ops, The Co-operators Building, Crosbie Place, P.O. Box 13369, Station A, St. John's, Newfoundland A1B 4B7; (709) 726-9431.*

**SAVE WITH US**



## Bread & Roses Credit Union

*Support the cooperative movement and help build alternatives by "banking for social change"*

**Carrot Common, 348 Danforth Ave., Suite 211; Toronto, 461-7882**



# ACROSS THE COUNTRY

## 30 START-UPS PROPOSED FOR NOVA SCOTIA

**St. Peter's (W.C.)** — The Community Development Co-operative of Nova Scotia has released a three-year development plan that includes start-up assistance to 30 worker co-operatives and about 10 equity investments through its investment arm, Worker Ventures Ltd. CDC manager, Peter Hough, says: "It is clear from our experience last year, in which we assisted the start-up of seven new worker co-ops, that if we get our funding, we will not only assist start-ups but increase their chances of success."

For the past three years, the Nova Scotia CDC has been able to provide support to worker co-ops in this region, because of financial assistance from the Innovation project, a federally-funded research and development project at St. Francis Xavier University. With the completion of Innovations, the CDC has requested funding of about \$100,000 per year, the costs to be divided equally between the provincial government and the co-operative sector, including fees from the CDC's services.

In general, there is an optimism about provincial funding. The Co-operatives Branch, which is pivotal to government support, has been transferred from the Department of Industry, Trade and Technology to Small Business. Peter Hough believes that "the results should be good for worker co-ops. We had a good meeting with the Minister of Small Business, Ken Streach. We are hopeful about receiving government support."

## GROWTH CONTINUES

**Richmond (W.C.)** — Worker co-operatives in Nova Scotia continue their unprecedented growth. A Christmas wreath and craft co-op in Richmond and a cleaning services co-op in Halifax are the most recent additions.

There are now about 40 worker co-operatives in Nova Scotia, second only to Québec. Most are very small, labour-intensive enter-



**Nova Scotia Community Development Co-op manager, Peter Hough, busy at work. Hough also is a member of a construction co-op in St. Peter's.**

prises, situated primarily in the rural southeast of the province. Typical are the two new co-ops: The Richmond wreath co-op has five members and five employees and the Halifax cleaning co-op has four members.

Some of the worker co-ops established during the past few years are now expanding and taking on new members. The Greenhouse Co-op in St. Peter's, a bedding plant operation, has taken on a fourth member.

*There is a 22-minute video — On Their Own Terms — on Nova Scotia's worker co-ops, produced by the Innovations project. Copies are available for \$30 from Rita Murray, Extension Dept., St. Francis Xavier University,*

*Antigonish, Nova Scotia B2G 1C0; (902) 867-5165.*

*For more information, contact Peter Hough, Community Development Co-op, R.R.#2, St. Peter's, Nova Scotia B0E 3B0; (902) 535-2033. Our thanks to Veronica Gillies who has provided the Nova Scotia news for the past two years.*

## A BITTER LESSON By Maureen Edgett

**Moncton** — In June 1989, Ability Co-op was incorporated to give a group of people who were psychiatrically handicapped an opportunity to have control over their workplace. Seed funding of \$4,500 was provided by The New Brunswick Mental Health

Commission. The members were to collect glass, paper and aluminum and sell it to a local recycling firm. A small per cent of the income was put back into the co-op, but the majority went for wages and expenses. The members used a borrowed truck for collection and delivery; the co-op lacked any storage space.

At a meeting in January, only six months after incorporation, the 12 remaining members decided to dissolve the co-op. Any remaining funds will be returned to The New Brunswick Mental Health Commission.

Stephen Stiles was involved with the co-op from the beginning. He felt that the members had a limited knowledge of co-ops, and no education programs were ever set up. Members purchased one \$5.00 share and made no contribution to equity, because most were or had been on social assistance. The plan was heavily dependent upon outside funding. In addition, there was very little business expertise among the members.

The co-op started with a core group of 20. At one point membership grew to 40, even though work was not available for even 10 per cent of the members. There was no management plan. The workers were "owners" but in name only.

Ability Co-op is part of an increasing effort to create worker co-operatives for people with



HORIZON DISTRIBUTORS  
3450 Vanness Avenue  
Vancouver, B. C.  
V5R 5A9  
Telephone (604)439-7977

UPRISING BREADS BAKERY  
1697 Venables Street  
Vancouver, B. C.  
V5L 2H1  
Telephone (604)254-5635



# ACROSS THE COUNTRY

handicaps. If this approach is to succeed, then more thought must be given to the preparation of members and management.

*Maureen Edgett can be contacted at 76 Woodleigh Ave., Moncton, New Brunswick E1C 8Z8; (506) 384-8563.*

## WORKER CO-OP EDUCATION

By Melanie Conn

Vancouver — Douglas College in New Westminster is presenting a series of day-long workshops about worker ownership in the spring semester. Topics include: Worker Ownership: What's it all About?; Decision-Making Skills for Co-op Workplaces and Group Skills for Worker-Owners. Another seminar, Worker co-ops: Another Way to Be Your Own Boss, is designed for women participants.

Douglas College's role in worker ownership may be expanding to include more active participation in the Worker Ownership Centre sponsored by CEIC's Innovations project. There will be more news about that project once it's underway in the spring.

*For more information about the series, contact Cathie Bissett, Community Programs, P.O. Box 2503, New Westminster, B.C. V3L 5B2, or Melanie Conn, Women Futures, 217-1956 West Broadway, Vancouver, B.C. V6J 1Z2; (604) 737-1338.*

## CARLING O'KEEFE WORKER BUYOUT

By Deb Glazebrook

Saskatoon — One year after the merger between Carling O'Keefe and Molson was announced, employees at the Saskatoon brewery were handed the keys to the plant. On January 17, sixteen former Carling O'Keefe employees signed a deal to purchase the plant which was shut down at the end of 1989. SEDCO, the province's economic development corporation, is providing "almost 80 per cent of the financing through a loan agreement," said Peter McCann, president and CEO of new Great Western



Brewing Company Limited, McCann and the 15 other employee-shareholders will be providing the Saskatchewan market with a local brew by the end of March. They expect to employ an additional nine people.

Great Western Brewing is the only brewery in Western Canada

to be wholly owned and operated by its employees. Approximately 50 per cent of former employees at this plant are involved in the deal. The purchase price was not disclosed. However, previous estimates put the price tag at \$4-5 million.

McCann said that the company

will function "as a normal business operation. There will be a standard management structure and a board of directors to which I will report."

Greg Kitz, a 14-year veteran of the plant and vice-president of the union local, said that employees are interested in retaining membership in the union. Collective bargaining will begin shortly. Although the board structure is not complete, Kitz said that there are currently four employee-shareholders on the board and that the presence of a union should not affect board functioning. According to Kitz, a worker co-op structure was considered, but it was not permissible under SEDCO's financing mandate.

*For more information, contact Greg Kitz, 134 Tobin Cr., Saskatoon, Saskatchewan S7K 4N1; (306) 242-2388. Deb Glazebrook can be contacted at the Canadian Co-operative Association, 501-333 3rd Ave. N., Saskatoon, Saskatchewan S7K 2H9; (306) 244-3600.*

## BORDER/LINES

Border/Lines  
Bethune College  
York University  
4700 Keele St.  
Downsview  
Ontario, Canada  
M3J 1P3

### SUBSCRIBE

\$16.00 — individual  
14.00 — low income  
25.00 — institutions

Please make cheques payable to 'Border/Lines'. Outside Canada, please pay in U.S. dollars only. Air mail rates available on request.

*BORDER/LINES is an interdisciplinary multi-genre quarterly magazine which explores and contests the boundaries between the social and the sexual, the theoretical and the everyday, the artistic and the political. Produced by a Toronto collective, BORDER/LINES was launched in 1984 with the aim to fill the gap between academic journals and specialised cultural magazines.*



# AROUND THE WORLD

## Mondragon Report

By Paul Gibbard

Recent issues of Mondragon's official publication, *Trabajo y Union*, have highlighted major debates within the Mondragon co-ops.

### Women

The status of women in Mondragon co-ops leaves a lot to be desired because it reflects underlying male values and structures in Spanish and Basque society. For instance, although women at Mondragon make up 25.9 per cent of the membership, only 1.9 per cent of senior positions are filled by them. Women have identified the need to change opinions about their roles, to set objectives for greater participation in leadership and to develop support mechanisms for their involvement in leadership positions.

### The Social Council

The Social Council within each Mondragon co-operative provides an ongoing forum for workers' participation in decisions. Its credibility has been waning because its role is unclear: Should the Social Council be an active advocate for workers vis-a-vis management or is its chief purpose to communicate leadership decisions to workers? The relationship between trade unions and Mondragon co-ops also is being discussed, and these discussions implicitly raise the question of whether other structures, such as unions, might better serve workers' interests.

### Greater unity

The Mondragon group is considering whether to move towards a tighter economic unit where common marketing strategies and technologies are developed and used. At present, each Mondragon co-op has distinct marketing strategies and purchases its own technologies. Closer economic unity may help the co-ops face the challenge of membership in the European Economic Community, but it also exposes them to a greater



ULGOR, Mondragon's appliance-manufacturing co-op.

risks if key marketing assumptions are wrong. Closer economic unity would mean creating formal co-ordinating structures between co-ops.

Mondragon co-ops are exploring these issues and problems openly. This augurs well for their continued vitality.

*Paul Gibbard is responsible for staff development at the Ontario Federation of Food Co-ops and Clubs, 22 Mowat Ave., Toronto, Ontario M6H 3E8.*

## KENYA Partnership in Development

Organic farmers in Kenya are able to purchase tools because of a partnership between Canadian and Kenyan organizations.

In the fall of 1986, Paul Gibbard, a member of The Big Carrot (a Toronto worker co-op), visited Kenya and made contacts with its sustainable agriculture movement. He was especially impressed with the work of the Kenya Institute of Organic Farming (KIOF). KIOF trains small farmers, mostly women, in composting, companion planting, doubledigging and other techniques that make the most of local resources and do not require expensive chemical fertilizers and pesticides.

Last year, Carrot Cache, a fund set up by The Big Carrot to support

the development of worker co-ops and organic farming, donated \$1000 to assist KIOF.

Donations by Canadians for overseas development are often matched by the Canadian government, if they go through a recognized Canadian non-governmental organization. As a result, this donation was made through the Institute for Marine and Terrestrial Ecology (IMTEC), an independent organization also working with KIOF.

KIOF has put the money into a revolving fund that small farmers in Kenya use to purchase tools. Over time, these farmers reimburse the fund for the cost of tools, thereby making the money available again for others. IMTEC is exploring the possibility of obtaining matching funds from the Canadian government. Further fundraising for this project is being done through posters and brochures prominently displayed at The Big Carrot.

## UNITED STATES Gallup Poll: Workers want to be owners

According to the National Center for Employee Ownership (NCEO), a recent Gallup Poll offers strong support for worker ownership:

"44 per cent of respondents would give up a pay increase in

return for ownership of their company, even though they could not get the stock until retirement. An equal number wanted the pay increase, while 11 per cent did not know which they would prefer. Sixty-five per cent of the respondents would not sell to an outside investor wanting to buy their company, even if the buyer offered a 50 per cent premium on the share price. Sixty-nine per cent said they thought employee stockholders are more likely to look after the long-term interests of their company better than outside shareholders.

"Respondents also wanted more say at work. Sixty-one per cent thought most companies do not give employees enough say in decisions that affect them, and only 29 per cent would be willing to let management vote employee shares on major corporate issues. On the other hand, clear majorities thought management should be able to decide about long-term financial strategies (72%), hiring and firing (71%), and rules for work conduct (56%)."

This Gallup Poll was commissioned by the Employee Benefit Research Institute (EBRI). Its results were similar to those of a NCEO-commissioned poll three years ago.

*Summaries of the EBRI study are available for \$75 (U.S.) by contacting (202) 775-6352. The NCEO research is available through that organization at 2201 Broadway, Suite 807, Oakland, CA 94612, U.S.A.*



# AROUND THE WORLD

## HUNGARY Privatizing the economy

As Hungary prepares for multi-party elections in March, leaders of the main political parties are planning the transition to a privately-owned economy. During January 8-12, a "Blue Ribbon Commission" met with experts from the West, including David Ellerman of Employee Ownership Services in the Boston area.

Ellerman reports that in his working group, "the overall philosophy displayed was more-or-less unalloyed free-market liberalism — closer to Thatcher-style capitalism than Swedish social democracy." Ellerman is advocating a solution that involves the creation of "social property" or "patrimonial assets" for each corporation that is privatized. Private owners would be limited to the "operational assets" of a company, thereby preventing the "giveaway" of the cumulative wealth now held in state corporations. The social property approach is being applied in Yugoslavia, which is also privatizing its

state-owned economy. Ellerman argues that "if a state-owned corporation was broken up into a federation of smaller worker/investor owned firms, then the financial unit (housing the social assets) could serve as a central apex organization, much like the Caja Laboral Popular in the Mondragon co-operative group."

This view may be the best-case scenario. The worst-case, which is already occurring, permits managers of state corporations to "properize" their power. Referred to also as the "golden parachute," these bureaucrats are arranging "sweet deals" with companies in the West involving joint ownership and a virtual "giveaway" of the state's assets under their control.

The privatization of state corporations in Hungary is a foregone conclusion. The means to that end will be influenced by the results of the March election.

For more information, contact **David Ellerman**, Employee Ownership Services and the Industrial Co-operative Association, 58 Day St., Suite 203, Somerville, Massachusetts 02144; (617) 629-2700.



Photo: R. Demitiev/TASS

**Acant Architects Co-op in Kazan, U.S.S.R. There are now more than 100,000 worker co-ops in the U.S.S.R.**

## U.S.S.R. Soviet worker co-ops under fire

By Vyacheslav Kostikov,  
Novosti Press Agency

The share of new Soviet co-operatives (i.e., worker co-operatives) in the country's production of goods and services is growing fast. But it is clear from debates at the recent parliamentary session that some deputies want to bury the young movement. In an economy bedeviled by severe shortages, how has this contradiction come about?

For one thing, the hope that co-operatives would excel in the goods-producing industries has so far failed to come true. Co-operatives have moved fast into trade and distribution, often buying up goods in the public sector and reselling them at higher prices. Combined with the burden of inflation, this sparked public anger.

Faith in co-operatives was further eroded by the spectacle of greedy people, hankering after fat profits, who posed as co-op members.

Moreover, there is no certainty that co-operatives are here to stay. Indeed, co-operatives are often wary of ploughing back their profits into expansion. Quite recently, the co-operative movement was described by one people's deputy as a "malignant

tumor on the body of the people." Some people in the government bureaucracy have strong feelings against co-operative ventures, because they are afraid they will undermine ministerial monopolies.

These attitudes explain a lot about co-operatives' reluctance to invest in expansion and their eagerness to get quick gains.

In practice, all this has resulted in co-operatives being put in far less favorable conditions compared to public sector establishments. Very little has come their way from the rigidly-controlled centralized allocation lists, and what materials and farm produce the state did offer could only be bought at several times the normal price. In fact, it is this unfair arrangement that has made the prices of co-operatives' goods high in the first place.

All these problems have been debated in the Soviet parliament, sparking controversies between supporters and opponents. The anti-co-operatives had to beat a retreat, angrily accusing the government of having a pro-co-operatives lobby. Fortunately, this is really the case. For the government's policy regarding the co-operative movement fits in well with the concept of perestroika and efforts to set free the economic forces of society.

For more information contact the Press Office of the Soviet Embassy, 1108-400 Stewart St., Ottawa, Ontario K1N 6L2.

**Need some help with  
your organization's problems?**

**We have the business experience  
and skills you need.**

**COADY CONSULTING —  
accessible and affordable**

**management consulting services  
with a social conscience.**

**For a copy of our statement of  
capabilities and your**

**free initial consultation —  
call or write today.**

**COADY CONSULTING  
88 Coady Ave.  
Toronto, Ont. M4M 2Y8**

**(416) 778-4744**



# Worker ownership struggles to emerge from communism's demise in Eastern Europe

By David Ellerman

The following article is based upon an ongoing series of contacts, including a June, 1989, trip to Warsaw, Budapest and Moscow, by David Ellerman (Industrial Co-operative Association and Employee Ownership Services of Boston, Massachusetts) and Robert Oakeshott (Job Ownership Ltd., London, England).

## Poland

In Solidarity's first phase — before the 1981 martial law crackdown — it had worked together with the government to design legislation for self-management councils (also called employee councils or worker councils). At first, the councils were state-controlled, but by the late '80s a number of the large self-management councils had been taken over by genuine worker representatives. These councils eventually joined together to form the Association of Self-Management Activists.

The state enterprises in Poland now have a large degree of formal autonomy. The enterprise director is selected in an open competition. In most cases, the self-management council can select the director from amongst the candidates and the ministry only has a veto. In several hundred large or sensitive firms, the self-management council selects the three or four best candidates and the ministry makes the final choice.

The general meeting of workers of an enterprise discusses and approves a general multi-year plan and evaluates the work of the director and the self-management council. The self-management council approves the more detailed annual plan which includes the investment plans for the firm. The self-management council thus has many of the functions of the board of directors in an American company. In Polish enterprises, there is a group called the "board of directors," but it is only a management

board consisting of the directors of the various departments.

The "genuine" self-management councils work well with Solidarity. The council members are often Solidarity members, and some councils even recruit for Solidarity. However, there is a division of functions. The self-management council looks after business affairs, while Solidarity tends to restrict its interest to more traditional trade-union concerns.

## Contradictions evident

Thus, the new reformed Polish state enterprise has a non-trivial measure of worker control but no worker ownership. The state wants each enterprise to act autonomously. But without ownership, the workers would find it in their interest to pay out as bonuses and benefits not only net income but also depreciation funds. Net and even gross investment would have to be financed by new state loans or grants. The pay increases and upward pressure on the money supply for state loans and grants would spur inflation which was already over 80 per cent last year. Hence, the state finds it must intervene to control the use of enterprise funds, and thus it defeats the autonomy it originally wanted to inspire.

This analysis of the current reformed Polish state enterprise was largely accepted by the managers and workers we interviewed. They said that the state property which "belongs to everyone in fact belongs to no one." The worker representatives on the self-management councils were much in favor of worker ownership, but the workers were too poor to be able to buy their enterprise. They were quite unfamiliar with the notion of a leveraged buyout — a credit transaction where the seller (the state) would supply all or most of the credit.

The current self-management councils derive their legal basis from legislation for state firms. A worker-owned firm would not fall under that legislation. An analogous role could be played by the worker-elected board of directors in a worker-owned company, but that is all new territory.

We suggested a "break-up" buyout



Lech Walesa. Solidarity has promoted self-management of state enterprises.



strategy. The large state-firms would spin off plants or subdivisions as worker-owned companies. After all subdivisions had been spun off, the state firm would survive only as a financial holding company, or perhaps would maintain some core business. The state firm would thus be slowly broken up into a contractually-related federation of worker-owned companies.

### Yugoslavia too

Employee Ownership Services (EOS) is currently working with a Yugoslavian consulting firm, YUGEA (in the City of Ljubljana), to implement this break-up privatization model. EOS ran a course in Boston for about 15 to 20 Yugoslav company lawyers on restructuring, using ESOP-like transactions and worker shares. YUGEA and EOS will then follow up with those lawyers and their companies to implement their restructuring plans.

The Industrial Co-operative Association (ICA) is under contract with Yugobanka to develop a bankers' course on both small business lending and on venture capital. These developments in Yugoslavia are a bit ahead of the Polish possibilities at this time. EOS plans to repeat both courses in the future with more participants from elsewhere in Eastern Europe such as Poland, Hungary and even the Soviet Union.

This decentralizing break-up strategy has a number of advantages in Poland and elsewhere. It allows smaller experiments which are more acceptable to risk-averse managers and bureaucrats. The credit transaction is between the spun-off firm and the parent firm instead of the parent firm and the ministry.

One of the companies we visited, Warszawskie Zakłady Telewizyjne (Warsaw Television Factory), wanted to spin off one of its plants as a worker-owned firm. That may be our first example in Poland. The spin-off firm would not only be worker-owned, but it would be small enough to make the ownership "real" and to bring out the entrepreneurial energies of the managers and workers.

In Poland, the legal form of a Western-style joint stock company is available. An ESOP-style loan transaction could be used by writing the essentials of the ESOP into the by-laws or constitution of the company. Polish law does not have Anglo-American trusts, but it does have something like the German *stiftung* (or foundation) which might also be adapta-



Photo: U. Paza/TASS

Family co-op to mend gothic roofs in Riga: Anatoly Pashkov and his sons Vitaly and Maxim in their workshop.

ble in an ESOP trust arrangement. Some progress could be made within the current law, and new legislation might be eventually pushed by the Solidarity delegates in Parliament. In any case, the legal work in Poland to develop an appropriate framework for worker ownership has yet to be done.

### Solidarity break-up

Solidarity looks from afar like a unified force. But on closer inspection, it harbors rather distinct political forces and has at least two distinct social roles. In the future, it is likely that these two functions will be separated, and Solidarity, the political party, will split

off from Solidarity, the labor union. In the Solidarity party, there is a whole range of views from Thatcherite liberals (in the 19th century or Milton Friedman sense of the word) to democratic socialists, or social democrats, as they might prefer to be called. The Solidarity party might split into those two parts, with the principal advisors around Walesa being in the social democratic camp.

Last year, the Association of Self-Management Activists founded the Self-Management Institute, an organization of consultants and experts specializing in self-management and worker ownership. We are working with the members of the Institute to



channel helpful information and material to them from the U.K. and the U.S.A.

### Hungary

Budapest was quite a pleasant surprise. Of the three cities we visited, it was clearly the best off economically. The center of Budapest seems like a Western European city. The same cannot be said of Warsaw or Moscow (which have closed the gap between the second world and the third world!). The people in Budapest were well-dressed and spirited, while people in Warsaw and Moscow were rather depressed. Over the last few years, Hungary has passed a series of statutes that increasingly extended the possible legal forms for companies. Today, a full range of legal forms, including Western-style joint stock corporations, are available. A number of state firms have already been broken up into a federation of joint-stock companies, usually with management or joint-venture ownership.

One of my surprises in Hungary and Poland was the real possibility of the *nomenklatura* (party bureaucrats in the government) using their current power to take over ownership of privatized firms. It is their "golden parachute" strategy. When they bail out of the state sector, they arrange to land in the comfortable position of owners and/or managers of privatized firms.

### No working-class

Another surprise in Hungary was the lack of any broad-based working-class organization that would be a counterpart to Solidarity. As Robert Oakeshott puts it, "the Hungarian working-class

is the dog that didn't bark."

Hungary, like Poland, has enacted legislation to set up some form of "self-management" in state enterprises. But lacking any autonomous working-class organization to negotiate the form of worker councils, the bureaucrat-dominated Hungarian parliament designed the "self-management" structure to be management-controlled. The Hungarian analogue to the self-management council is called the "enterprise council". Workers only elect 50 per cent of the council. The other 50 per cent is elected by management! Since managers can always count on some support from upward-aspiring white-collar workers, management can easily control the councils. Even if the council splits 50/50, the general manager casts the deciding vote. Thus, even the phrase "self-management" leaves a bad taste in the mouths of Hungarian workers.

The word "co-operatives" has also acquired negative connotations throughout Eastern Europe, since co-operatives tend to be state-dominated. In Hungary, agricultural and industrial co-operatives probably have the most freedom in the socialist bloc. Industrial co-ops now account for about 12 per cent of Hungary's industrial output. But autonomy is a relative matter. In 1982, Hungary created a new legal form — the "small co-operative" with less than 100 members. These co-ops were more independent of the state than the older co-ops. Thousands were formed both as start-ups and as some of the older co-ops split up. But then the state started to interfere more, even in the small co-ops, through taxes, levies, and restrictions on the use

of income. Only a few days before we arrived, a law was changed so that part of the equity of a co-operative could be individualized, as in a Mondragon worker co-operative. This, however, gives little security, since the state considers co-operatives to be "social enterprises" and thus within the direct purview of state control. Given the choice, many co-ops would rather re-organize as private joint-stock companies. In this way, they have more secure rights.

A small computer-software company illustrates the continuing struggle to run a business without arbitrary state interference. As new legal possibilities were created, it repeatedly reproduced itself into a more autonomous form. In the decade of its existence, it has had five legal forms. From its beginning as a *de facto* collective, it became in turn a private partnership, a small co-operative, a limited liability company (a special closed corporation), and finally a joint-stock company. Today, the company has about 100 workers and has been quite successful in repackaging Western software for Hungarian users and even in assembling IBM-compatible computers from the Far East for the Hungarian market.

Upon leaving Hungary, we could begin to draw some general conclusions about the idea of socialism in Eastern Europe. It seems clear that communism has killed socialism in Eastern Europe. The heritage of Soviet domination in the name of socialism and the constant struggle of everyday life for phones, apartments, cars, appliances and even food has largely destroyed any sentimental attachment to socialism. Most people do not want to redefine socialism or develop some new "socialism with human face;" they seek a Western-style social democracy, perhaps along Swedish or Austrian lines.

### Soviet Union

The state of the Soviet economy was a shock. Like a top long spinning, it was noticeably going slower and slower and threatening to topple over at any moment. And we presumably saw the best of it, since our visit was only to Moscow. The average level of technology in cars, trucks, buses, streetcars, radios, and TVs (vacuum tubes!) was about that of the late '50s in U.S.A.

Gorbachev would be ill-advised to stake public support for *perestroika* on any quick change in behavior of the state sector. Quick change can only come in the independent private sector — but the



Call Docs' Co-operative: Jeanne Avotini gets a course on massage from masseuse Marina Tepitskaya, a member of "Veselibu."





Co-op garage with mechaic Vello Ruutu, in Tallinn, Estonia.

bureaucracy is doing all it can to choke off private initiative.

One major change in the last few years was to allow worker co-operatives (often just family firms) as distinct from the official state-dominated "co-operatives." Over a 100,000 worker co-operatives have sprung up. For supplies, the state makes them pay up to six times the amount paid by state firms. Customers then complain about the high prices charged by the co-ops. Citizens resent what they infer to be the high incomes of co-op members. The bureaucracy sits and waits, letting the resentment develop. Finally it "responds to public pressure" by passing all sorts of restrictions and new levies on the co-operatives. A more rational response would be to "level the playing field" by having similar prices and taxes for all firms and

then letting competition in the small business sector take care of any seemingly "excessive" incomes.

A second initiative is the "lease firm" which provides a way to "privatize" a state company as worker-controlled. Our host, Valery Rutgaizer, has been the pioneer in pushing leasing, although the idea is traced back to Lenin's New Economic Policy (or NEP) during the '20s. There are now about 1,200 lease firms in and around Moscow, with about 100 elsewhere in the Soviet Union. Some industries, such as construction materials, have converted almost entirely to lease firms and worker co-operatives.

The lease firm has a surprisingly minimal legal structure; it is simply a creature of a lease contract which could run from 5 to 50 years. The contract must answer such questions as: Does the ministry pay

for new or replacement investments or does the lease firm pay for investments and get reimbursed by the ministry? Who owns what at the end of the lease contract? Managers and workers are willing to undertake lease contracts, even without all the details settled in advance, because it gives them a greater measure of independence from the state.

### Dancing with the state

The leasing arrangement actually changes the residual claimant from the state to the working collective of the firm. The much-touted 1987 Enterprise Law gave state enterprises more autonomy, but the state remained as the ultimate residual claimant. At least initially, the freedom of the lease firms is more formal than effective. Since they typically buy their inputs and sell their outputs to the same ministries, they can tightly control their margins. It will take much longer for real markets to develop horizontally between non-state firms.

In April 1989, the bureaucracy struck at the lease firms by imposing a series of regulations severely restricting the free use of their income. Valery Rutgaizer is leading the public fight against these new regulations.

The biggest (positive) surprise of the trip was the progress in moving beyond the lease firm to a worker buyout of the leased fixed assets. At the Oxford Conference in January 1989, I gave Rutgaizer a copy of the first draft of my manuscript currently titled, *The Democratic Worker-Owned Firm: A New Model for the East and West*. It outlined a model drawing on the best ideas from the Mondragon worker co-operatives and the American ESOPs, and it showed how these ideas could be adapted to the socialist reform programs. Rutgaizer adapted the ideas to Soviet situations. By the time we arrived, he had prepared the by-laws for the first ESOP-style leveraged worker buyout in the U.S.S.R. and, indeed, in the Socialist block (to our knowledge). As a counterproposal to the restrictions on the lease firm, Rutgaizer is drafting a new law called "collective job ownership" to cover both leasing and the ESOP-style worker buyouts.

David Ellerman can be contacted at the Industrial Co-operative Association, 58 Day St., Suite 203, Somerville, Massachusetts 02144; (617) 627-2700. He has written extensively about employee ownership, including his most recent book, *The Democratic Worker-Owned Firm: A New Model for the East and West*.



## Zimbabwe co-op engages in heroic struggle

Chitsvachirimurutsoka Collective Co-operative Society Ltd. was established on 22 December, 1982, with 22 former freedom fighters from either assembly points (camps) or from the Zimbabwe National Army. Each ex-combatant was given about Z\$4,440 (Zimbabwe dollars) by the government. We were among the thousands who decided to organize co-operatives.

We knew each other from the camps and the national army. We were very concerned with our future, considering our low level of education and the high rate of unemployment in our country. We could not get jobs on the market, because we were not skilled and most private companies would not offer jobs to ex-combatants. We finally agreed to form a farming co-operative, where we could grow food for ourselves and provide ourselves with employment.

Each of us contributed Z\$2,400 from our demobilization allowances to buy a farm. We raised Z\$52,800 from 22 members, after our application was approved by Demobilization Directorate. Of our capital, \$40,000 was used to purchase the farm and the remainder was used for a second-hand truck, tools, poultry feeders and sprinklers. About \$3,000 was retained as working capital. The farm is 350 acres, and 75 per cent is arable land, though the soil is sandy or loam. We are about 20 km. from the Harare city centre, to the east along the Widdecombe road and just opposite the Epworth balancing rocks gate. There is a



big black and white sign post with the message, "Breaking the chains of slavery."

Our co-op's name — Chitsvachirimurutsoka — means "Nothing ventured nothing gained." Initially, there were 22 male members who were not married. None of the women originally qualified as members.

Due to lack of organizational and management skills, we did not do very well in our first 12 months. There was drought, and some members had unrealistic expectations. Eight members resigned during this period. We had a bank overdraft of Z\$12 and could not honor any cheques. However, we managed to get

**Co-op's name means: "nothing ventured, nothing gained."**

ourselves organized through co-operative theory lessons which we took two times a week. Gradually, we learned how to live and work as a family with common problems.

By 1984, the situation changed in our favor. We amended our constitution and agreed to recruit female members and staff. There are now 10 male members and nine women members. We also have four women staff and four male staff. Our staff work in special positions like office secretary, business administration, cashier, security and driver. At one of our general meetings, it was resolved to reduce our membership fees from Z\$2,400 to only \$400, to enable more recruitment. For those who contributed \$2,400, \$2,000 is considered an interest-free loan to the co-operative.

Our members currently average 30 years of age. There are also 29 children, most below the age of 10. Nine attend our preschool and the rest attend a nearby school. There are also about 14 dependants — young brothers, sisters, nieces

**New broiler processing plant under construction at Chitsvachirimurutsoka Collective Co-operative Society Ltd.**



Photos: Robert McNabb



# PROFILE

and nephews — with an average age of 19. In total, 72 people live in our co-operative.

## Social Arrangements

Each family shares one or two rooms, depending on the family's size. Children live with their parents, though sometimes older ones have their own place. The entire co-operative, including the children, eats together.

Our co-operative provides education for all, including vocational training and management. Non-members living with us are encouraged to join our co-operative or other ones. Each family is provided with a small piece of land to do its own gardening.

We earn a living allowance, which permits us to buy co-operative produce at a discount. Allowances vary according to skills, commitment and dedication. They are recommended by managers and then approved by the general meeting, which is the supreme body.

We produce maize, sunflowers, sweet beans, eggs, poultry and beef. We also engage in sand extraction and garment making. Our average turnover is Z\$320,000.

We have invested in our co-operative by building more accommodation for members and more poultry houses. A preschool project was introduced three years ago, to enable parents, especially women, to participate fully in the co-operative. We encourage women to participate in all types of production and in

**Chitsvachirimurutsoka Co-op has 19 members averaging 30 years of age.**



**Preschool group at Chitsvachirimurutsoka Co-op. In total, the co-op has 29 children.**

management.

Our co-operative is organized by social and technical responsibilities. The social structure is headed by the chairperson who is responsible for the social and political needs of the members. The general assembly is the custodian of the co-operative's principles. Our constitution makes sure that no one exploits anyone else. The chairperson and his/her officers are elected at the general meeting.

The technical structure is responsible for the economy of the co-operative. The structure is headed by a general manager, who is appointed through the recommendation of the chairperson and approved by the general meeting. The general manager and officers are appointed according to their experience and skills.

We wake up early in the morning and take our children to the co-operative centre. Once at work, we continue the economic struggle for day-to-day survival. We are very concerned with the future and increasing production.

Just before 10.00 hours we take a 30-minute tea break. Work continues until 12:30 when we break for lunch at the common kitchen. Work resumes at 14:00 hrs.

At 16:30 hrs., and sometimes at 17:00 hrs., we lay down our tools for peace and join our families. We get our children from the preschool and return to our rooms. After a little rest, we prepare our evening meal and settle down to our evening's activities. Some of us go to evening classes to improve our education. We often go to bed late at night.

This article has been produced by Chitsvachirimurutsoka Collective Co-operative, P.O. Box 175, Kopje, Harare, Zimbabwe. People participating in its production were: A. Vingwe, E. Mhuhliuli, B. Ndabele, I. Mandare, J. Mudhuli, T. Kasirari, J. Chapeta, P.T. Mutuku, N. Chagari, A. Sinjamula, P. Mandere (Mrs.), E. Mudhuli (Mrs.), S. Vingwe (Mrs.), G. Mudhuli (Mrs.), G. Kasivari, J. Nangarira (Mrs.), L. Chapeta (Mrs.), T. Sinjamula (Mrs.), P. Mbewe (Mrs.), S. Makwehe, Gara (Mrs.), D. Madere, P. Mutsitsiko, Muzambia, Stephen, Matewu.



# The phenomenal growth of Zimbabwe's collective co-operatives



## A business 'for the people by the people'

By Albert Vingwe

When Zimbabwe gained independence in 1980, thousands of former freedom fighters and other people found themselves on the job market. Most had no marketable skills and no way of earning a living. We had high expectations of our new government. It attempted to meet these expectations by offering people the opportunity to venture into business as a means to achieving an equitable distribution of wealth or resources. The economic struggle began.

### 'Another Battle Begun'

By the end of 1981, former freedom fighters spearheaded the collective co-operative movement. We pooled our demobilization allowances, took training, and set up collective co-operatives in all sectors of the economy — growing produce and raising livestock; providing such services as vehicle repairs, tailoring, printing, shoemaking, transporta-

tion and retailing food; and entering into industries such as fishing and even mining. Other Zimbabweans became interested and joined with former freedom fighters in this battle for economic independence.

The government bought land through the resettlement program. It settled people in groups averaging 35 families to one farm with a maximum of 1,500 hectares. The government also provided some initial assistance to enable the collectives to take off. This included machinery or oxen, tools, etc.

We operate under the six principles of the International Co-operative Alliance, including open and voluntary membership and one vote per member in making decisions. In most collective co-ops, especially farms, members live and work together. They also share any loss or surplus.

### Organizational structure

In collective co-operatives, a two-tier structure — political and technical — is established by the general assembly. The political body makes sure that democracy is exercised and it monitors regulations, by-laws and resolutions. There is no exploitation of one member by another, but an equitable distribution of resources and liabilities. The political structure is also responsible for solving disputes and meeting the social needs of members. The chairperson is leader of the society.

Members can participate in any type of production regardless of sex. In fact, women are encouraged to participate in "men's jobs" such as driving tractors, carpentry, welding and various management positions. More training is offered to women to fill these positions.

General meetings are normally held every three months at which time a finan-





cial statement is presented and progress is evaluated. Elections are held, appointments are made and plans and resolutions are adopted.

The management committee, which is responsible for the technical planning, holds meetings every month. Its plans are presented for approval to the general assembly. The production manager, who is the leader of the technical body, is responsible for the net surplus of the society. He reports to both the chairperson of the co-op and the general assembly.

The production management committee includes project leaders who are experienced in a particular branch of production. They are appointed according to their ability by the production manager.

District Unions (DUs) are secondary organizations to which each collective co-operative appoints one representa-



There are more than 50,000 members of collective cooperatives in Zimbabwe, and they are active in all economic sectors from vehicle repairs to growing produce. In total, there are 600 collective co-ops, with another 200 pre-registered.





By the fiscal year 1987-88, collective co-ops had achieved sales of Z\$78 million. These co-ops were started by former freedom fighters in the 1980 war of independence.

and mixed co-ops with Z\$1.5 million.

Despite economic advances, there are many problems experienced by our collective co-operatives. These include organizational skills, management and vocational training. We cannot fight this struggle alone, and therefore have allied ourselves with progressive organizations with common objectives, including the Zimbabwean Congress of Trade Unions (ZCTU) and the Zimbabwean Women's Bureau. OCCZIM is also a member of Backing the Front Line Against Apartheid International Committee, a group of organizations including producer co-operatives in Saskatchewan.

In Zimbabwe, our government provides backing for the collective co-operatives. In 1986, the Ministry of Community, Co-operative Development and Women's Affairs was created. It offers some initial education and training for co-operatives which are being registered, and it provides auditing and inspection for established co-operatives. This Ministry sees our movement as offering a way to redress the inequities of colonialism, because in collective co-operatives members equally own and control both resources and profits. Collective co-operatives provide access to education, housing, food (a common kitchen), daycare, healthcare and other basic services for its members. This makes collective co-operatives a business 'for the people by the people.'

Our struggle for social and economic independence continues!

Albert Vingwe is chairperson of the Organization of Collective Co-operatives of Zimbabwe (OCCZIM), P.O. Box 66102, Kopje, 25 Forbes Ave., 103 Emekay House, Harare, Zimbabwe; (Phone) 703407/737663. Up-to-date information about OCCZIM is also available from Steve Seaborn, Backing the Frontline, 124 Glen Ave., Ottawa, Canada K1S 3A2; (613) 233-8647. Photos with the Vingwe story were taken by Bruce Paton for the book, *Another Battle Begun* (published by OCCZIM), available for \$10 by contacting Steve Seaborn.

tive. DUs provide services for member co-ops such as common marketing, bulk buying, machinery pools, loans from a revolving fund and technical training. There are currently 34 DUs with 20 more being organized.

Each DU appoints two delegates to provincial unions of which there are eight. The provincial unions co-ordinate the efforts of the DUs and encourage trade and political initiatives. The collective co-operatives need greater political power in order to strengthen themselves economically.

The political struggle at the national level is controlled by the National Executive Committee of OCCZIM (The Organization of Collective Co-operatives of Zimbabwe), consisting of eight provincial representatives, five sectoral

positions (including a position reserved for women) and three executive positions elected by the congress.

#### A growing movement

In 1982, there were only 72 collective co-operatives, mainly agricultural. By 1985, there were about 420; today there are over 600 collective co-operatives, with another 200 pre-registered. Most of them are agricultural, followed by commercial. There are over 50,000 members, although our statistics need to be updated.

The production turnover for 1987-88 was over Z\$78 million (Zimbabwe dollars). The highest turnover was from the commercial sector with Z\$48 million; agricultural was Z\$16 million; followed by industrial Z\$11.5 million







By Marty Donkervoort

## Mondragon by-law produced problems in Toronto co-op

■ The success of the Mondragon co-ops in the Basque region of Spain has been an inspiration for worker co-ops around the world. Canada is no exception. However, the recent experience of The Big Carrot worker co-op in Toronto suggests that caution is required when adapting specific aspects of the Mondragon approach.

Like other co-ops, The Big Carrot adopted the Mondragon method of allocating labor or patronage dividends. In Mondragon co-ops, each member shares in both the profits and losses of their enterprise. During a profitable year, dividends are added to members' accounts; during losing years, the holdings in the accounts are decreased by each member's share of the losses.

This approach has worked relatively well in the Mondragon co-ops, because the membership is very stable and the co-ops have been consistently profitable. In co-ops where the membership changes more rapidly and business losses occur at particular periods of development, the Mondragon approach may create problems.

### The Big Carrot

After a meteoric success as a small organic-food retailer, The Big Carrot expanded to a larger and more modern facility. Unlike the Mondragon co-ops, The Carrot lacked a credit co-op, like the Caja Laboral Popular, to provide favorable loan conditions. Rather, the expansion was undertaken with loans requiring high repayment costs in the short term. As a result, The Carrot incurred significant losses in its first two years of operation in the new facility.

In accordance with its by-laws, seventy per cent of these losses were allocated to the capital accounts of the individual members. For members with a long-term commitment, it was anticipated that future profits would more than offset these losses. However, those who had decided to leave during this period of expansion

were faced with owing a significant sum of money to the co-operative for their share of the accumulated losses. These members had already made personal financial sacrifices during the lean, start-up years, and now they were faced with an additional financial contribution that would ultimately benefit continuing members. For obvious reasons, there was an outcry of injustice. The Big Carrot had built up significant financial assets and general goodwill; the future looked bright, with the promise of monetary returns to members who stayed or joined later.

### A new procedure

Consequently, the existing by-laws were revised to include a "Start-up Loss Account." This account is based on the assumption that losses may occur that are related to start-up or expansion, and it spreads these losses over a five-year period. In effect, the losses for the 1988 and 1989 year-ends were transferred from the individual capital accounts to this newly-created account. This transfer resolved the immediate concern over the financial inequity for departing members. However, this situation could arise again, should The Big Carrot expand or initiate additional stores, because the use of this account requires approval of all shareholders. Clearly, this one-time solution may not resolve all potential problems related to this issue.

This problem at The Big Carrot may occur at other worker co-operatives that adopted Mondragon-based by-laws. It illustrates that practices working in one setting may produce difficulties elsewhere. All by-laws, including the ones related to patronage dividends, need to be developed within the context of each worker co-op, not just adopted at face value.

**Marty Donkervoort is a management consultant and a partner in Coady Consulting, 88 Coady Ave., Toronto, Ontario M4M 2Y8; (416) 778-4744.**



## The New Venetians: Mondragon in the age of multinationals

### Is Mondragon departing from its worker co-op tradition?

By George Melnyk

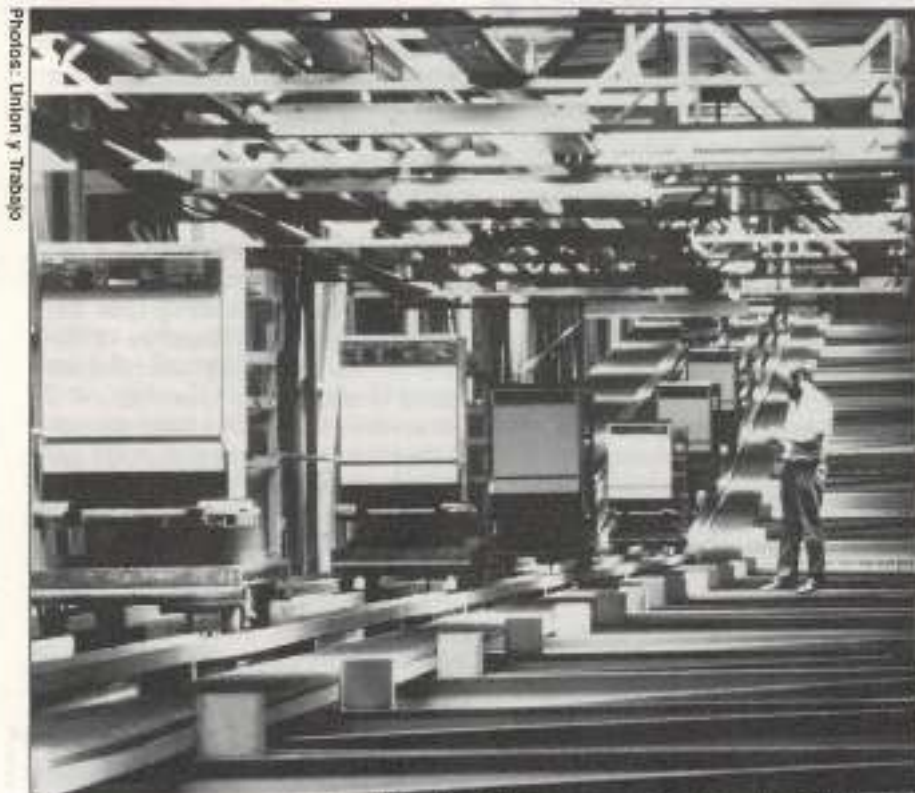
The Mondragon co-operative complex in the Basque region of Spain has been hailed for two decades as "the miracle" of worker co-operation. There is nothing else like it, and its economic achievement is unsurpassed.

Many scholars have studied and written about Mondragon, and thousands of pilgrims have visited this shrine of worker co-operation. Being a devout worker co-operator, I too went on a pilgrimage where I had the pleasure of spending a week at Ikasbide, Mondragon's management training institute. The tour was organized by Greg MacLeod of the University College of Cape Breton, a leading Mondragon scholar.

#### An experiment

The first thing that struck me was the Mondragonian insistence on being considered an "experiment." It is difficult to reconcile the reality of Mondragon with the term experiment. If it is an experiment, then it is a terribly successful one.

Why does Mondragon continue to view itself — after 35 years — as an experiment? Experiment suggests incompleteness and openness to future possibilities. Mondragon views itself as a system still in the process of change, with structures that are not yet complete or still to be determined.



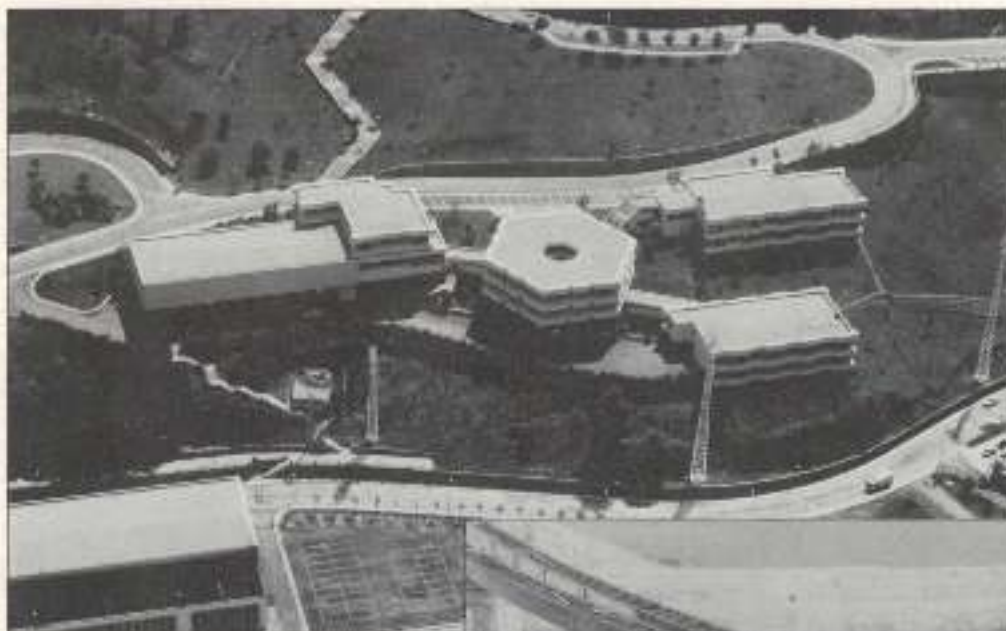
Photos: Union y Trabajo



After 35 years, the Mondragon co-op complex in the Basque region of Spain has adopted a new strategy: preserving co-op principles inside while making capitalist deals outside.







Co-operative productivity has greatly increased with new technology. At first, modernization slowed the pace of job creation. Since 1985, however, job creation has reached a record pace for the Mondragon group.

If we accept Mondragon on its own terms, then we must ask: Is the worker co-op concept sacred? Trends within the last few years suggest that Mondragon may be departing from its worker co-op tradition.

#### Semi-capitalist developments

In the 1960s and 1970s, the number of worker co-ops and their members rose sharply. But in the period from 1980 to 1985 growth levelled off. From 1979 to 1984, the industrial co-ops at the heart of Mondragon actually saw their workforce decline.

The Mondragonians call this the period of economic crisis and retooling. They are proud of having survived it with refurbished plants and an infrastructure primed for growth. The technological modernization of Mondragon increased its productive capacity manifold. For example, we toured an assemblyline that has just been automated using Hitachi-driven robotics. The assemblyline now produces 3 million pumps annually and uses only four supervisory workers. Over 100 people, who had previously worked there producing half that number of pumps, were relocated within other Mondragon co-ops.

Job creation figures illustrate the pattern. From 1970 to 1976, employment had increased by almost 1,000 annually. From 1976 to 1986, the figure dropped to 420 annually, a loss of 60 per cent. Figures from 1985 to 1988 indicate that job creation has returned to the rate of the early 1970s and even surpassed it. Many of the new jobs are in Mondragon's growing service sector.



What kind of Mondragon has emerged from the challenges of the early eighties? In a recent article, *The Economist* stated that Mondragon is "coming up with semi-capitalist solutions, like mixed holding-companies, to get around the lack of voting share-capital that can be sold to new partners." And it asks: "Will Mondragon soon become like any other reasonably conscientious capitalist company?"

I first learned of this new relationship with capitalism from Jesus Larranaga, one of the original five engineers who founded the first Mondragon co-op, ULGOR, in the mid-fifties. Larranaga is the L in ULGOR. He is also the author of *Don Jose Maria Arizmendi-arrieta y la Experiencia Cooperativa de Mondragon* (1981), which is considered a seminal work on the Mondragon experience. He is currently the director of international operations for FAGOR, the appliance manufacturing flagship of the Mondragon fleet of industrial co-ops, and he is writing a new book to explain the challenges that Mondragon

faces in the future.

#### Larranaga's vision

Larranaga is very sensitive to the demands of the global economy as it has evolved in the 1980s. He is convinced that Mondragon must rise to the occasion with a forward-looking and realistic policy of adaptation. He calls this adaptation "the most difficult task in the whole history of the Mondragon co-op movement." He believes that Mondragon's co-operative structure will be able to survive only if it makes an accommodation with the global trend for economic growth through capital investment.

He considers co-operative structures to be inadequate for the kind of global business developments occurring now — the worldwide trend to privatization, corporate mergers and continental trading pacts. Industrial co-ops, as they are currently structured, cannot compete successfully. So instead of simply producing under licence with multinationals, as it has done in the past, Mondragon is now





In the Basque region of Spain, Mondragon provides six per cent of all industrial jobs. It has become one of the largest job creators among the Basques.

working on joint ventures with capitalist firms. A holding company would be established in partnership with a capitalist firm, and hopefully a Mondragon co-op would get the production contract. In this way, the co-ops would get work, while their investment arm would participate in a business partnership.

The Mondragonians love to think of themselves as the little people forced to play with the corporate giants. And firms like Nestle or Sony fit the bill beautifully. They are the Goliaths of international capitalism, whereas Mondragon is just a little David. This image may have been appropriate of the 1960s, but it is not always appropriate for Mondragon as it enters the 1990s. In the Basque region, Mondragon is a significant phenomenon, providing about six per cent of all industrial jobs.

For example, Mondragon's EROSKI, the large consumer co-op, is organizing "Mom and Pop" stores in various towns and villages. These family operations sell EROSKI-supplied products. The families that run these hole-in-the-wall franchises must consider EROSKI a Goliath.

#### **New internal structures**

Simultaneous with these developments, there has been a major restructuring of governance at Mondragon. In late 1984, the Mondragonians created the "Co-operative Congress," a large body of representatives that meets annually to set the agenda for the future. As the Parliament of Mondragon, the Congress is assuming greater and greater legislative power, overseeing the direction of the experiment.



To complement the Congress, 91 industrial co-ops decided to form "regional groups" of which there are now 16. The groups have their own Council and meet regularly to work out issues of industrial rationalization. The leader in this development is FAGOR, the appliance manufacturer.

#### **Neo-co-operative ideology**

These internal and external changes are also bringing about changes in Mondragon's co-operative ideology. Alfonso Gorrongoitia, another of the founders (the G in ULGOR), spoke to the World Basque Congress in October 1987. His speech was published in French translation in *Alternatives Wallonnes* (No. 55). In introducing the speech, the journal's editor described it as espousing a "neo-co-operative ideology." (Jesus Larranaga also uses "neo-co-operatism" as the title of a recent paper he sent me.) It seems that this is now the term that Mondragonians are using to explain their current direction.

Gorongoitia describes Mondragon as a self-determining process; he warns against a static vision of the Mondragon

reality. Open-endedness and experimentation are the key words associated with neo-co-operatism. Like Larranaga, he sees the current commitment — to preserve co-operative structures internally while making capitalist deals externally — as a necessary evolution of the Mondragon experiment and as something fundamental to its survival. Within the concept of experiment, which goes back to Mondragon's founder Don Jose Maria Arizmendi-arrieta, further fundamental changes are possible and even probable.

#### **"The New Venetians"**

The metaphor of the Venetian commercial and political empire of the late medieval and early modern period is useful for understanding Mondragon. The Basques, like the Venetians, are few in number. The Venetians grew in power by serving those who were more powerful. They considered themselves a small force but shrewd in politics. Mondragon operates the same way. Like ancient Venice, Mondragon is growing rich and powerful today through its international contacts, but it knows its limits and never challenges greater authority. Mondragon



# FORUM

is a kind of city-state, with its territorial limit being the Basque region. In order to sustain its economic basis in the region, it does whatever is expedient for survival.

Because Mondragon will never have the base to become a great power like General Motors or Sony, it must make beneficial alliances with the multinationals. But the schizophrenia of one set of internal rules and another set of rules for external relations may have serious side-effects. Usually the more powerful partner in a union will modify the weaker. In this case, the more powerful partner is capitalism.

Mondragon is battling this problem by promoting the co-operative philosophy of Don Jose Maria, its founder, among all the Mondragon institutions. It is working hard to keep the co-operative spirit alive among its members and managers. The founding commitment is not being put aside.

After my visit to Mondragon, I tried to understand what was really going on. I turned to my theory of co-operative evolution in *The Search for Community*. In that book, I argue that all co-operative institutions go through a three-phase development — utopian, movement and system. For Mondragon, the utopian period lasted from the mid-fifties to the mid-sixties. From then until the crisis period of the early 1980s, Mondragon was in its movement phase. Its co-ops proliferated using the model developed in the utopian

phase. (The B.B.C. film, *The Mondragon Experiment*, captures Mondragon in its movement phase.) Since the restructuring of the 1980s, marked by consolidation internally and more partnerships with capitalist companies externally, Mondragon has entered its system phase, in which the demands of system survival and growth are paramount.

The system phase is one in which there are fewer co-ops, but they are larger in size. For example, since the seventies in Canada, credit unions have been in a system phase, with fewer but larger credit unions as mergers become the norm. I would also argue that when co-ops enter the system phase, experiments break off or generate elsewhere to regain the original utopian vision. The 1990 MacLeod tour to Mondragon and Valencia in Spain will give participants a chance to compare the mature Mondragon system with

a utopian experiment in Valencia.

Greg MacLeod of the University College of Cape Breton has stated: "The Mondragon conglomerate operates in a manner similar to any large modern corporation. ... Yet the whole spirit of this conglomerate is different. It is not based on greed. It is not based on the survival of the fittest. ... The motive is not profit."

Mondragon's motives may not be typical of capitalism, but its commitment to survival is creating tension with its co-operative roots. Larranaga has stated: "We are conscious that the new strategy will affect the original vision of the co-operatives."

Let's hope that the very feature that has made Mondragon so appealing — its worker co-op success — will continue to flourish in an age of resurgent capitalism. The direction Mondragon takes affects all of us in the worker co-op movement. ■



Mondragon's EROSKI supermarket co-op has a unique board of directors, divided evenly between worker-members and consumer-members.

George Melnyk is the author of *The Search for Community* and co-editor of *Partners in Enterprise*. Melnyk is also the principal consultant at New Lanark Consultants, Suite 470c, 301-14 St. N.W. Calgary, Alberta T2N 2A1; (403) 263-8906/289-1995. "The New Venetians" is a shortened and revised version of a paper he presented at the 1989 meetings of the Canadian Association for Studies in Co-operation. The article is copyrighted, 1989, by New Lanark Consultants.

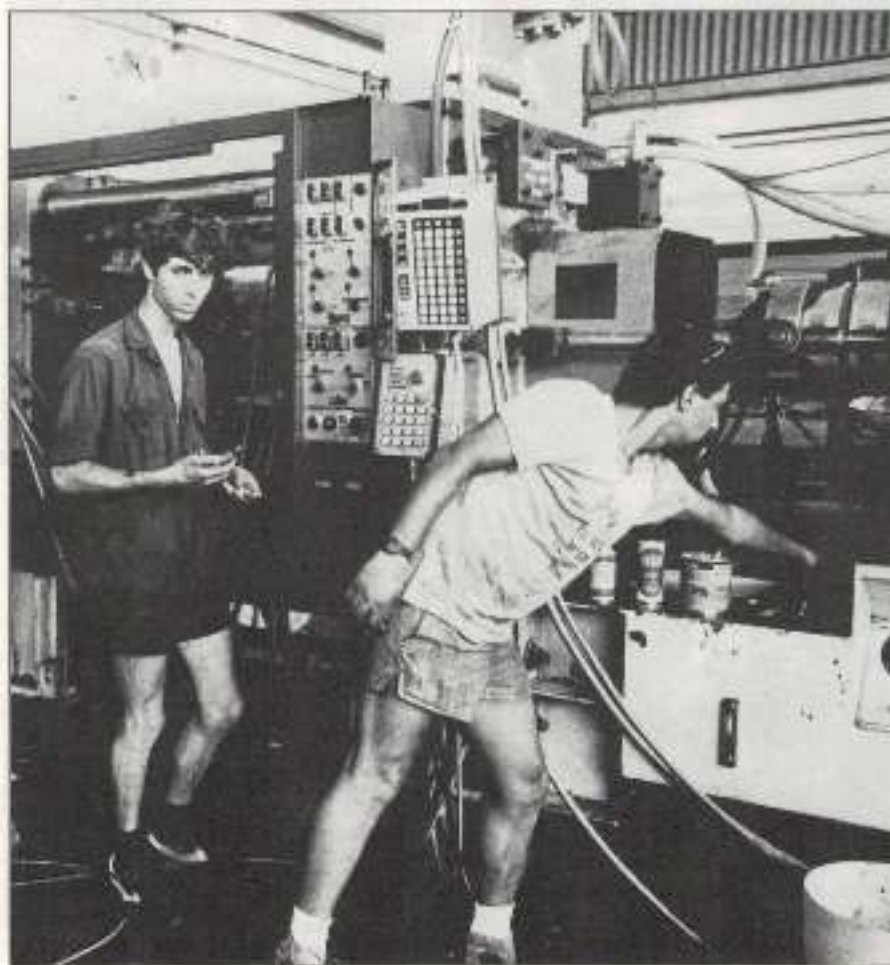




Factory at Kibbutz Hagoshrim produces plastic razors. Products are marketed in the United States under the brand-name "epilady."

## The Israeli kibbutz shifts from farm to factory

By Uriel Leviatan



For the first 60 years of their existence, farming, rather than industry, formed the backbone of kibbutz economy. Several factors changed this situation and caused the intensive industrialization of the kibbutzim in the late 1960s.

First, there was a need for more and better income-producing jobs. Veteran kibbutzim experienced a large increase in their numbers during the 1960s, due primarily to the many kibbutz-born who were reaching the age of membership. Farming could not offer the additional jobs because of a shortage of land and water and quotas on productions. The modernization of farming also led to a decreased need for additional labor. In addition, farming yielded relatively low income per worker (65 per cent of the average income in Israel).

Second, the kibbutz population became older and more diverse. Members who reached their fifties and sixties found it physically trying to do farm labor. This problem was even more apparent for the older female members and for those members who became, for one reason or another, restricted in their physical functions. Light industry seemed more appropriate for these people.

Third, there was the need for more jobs that could utilize the increased numbers of graduates of higher education. The 1960s was the period when higher education was legitimized and thousands of young kibbutz members went to study. It suddenly became necessary to offer jobs that would utilize newly acquired skills and knowledge. Only a

Many kibbutzim, such as Magan Michael, are involved in the manufacture of plastics. There are also many food processing industries.





large leap into industrialization could be a solution for such a problem.

### The large leap

In 1960, the kibbutz movement had 119 industrial plants with 5,331 workers. By 1972, there were 232 plants with 10,391 workers, about double the 1960 figures. By 1988, there were 386 plants with 17,625 workers, more than triple the 1960 figures. This growth in the kibbutz movement's industrial labor force is much faster than the growth of the kibbutz population. In 1960, six per cent of the kibbutz population worked in industry. By 1972, that figure had reached 10 per cent, and by 1988 it was at 14 per cent.

Currently, about 50 per cent of all kibbutz production workers are engaged in industry. Industry produces about two-thirds of all kibbutz revenues, and is responsible for almost all the income in some kibbutzim. The total sales from kibbutz industries in 1988 was equivalent to about \$2 billion (U.S.) or about triple the 1968 total. Exports from kibbutz industries also have continued to increase, until by 1988 they reached one-third of total sales.

### The question

From the very beginning, a contentious issue was whether or not kibbutzim could develop and sustain modern industry and, at the same time, retain their principles. Indeed, some students of the kibbutz declared that "communality" could never live together with "progress." Eventually, community would fail. This argument became sharper when the decision about industrialization was taken. In its convention that agreed to proceed with industrialization, the Artzi

Federation (one of the two major kibbutz federations) resolved that the ideal model for the management of kibbutz industrial plants should have as its basic features: decentralization of control, workers' participation in decision-making via direct democracy, rotation of managers and community control of industry.

During the 1970s and the 1980s, kibbutz industry proved to be very successful when compared to other industries in Israel. By 1988, the average Israeli industry achieved sales of \$124,000 per worker, whereas the comparable figure for kibbutz industry was \$171,000. Sales from kibbutz industries increased from 4.7 per cent of Israeli industry in 1970 to eight per cent in 1988.

Moreover, research at the Institute for Kibbutz Research at the University of Haifa shows that the more successful industries applied the principle of managerial rotation, refrained from employing hired workers, involved their workers in decision-making, structured their organizations around semi-autonomous teams and cared more about the needs of their workers.

### Storm clouds

During the last years an economic and financial crisis has struck the kibbutzim. Its most visible signs are a heavy burden of debt owed to the banks and to the government. Governmental policies during the last four years have been characterized by unbelievably high interest rates (e.g., 35 per cent real interest [in excess of inflation] in 1985, 25 per cent in 1986, and about 12 per cent subsequently). Because of these high interest charges, Israeli industry stagnated. Many plants were closed, unemployment rose to an

**Older members of Kibbutz Hamapil work in the factory that produces socks. Some kibbutz industries are set up specifically so seniors can contribute.**

unprecedented 10 per cent and Israel's labor force increased by only three per cent during 1983-88.

Kibbutz industry, however, could not stand still, because jobs were required for 7,000 members who joined during this period. In order to create these jobs, it is estimated that the kibbutzim paid a staggering \$830 million (U.S.) in interest alone. As a result, some kibbutzim are in serious financial difficulty. In the debate that developed about the origin and causes of this economic crisis, some have blamed the system of democratic management of kibbutz industries. However, this argument does not hold in the face of evidence showing that the sales per worker in kibbutz industries exceeds by far the norms for industrial workers in Israel, and at present this difference is much greater than in the early 1970s. The evidence suggests that the democratic organization of kibbutz industry is not to blame for this economic crisis. Rather, its major causes are in the fiscal and monetary policies of the government. In fact, it is due to the relative success of kibbutz industries that the crisis is not more severe. ■

Uriel Leviatan is a professor at the University of Haifa's Institute for Kibbutz Studies. He has written extensively on all aspects of kibbutz life, and particularly industry and aging. He is a member of Kibbutz Ein Hamifratz, Doar NaAshrat, 25210 Israel; (Phone) 852417.



# The Co-operative Island

## Iceland's community development strategy

By Kate Sigurdson



The village of Vopnafjörður on the northeast coast of Iceland is stunningly beautiful. About 750 fortunate people live in the apex of this fjord, and most of them have employment which is connected to the co-op movement.

Fishing is the mainstay of the village. The fishing vessel and the fish-processing plant are both part of the co-op network. The bank, the general store and a small woolen-garments manufacturing shop are also co-ops or affiliated companies. This network of co-ops makes an important contribution to the maintenance of a healthy local economy.

### Rural depopulation

One of Iceland's concerns is rural

depopulation. Many young people leave their communities in favor of finding work in Reykjavik, the capital. Knowing this, I was surprised to learn how many students make a ritual of returning to their home communities during the summer months. There is usually work at the fish-processing plant, and the pay is reasonable.

Icelanders are very family and community oriented. Their love for their country is always apparent. Yet, it is not a patriotic kind of love. Rather, it is a love for the physical and spiritual presence of the land. The island is not merely an inanimate mass of ice and rock; it is teeming with energy — both ferocious and dreamlike. Fire-spewing volcanos,

the movement of icecaps and changing river flows have cost many their lives. This, coupled with the fact that communities are often isolated by enormous mountain passes, have encouraged people to stick together. In fact, survival has often meant learning how to submit to the power of the land with humility, respect and a great amount of resourcefulness.

### The Danish influence

The land itself has provided fertile ground for the seeds of co-operation, and so did the Danish trade monopoly which was imposed in 1602. According to Thorsten Odhe, author of *Iceland: The Co-operative Island*, the co-op movement in Iceland dates back to 1869. He explains how the farmers were the first to organize against the Danish traders. Because of the seasonal nature of sheep farming, farmers would make their sales just once each year and often at depressed prices. The farmers needed credit in order to survive and found themselves in permanent debt to the Danes. As a result, the Icelandic farmers were effectively tied to the Danes when marketing their produce. This relationship was like the one Prairie farmers in Canada had with the C.P.R. in the early part of this century.

In both cases, the farmers perceived the limits of capitalist market economies. There were many experiments and some failures. But by 1869 the farmers of the Hunavatn county established the first co-operative society in the legal form of a limited company. They were determined to take their affairs into their own hands. The member-shareholders raised 20,000 crowns, an enormous sum for the time,

A co-op store in Mosfell just outside of Reykjavik. Farmers formed the first co-op in 1869.







Word of their success spread, and the co-op movement began to gain ground.

### National federation

In 1902, Samband — The Federation of Icelandic Co-operative Societies — was established. From the very start, it was intended to be a nationwide organization. Herman Sveinbjornsson, Director of Public Relations, says that today Samband is an association of 30 co-operative societies scattered all over Iceland. Samband is owned and operated by these

societies and acts as a mediator between them. Samband also takes part in the operation of other independent companies in such fields as fish processing, the production of wool and woolen goods, car imports, machine manufacturing, a travel agency and insurance.

According to Sveinbjornsson, the co-op movement has about 45,000 members and is the largest employer in Iceland, boasting a workforce of about 7,000. The primary aim of Samband is the economic betterment of its members in proportion to their participation. Iceland's co-operative movement has adopted the International Co-operative Alliance's principles, including one vote per member and universal concepts of human rights.

### Uniqueness

There are two features in particular which make the co-operative movement in Iceland interesting. The first is that all co-operative operations are based in the local community in which they were developed. They are not moved to a new area even if it would be financially prudent to do so. Therefore, should a local co-operative society close, any funds it has accumulated (together with the interest accrued) would be held under the

**Samband House, the new headquarters of the co-op movement, located in Reykjavik. The co-op movement is the largest employer in Iceland.**

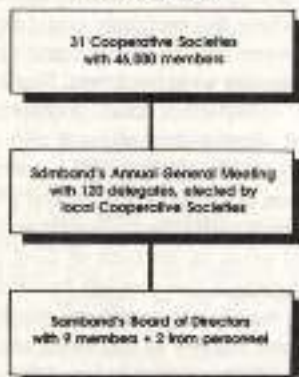
supervision of the local district council, until such time as a new co-operative, or another company with the same aims, begins to operate within that area.

The other feature which makes the Icelandic movement unique is that the co-operative societies are made up of both producers and consumers. This means that there is a constant tension between groups whose interests must be delicately and creatively balanced. Much controversy surrounds this practice, and some movement leaders feel it should be changed.

From the very start, co-operative societies have been the backbone of towns such as Vopnafjordur. They have served their local communities and have helped to maintain employment. For this reason, it seems very appropriate to call Iceland "The Co-operative Island." ■

**Kate Sigurdson is a program co-ordinator of Grindstone Co-op 427 Bloor St. W., Toronto, Ontario M5S 1X7. She is also working on a master's degree in Community Psychology at the Ontario Institute for Studies in Education.**

### The Co-operatives in Iceland





---

# Rescuing Britannia

---

## Co-ops to the Rescue

By Alan Thomas &  
Jenny Thornley, eds.,  
ICOM Co-Publications,  
London, England, 1989,  
134 pp., £7.

---

Reviewed by Scott MacAulay

---

In 1970, worker co-operatives in the United Kingdom numbered only 30. By 1980, there were 300 and in 1988 the figure was approaching 1500. This dramatic increase is part of what Alan Thomas, in his introduction to *Co-ops to the Rescue*, calls the "new worker co-operative movement" in Great Britain. He contrasts the current movement to the mid-70s, when the Labour Government's Minister of Industry, Tony Benn, assisted worker buyouts (rescue co-ops) of the Scottish Daily News, Meriden Motorcycles and KME — all of which eventually failed. Although, only 10 per cent of today's worker co-operatives are rescue co-ops, Thomas argues that the continuing "rationalization" of industry means that the co-operative option will be of growing interest to workers facing few alternatives to job loss.

### Important structures

Support services for co-operatives have also increased. In 1976, the Industrial Common Ownership Movement (ICOM) was established and began publishing educational materials. The Industrial Common Ownership Act was passed that same year, officially recognizing common ownership enterprises. Money became available for promotional agencies and to a loan fund for co-ops operated by ICOM's sister body, the Industrial Common Ownership Fund. In 1978, the government established the Co-operative Development Agency (CDA) with a mandate to support all types of co-operatives. In the 1980s, regional CDAs were created, often with the support of municipal councils. These CDAs are independent of government and usually initiated by volunteer co-operative activists. As the book docu-



---

The Lunch Bunch Co-op in Scotland, one of the 1500 'new wave' worker co-ops in the U.K.

---

ments, trade unions too have become increasingly active in worker co-operative development.

This growing interest, however, remains scattered. Support policies and strategies are usually *ad hoc* and isolated. Jenny Thornley, in the concluding chapter, states that the book's goal was to analyze the "rescue process" through specific case studies.

### A case of six

Six case studies are presented, and four of the co-ops are still active. They include a grocery store, a shirt manufacturer and a private school offering courses in English as a second language. The mix of case studies is good. The reader gets a look at the worker co-operative dynamic in industrial, retail and service settings.

Four of the cases are of particular interest. Joyce Uglov gives a fascinating account of a trade union's involvement in a rescue effort. In her study of the Unicorn Shirt Co-operative in Somerset, Uglov argues that while the union brought money, administrative expertise and access to markets, it also disrupted workplace democracy. This disruption, she believes, contributed greatly to the eventual shutdown of Unicorn.

One thriving worker co-operative is the Lake School of English. Chris Cornforth looks at the efforts of four English-language teachers to set up a school in Oxford. Starting with assets of only £200 in 1978, the school now has seven full-time members. Despite originally incorporating as a co-op because it was the least expensive route, a strong commitment to co-operative

principles has developed. The Lake School is an interesting example of an alternative co-op and testimony that the co-op structure need not diminish the earning power of middle class, professional members.

Alan Thomas's analysis of Red Dragon Stores, a retail grocery store in northeastern Wales, illustrates how workers involved in a rescue can benefit from the goodwill of previous owners. In 1984, the Finefare supermarket chain was moving into the superstore market and decided to sell off marginally profitable smaller outlets. To foster an image of social responsibility, Finefare offered generous terms of sale to managers and employees. Red Dragon Stores was an attempt to create a chain of worker co-ops, though only one store became operational. Thomas provides a thorough review of the attempt to rescue Red Dragon, and he discusses the role of a union representative in negotiating with Finefare. Despite tremendous initial success, the co-op closed its doors in 1986 after only two years of operation. Unfortunately, Thomas does not detail the reasons for the closure. Rather, he concludes with some useful insights on factors crucial to rescue attempts in the retail sector.

### An ironic twist

Northwest Precast is a 40-member worker co-operative in Lancashire specializing in molded concrete and artificial stone items. The wonderful irony of Northwest Precast is that previous owners abandoned the plant to move to a region where the company could benefit from government incentives and grants. That company went bankrupt. Northwest Precast, on the other hand, prospered because of worker commitment and relief from expensive "managerial overhead." Rob Paton discusses the personal growth of members under the co-operative structure and gives an account of how co-op support groups can provide constructive input by reacting to members' needs. All of the case studies in this book are concerned with the need to balance the use of outside experts with self-reliance on



# REVIEWS

members' skills.

Thornley's conclusion looks at ICOM'S recent work on legal structures for worker co-operatives. These structures maximize the ability to accumulate capital without jeopardizing democratic control. Thornley also analyzes the variety of approaches to rescues used by co-op support groups. Some are proactive; others wait for the workers to take the initiative.

This book is very readable and pleasantly devoid of jargon. The book does, however, suffer from too little analy-

sis of the broader context for worker co-op rescues in Great Britain. Why is unemployment rising? Why is industry restructuring? What is the relationship between rescue co-ops and non-rescue co-ops? What role is being played by members of the broader co-operative community such as the Co-op Bank? What are the short- and long-term implications of dwindling government support for co-operative development agencies? What will be the impact on rescue co-ops when Europe forms a Common Market in 1992?

Because it does not address the broader context, *Co-ops to the Rescue* only gives the reader a glimpse, however interesting, of the future of rescue co-ops in Britain. ■

Scott MacAulay is a community economic development specialist studying at the University of Leeds. He can be reached at G-5, Mary Manis Residence, 24 Shire Oak Rd., Headingley, Leeds, U.K. L26 2DE. *Co-ops to the Rescue* is available from Turnaround Distribution, 27 Horsell Rd., London, U.K. N5 1XL. Send bank or postal draft for £7.

## OUR TIMES

What are unions up to?

What are the current issues facing organized labour in Canada? From occupational health to employment equity, Our Times magazine offers you fresh information and diverse views on the struggle for economic democracy and social justice.



Well-written, with excellent photographs and illustrations, Our Times is published 8 times a year by a unionized worker cooperative. Subscribe for only \$18. Call or write

for a free sample copy.

**Our Times Publishing Ltd.**  
390 Dufferin St.  
Toronto, Ontario M6A 2A3 Canada  
Tel. (416) 531-5762

WC 2/90

## Financial Advice For Your Retirement

We've produced a retirement booklet to help you to 'see' into the future. Inside you'll find excellent advice on: budgeting for your retirement; deferred annuities (RRSPs); inflation factors, and much more.

For your free copy, please send a 39¢ stamp (for each copy required) to:

T. Grace, The Co-operators,  
Priory Square,  
Guelph, Ontario N1H 6P8

 **the co-operators**  
Insurance/Financial Services





DIRECTOR  
DANIEL ISH  
PROFESSOR OF LAW

## CENTRE FOR THE STUDY OF CO-OPERATIVES

DIEFENBAKER CENTRE, UNIVERSITY OF SASKATCHEWAN

SASKATOON, SASKATCHEWAN, CANADA. S7N 0W0

TELEPHONE (306) 966-8509 FAX (306) 966-8517

- |        |   |   |
|--------|---|---|
| 85.01  | Worker Co-operatives In Mondragon, The U.K., and France: Some Reflections<br><i>Christopher S. Axworthy</i>   | (S3.00)   |
| 85.02  | Employment Co-operatives: An Investment in Innovation: Proceedings of the Saskatoon Worker Co-operative Conference<br><i>Skip McCarthy, Editor</i>  | (\$15.00)                                       |
| 85.03  | Prairie Populists and the Idea of Co-operation, 1910-1945<br><i>David Laycock</i>   | (individuals \$5.00)<br>(institutions \$10.00)  |
| 86.01  | Co-operatives and Their Employees: Towards a Harmonious Relationship<br><i>Christopher S. Axworthy</i>  | (individuals \$5.00)<br>(institutions \$10.00)  |
| 86.02  | Co-operatives and Social Democracy: Elements of the Norwegian Case<br><i>Finn Aage Ekelund</i>  | (individuals \$5.00)<br>(institutions \$10.00)  |
| 86.03  | Encouraging Democracy in Consumer and Producer Co-operatives<br><i>Stuart Bailey</i>  | (individuals \$10.00)<br>(institutions \$10.00) |
| 86.04  | A New Model for Producer Co-operatives in Israel<br><i>Abraham Daniel</i>   | (individuals \$6.00)<br>(institutions \$10.00)  |
| 87.01  | Election of Directors in Saskatchewan Co-operatives: Processes and Results<br><i>Lars Apland</i>  | (individuals \$6.00)<br>(institutions \$10.00)  |
| 87.02  | The Property of the Common: Justifying Co-operative Activity<br><i>Finn Aage Ekelund</i>  | (individuals \$6.00)<br>(institutions \$10.00)  |
| 87A.03 | Co-operative/Government Relations in Canada: Lobbying, Public Policy Development and the Changing Co-operative System<br><i>David Laycock</i>   | (individuals \$10.00)<br>(institutions \$15.00) |
| 87A.04 | The Management of Co-operatives: A Bibliography<br><i>Lou Hammond Ketilson, Bonnie Korthuis and Colin Boyd</i>  | (individuals \$25.00)<br>(institutions \$40.00) |
| 87.05  | Labour Relations in Co-operatives<br><i>Kurt Wetzel and Daniel G. Gallagher</i>   | (individuals \$5.00)<br>(institutions \$10.00)  |
| 87A.06 | Worker Co-operatives An International Bibliography/Coopératives de Travailleurs Une Bibliographie Internationale<br><i>Rolland LeBrasseur, Alain Bridault, David Gillingham, Gérard Lafrenière and Terence Zinger</i> | (individuals \$12.00)<br>(institutions \$20.00) |
| 88.01  | Worker Co-operatives and Worker Ownership: Issues Affecting the Development of Worker Co-operatives in Canada<br><i>Christopher S. Axworthy and David Perry</i>   | (individuals \$ 8.00)<br>(institutions \$12.00) |
| 88.02  | A History of Saskatchewan Co-operative Law - 1900 to 1960<br><i>Donald Mullford, Christopher S. Axworthy and David Liston</i>   | (individuals \$ 6.00)<br>(institutions \$10.00) |
| 88.03  | Co-operative Organizations in Western Canada<br><i>Murray Fulton</i>  | (individuals \$ 6.00)<br>(institutions \$10.00) |
| 88.04  | Farm Interest Groups and Canadian Agricultural Policy<br><i>Barry Wilson, David Laycock, Murray Fulton</i>  | (individuals \$ 6.00)<br>(institutions \$10.00) |
| 89.01  | Patronage Allocation, Growth and Member Well-Being in Co-operatives<br><i>Jeff Corman and Murray Fulton</i>   | (individuals \$ 6.00)<br>(institutions \$10.00) |
| 89.02  | The Future of Worker Co-operatives in Hostile environments: Some Reflections from Down Under<br><i>Allan Halladay and Colin Peile</i>   | (individuals \$ 6.00)<br>(institutions \$10.00) |
| 89.03  | Community Based Models of Health Care: A Bibliography<br><i>Lou Hammond Ketilson and Michael Quenell</i>  | (individuals \$15.00)<br>(institutions \$20.00) |



# COOP

de  
Travail

Vol. 9  
No. 3

Hiver  
1980

*La force du mouvement  
des coopératives de travail au Québec*

## Un réseau en évolution



Fédération québécoise  
des  
coopératives de travail

CONSEIL DE LA  
COOPÉRATION  
DU QUÉBEC



ENSEMBLE  
POUR RÉUSSIR

CQRCDR

CONSEIL QUÉBÉCOIS DU REGROUPEMENT DES  
COOPÉRATIVES DE DÉVELOPPEMENT RÉGIONAL



Gouvernement du Québec  
Ministère de l'Industrie, du Commerce  
et de la Technologie  
**Direction des coopératives**



conférence  
des coopératives  
forestières  
du Québec



Société de  
développement  
des coopératives



# Hommage à ses pionniers



**CIRIEC**

centre interuniversitaire de recherche,  
d'information et d'enseignement  
sur les coopératives

Le Centre interuniversitaire de recherche, d'information et d'enseignement sur la coopération a fêté le 20<sup>e</sup> anniversaire de parution de la revue *Coopératives et Développement*. Le CIRIEC a profité de l'occasion pour honorer les pionniers de la première heure: les François Albert Angers, Arthur Lerner, Yvon Daneau, feu Georges Davidovic ainsi que Serge Saucier, président de la Fondation Mercure (HEC) pour son support financier.



*Monsieur Claude Béland est une figure de proue pour le mouvement coopératif au Québec. Il a reçu une plaque honorifique au nom de Monsieur Daneau*



*Rencontre entre deux pionniers de la recherche sur le coopératisme: messieurs Arthur Lerner et François Albert Angers*



le MAGAZINE  
**COOP** de Travail  
Volume 9 Numéro 3  
Hiver 1990

**ÉDITEUR**

CDR de Montréal et Centre de gestion des coopératives des HEC

**COMITÉ D'ORIENTATION**

Pierre Allard, Juliette Bonneville, Jean-François Derault, Jacques Gauvin, Jean-Claude Guérard, Pierre Marin et Richard Roussin

**DIRECTEUR DE LA RÉDACTION**

Richard Roussin

**COLLABORATEURS**

Pierre Allard, Marcel Arbeau, François Espagne, Louise Perreault et Jocelyne Primeau

**INFOGRAPHIE**

Édition • Typographie • Conseils (ETC)

**IMPRIMERIE**

Dur Times

Le Magazine COOP DE TRAVAIL est publié quatre fois l'an, à 2 500 exemplaires et est vendu en kiosque et par abonnements.

**TARIFS PUBLICITAIRES**

1/8 de page cote d'affaires (9,3 X 9cm)	40\$	1/2 page sur 2 colonnes (9,3 X 24cm)	125\$
1/4 de page sur 2 colonnes (9,3 X 18cm) sur 3 colonnes (14,1 X 15,6cm)	70\$	sur 3 colonnes (14,1 X 15,6cm) sur 4 colonnes (18,9 X 17cm)	
1/3 de page sur 2 colonnes (9,3 X 18,6cm) sur 3 colonnes (14,1 X 17cm)	90\$	une page Couverture intérieure	250\$ 400\$

**ABONNEMENTS (pour un an, 4 numéros)**

individuel	17\$	En quantité 10 à 50	15\$
institutions		51 et plus	14\$
à l'étranger	19\$	Numéros précédents (unite)	3\$
En kiosque (unite)	4,50\$		

**ADRESSE DE RETOUR**

Magazine COOP DE TRAVAIL  
35-14, avenue Lacombe • Montréal, Qc • H3T 1M1  
téléphone 514 340 6056 • télécopieur 514 340 6023

**DONATEURS**

Confédération des Caisses  
populaires et d'économie  
Desjardins du Québec

Ajoutez votre nom à la liste des donateurs pour quatre parutions consécutives.

# Les coopératives en réflexion

Il ne se passe pas une journée sans que nos grands quotidiens ne nous annoncent un achat, une fusion ou encore une réorganisation touchant une ou plusieurs des grandes entreprises. Ça brasse dans le monde des affaires!

Le mouvement coopératif qui représente un total de 46 milliards \$ de chiffres d'affaires au Québec est un acteur fondamental dans notre société. Il est donc normal qu'il influence cette mouvance.

De la Loi sur la capitalisation des Caisses populaires aux modifications attendues à la Loi sur les Coopératives, de fiscalité en fiscalité, collectivement nous devons en arriver à un nouvel équilibre capital/travail.

Le magazine *Coop de travail* veut refléter ces débats qui secouent les diverses institutions coopératives mais qui finalement alimentent l'ensemble du mouvement. L'unanimité artificielle n'a jamais été très créatrice et ce n'est pas l'objectif de notre magazine.

*Coop de travail* présente ce mois-ci la nouvelle directrice générale du Conseil de la coopération du Québec (CCQ) et un résumé du mémoire de cet organisme, la proposition de la Fédération québécoise des coopératives de travail (FQCT) sur les modifications au régime fiscal vécu par les coopératives de travail et aussi un texte outre Atlantique sur la coopération de travail.

C'est ainsi que *Coop de travail* assume son mandat d'être un instrument de réflexion et d'animation.

Le Comité d'orientation



Conseil de la coopération du Québec

## Entrevue avec la nouvelle directrice générale

Madame Juliette Bonneville est depuis peu, la nouvelle directrice générale du Conseil de la coopération du Québec (CCQ). Elle a bien voulu nous faire part des priorités qui guideront son action.

*Coop de travail: Vous venez d'être nommée directrice générale du Conseil de la coopération du Québec, quel est le mandat relié à votre nouvelle fonction?*

**Juliette Bonneville:** Le mandat confié à la directrice générale est centré essentiellement sur la réalisation de la mission du Conseil, soit le regroupement des forces coopératives du Québec, la concertation des organismes membres, la promotion de l'authenticité coopérative, la défense des intérêts des coopératives et la réaffirmation de la présence du Mouvement coopératif dans la société québécoise.

*Suite à un questionnaire sur son devenir, le CCQ s'est donné un plan d'action pour 1990, quel programme d'activités entendez-vous mettre en branle pour articuler les trois axes sous-jacents à ce plan?*

En premier lieu, il y a l'importance d'assurer une représentation, la plus large possible, des organismes coopératifs au membership du CCQ et une participation réelle à la vie du Conseil. Donc, le recrutement de nouveaux membres et la mise en place de moyens de communication créant des liens permanents avec les organismes membres et avec les régions.

En deuxième lieu, il y a la défense des intérêts des membres. Le Mouvement coopératif doit être reconnu comme tel, avec ses valeurs, ses particularités, son originalité. Le CCQ doit faire en sorte que le Mouvement coopératif puisse se faire entendre auprès des autorités gouvernementales, économiques et autres. Il mènera une action auprès du gouvernement afin d'obtenir les services de soutien auxquels les organismes coopératifs ont droit. Les législations, la fiscalité doivent être adaptées aux particularités de la vie des entreprises coopératives et on doit reconnaître leur manière originale de faire des affaires.

Enfin, le plan d'action veut que soit réaffirmée la présence des coopératives dans la société québécoise, faire reconnaître le rôle que jouent les entreprises coopératives dans le développement économique des régions et dans l'ensemble de la société québécoise. On mettra aussi en oeuvre des moyens de faire mieux connaître la formule coopérative et ce, à différentes catégories de personnes (les fonctionnaires, responsables d'organismes, sociétaires, etc.).

Nous travaillons aussi à accentuer les mécanismes de liaison



Madame Juliette Bonneville

du Mouvement coopératif avec le monde de la recherche et de l'enseignement de la coopération.

*Le CCQ a préparé un mémoire sur le rôle du gouvernement dans le soutien du développement coopératif, quelle en est sa philosophie?*

Les principales recommandations du mémoire présenté au ministre responsable des coopératives traitent du rôle de l'État dans le soutien au développement des entreprises coopératives, la nécessité que soit bien défini le rôle des interve-

*suite à la page 5*



suite de la page 4

nants, en particulier celui de la SDC qui doit être un partenaire du Mouvement coopératif et soutien financier de toute entreprise coopérative, la nomination d'un sous-ministre responsable des coopératives, la révision des montants alloués aux programmes d'aide au démarrage de coopératives afin que les services soient accessibles partout au Québec et la création d'un nouveau programme d'aide aux regroupements sectoriels.

*À travers les différentes recommandations de ce mémoire et vu votre expérience de praticienne, quelles suites entendez-vous donner à ce mémoire?*

Il faudra de toute évidence suivre de près les interventions du ministre et s'assurer qu'il y aura une suite aux demandes exprimées par le CCQ, lesquelles sont vraiment celles du Mouvement coopératif. Les organismes membres vont à leur tour appuyer, par des demandes particulières, les recommandations faites par le CCQ. L'État souhaite, comme nous d'ailleurs, que son ou ses interventions soient efficaces et adaptées aux caractéristiques de constitution et de fonctionnement différentes des coopératives.

*La Société-conseil Maheu Noisieux a produit une recherche sur le financement des coopératives dégageant diverses*

*hypothèses. Où en est rendu son actualisation et quelles actions le CCQ entend-il entreprendre?*

Le conseil d'administration a pris acte du rapport. Copie de ce rapport sera remis au ministre responsable des coopératives. Un comité de travail a été mis sur pied afin d'en étudier les recommandations et un colloque portant sur «les problèmes financiers des coopératives sont-ils différents des autres entreprises» est prévu pour octobre 1990. Le suivi de cette recherche est sous la responsabilité de la Coopérative fédérée de Québec comme le veut notre plan d'action de confier des mandats précis à des institutions membres.

*L'ancien ministre du MICT, monsieur Pierre MacDonald, avait entrepris une consultation sur la réforme de la Loi des coopératives, quelle intervention le CCQ entend-il faire dans ce dossier?*

Un comité travaillera sur les réformes à apporter à la Loi sur les coopératives et à la fiscalité. Les suggestions de modifications feront l'objet d'un mémoire qui sera déposé au ministre responsable des coopératives au cours de l'année 1990. Certaines recommandations du rapport de recherche sur le financement ne pourront être mises en application que si des modifications à la législation et à la fiscalité sont apportées.

La Direction des coopératives du ministère de l'Industrie, du Commerce et de la Technologie

## Une équipe au service des coopératives

710, place D'Youville  
7<sup>e</sup> étage  
Québec (Québec)  
G1R 4Y4  
tél.: (418) 691-5978



Gouvernement du Québec  
Ministère de l'Industrie, du Commerce  
et de la Technologie  
Direction des coopératives

# CAMPUS

---

## COOPERATIVES

---

### CANADA

*Un réseau international  
de créateurs d'entreprises*

Un produit de la CDR de Montréal  
Contactez-nous pour obtenir  
de plus amples informations  
sur ce programme

Campus Coopératives Canada  
3514, avenue Lacombe  
Montréal, Qc • H3T 1M1

514.340.6056 • Télécopieur 514.340.6023



*Propositions sur la fiscalité*

# La FQCT veut augmenter la capitalisation des coop de travail et améliorer la situation fiscale du membre

Le magazine Coop de travail publiait dans un récent numéro les positions de différents intervenants sur les modifications qui doivent être apportées à la fiscalité des coop de travail. Comme les recommandations de la FQCT n'y paraissaient pas, il nous fait plaisir de les faire connaître par cet article.

## Augmenter la capitalisation

L'objectif poursuivi par les propositions du bloc 1 est de pouvoir verser dans la réserve générale les bénéfices du Régime d'investissement coopératif (RIC) et de pouvoir les affecter au développement de l'entreprise. Pour le membre, il y aurait dès lors une corrélation directe entre l'investissement dans sa coopérative et l'amélioration de sa situation personnelle dans l'entreprise (salaire, conditions de travail, etc.).

Pour compenser la perte de l'avantage fiscal individuel, nous réclamons le droit de rendre admissible nos investissements à des Reér. Obtenir ce droit équivaut pour les coopératives de travail, qui sont les seules entreprises au Canada à ne pas avoir droit à ce type d'investissement, à faire passer de 20 à 40% l'avantage fiscal possible actuellement. En effet, le RIC n'est admissible qu'au provincial alors que le Reér l'est en plus au fédéral.

Le transfert de l'avantage du RIC de l'individu à la coopérative prendrait la forme d'une subvention équivalant au montant qu'aurait obtenu le membre avec l'ancien RIC. Ainsi, pour chaque dollar investi par un membre dans une coopérative, le gouvernement ajouterait de 20 à 30% des sommes investies à la réserve générale impartageable à cause de la capacité de créer et de maintenir des emplois, comme il l'a fait pour le Fonds de solidarité de la FTQ.

## Toucher une partie de l'actif

Les trois propositions du bloc 2 font en sorte que les membres puissent toucher, au moment de leur départ, une partie de la valeur de l'entreprise qu'ils ont contribué à édifier. Voici un exemple pratique et... fictif:

Supposons que l'entreprise «Le club de hockey Les Nordiques de Québec» soit une coop. de travail. Supposons que cette

### Propositions sur la fiscalité des coopératives de travail déposées par la FQCT à l'assemblée générale du 27 janvier dernier

#### Bloc 1- Augmenter la capitalisation:

- 1.1 Que la FQCT soit mandatée pour faire toutes les démarches nécessaires auprès des autorités concernées afin de rendre admissibles à un régime enregistré d'épargne retraite (Reér) les parts détenues dans une coopérative de travail.
- 1.2 Que l'avantage du RIC soit donné non plus à l'individu, mais à la coopérative sous forme de subvention directe.

#### Bloc 2- Permettre aux membres de toucher une partie de l'actif de leur entreprise:

- 2.1 Que la FQCT soit mandatée pour faire toutes les démarches nécessaires auprès des autorités concernées afin de permettre la création dans une coopérative de travail d'une seconde réserve qui serait «partageable» et constituée essentiellement des excédents non répartis (ENR). Cette proposition conserve le concept de la réserve impartageable alimentée par le RIC et par une part des surplus.
- 2.2 Que cette réserve partageable soit répartie au moment du départ d'un membre sur la base de l'usage, c'est-à-dire les heures reconnues au membre par la coopérative comme travaillées, avec ou sans rémunération, selon une formule votée en assemblée générale.
- 2.3 Que les déficits d'opération de la coop soient d'abord absorbés par cette réserve partageable (ENR) et, par la suite, par la réserve impartageable.

*suite à la page 7*



suite de la page 6

coop. affiche à la fin de l'année un surplus de 50 000\$. L'assemblée générale doit verser 20% des surplus à la réserve générale impartageable si son avoir net n'atteint pas 25% des dettes (Loi des coop.). Elle a ensuite le choix: répartir le reste entre les membres (ristourne), le verser au «Fonds ENR» ou, enfin, combiner ces deux possibilités. L'impôt corporatif sera alors payé sur les sommes versées à la réserve générale et au «Fonds ENR.» Elle décide de ne faire aucune ristourne, ce qui entraîne le paiement de 7 500\$ en impôt.

Quelques coupes Stanley plus tard, le «Fonds ENR» atteint 200 000\$ et un membre (Marcel Aubut ?) décide de prendre sa retraite. Il réclame sa part du «Fonds ENR». Comme celui-ci est partageable au prorata des heures travaillées dûment enregistrées par la coopérative (comprenant, au choix de la coop., les heures de formation, de fondation, temps supplémentaire non rémunéré, travail bénévole, salarié etc.) et que ces heures enregistrées indiquent un total de 200 000 pour tous les membres la coopérative, chaque heure de la réserve vaut 1,00\$.

Or la coopérative reconnaît à M. Aubut 18 000 heures «d'usage de la coopérative». Il retire donc un chèque de 18 000\$ à son départ (en plus du remboursement de ses parts) et le nouveau solde du «Fonds ENR» est de 182 000\$. Le nouveau solde de la banque d'heures est de 182 000 heures. L'année suivante est mauvaise pour le Club et la coopérative affiche un

déficit d'opération de 100 000\$. Le «Fonds ENR» disponible au partage n'est plus que 82 000\$.

### Une seule modification fiscale

L'esprit coopératif domine puisque le partage se fait sur le principe de l'usage et non sur le capital investi. La réserve générale impartageable est plus forte parce qu'elle s'est enrichie d'une partie des excédents de l'année et de l'investissement direct de l'état, ce qui augmente l'avoir net de la coopérative. Le «Fonds ENR» fluctue selon la rentabilité de l'entreprise et permet de se donner un fonds de développement.

Une vérification auprès de spécialistes en fiscalité a démontré que ces propositions n'impliqueraient qu'une seule modification fiscale, soit la demande d'un Reér. Il faudrait calculer ce que le membre aurait obtenu via un RIC et transférer

## Fédération québécoise des coopératives de travail

le crédit du membre à la coopérative, sous forme de subvention. Rappelons qu'il retrouve son avantage individuel par le biais du Reér.

relève de la Loi des coopératives plutôt que des lois de l'impôt.

**Marcel Arteau**  
directeur général

*Fédération québécoise des coopératives de travail*

La création du «Fonds ENR»

### Cinquième assemblée générale de la F.Q.C.T.

C'est à Québec qu'a eu lieu la cinquième assemblée générale de la Fédération québécoise des coopératives de travailleurs, le 27 janvier dernier.

L'étude des propositions sur la fiscalité des coopératives de travail préparées par le conseil d'administration fut le plat de résistance de cette assemblée. Nous retrouvons le texte original de ces propositions à la page 6.

Les délégués de la vingtaine de coopératives présentes ont mandaté leur nouveau conseil d'administration pour négocier ces changements à leur régime fiscal. Le nouveau conseil d'administration élu à cette occasion se compose comme suit:

Président: **Richard Messier**  
Vice-président: **Jean-Léon Rondeau**  
Vice-présidente: **Dominique Ouellet**  
Secrétaire: **Huguette Giard**  
Trésorière: **Louise Lalancette**  
Administrateurs: **Claudine Papin et Claude Bourgault**

La Fédération a aussi adopté et mis en branle à cette occasion son nouveau service de mise en marché des produits coopératifs: un nouvel atout pour l'intercoopération.

**NDLR:** La réforme de la fiscalité est un sujet primordial pour les coopératives. À plusieurs occasions, *Coop de travail* a ouvert ses pages à divers acteurs pour alimenter ce débat. Il nous fait plaisir de présenter la position de la FQCT.



Mémoire du Conseil de la coopération du Québec

# Les principales recommandations

## Les fondements de la position du CCQ:

Les membres des coopératives doivent être perçus en tant qu'entrepreneurs privés collectifs. À ce titre, ils sont les premiers responsables du développement de leur coopérative et l'on doit reconnaître les structures intercoopératives qu'elles se sont elles-mêmes dotées pour ce développement.

L'État reconnaît déjà les spécificités de constitution et de fonctionnement des coopératives, il est logique d'organiser son soutien en respectant ces caractéristiques.

Les responsables du mouvement coopératif reconnaissent la légitimité de la démarche gouvernementale de veiller à la productivité et à l'efficacité de ses services et des ressources qu'il gère.

Pour éviter toute duplication, les principes de spécialisation des fonctions et d'unité de commandement devrait être appliqués.

## L'articulation des services gouvernementaux:

Faire relever du MICT les services gouvernementaux:

Actuellement, les différents regroupements de coopératives ont des relations avec divers ministères. Le CCQ juge que le MICT est la structure unique qui répond le mieux aux attentes des coopératives.

Rétablir le poste de sous-ministre adjoint aux coopératives:

Le poste de sous-ministre aux coopératives doit être comblé avec le mandat de superviser administrativement toutes les activités de l'État en matière de services aux coopératives.

CONSEIL DE LA  
**COOPÉRATION**  
DU QUÉBEC



**ENSEMBLE  
POUR RÉUSSIR**

Créer un comité sous-ministériel:

La multiplicité des secteurs d'activités économique touchés par les coopératives commande un instrument d'articulation. La création d'un comité sous-ministériel animé par le sous-ministre aux coopératives élimineraient plusieurs difficultés de relations avec l'État.

Préciser le mandat de la Société de développement des coopératives:

Le mouvement coopératif s'oppose catégoriquement à la disparition ou à la fusion de la SDC avec quelque structure gouvernementale que ce soit. Il recommande au contraire:

- a) De clarifier le mandat de la SDC de façon à ce que ses énergies et ses ressources soient consacrées exclusivement au financement des projets coopératifs.
- b) Voir à ce que tout projet financier d'entreprise coopérative de quelque secteur de l'activité économique que ce soit ait accès aux services de la SDC.
- c) S'assurer que sa vocation de soutien financier et de partenaire du mouvement coopérative du Québec soit clairement indiquée par le gouvernement en nommant une majorité d'adminis-

*suite à la page 9*

**LOUISE BOUCHER**  
avocate

2328 rue Ontario est.  
Montréal H2K 1W1  
Tél.: (514) 527-8903  
Télécopieur: 527-1410



# Des valeurs bien encombrantes

Lorsqu'elle est née au 19<sup>e</sup> siècle, la Coopération — dans toutes ses formes — n'était pas seulement un rejet d'une économie étroitement capitaliste, et de ses conséquences: la misère matérielle, l'exclusion sociale, l'humiliation morale de ceux que le système ne voulait considérer que comme des objets de l'entreprise, et non pas des sujets de droits. Elle était aussi et surtout un projet, porté par une idéologie et une espérance, soutenu par une technique, — un projet de libération et de démocratie, visant à remettre l'entreprise au service de ceux qui la font, et à prolonger en son sein les jeunes libertés politiques de la Cité. Ce projet — animé par une perception exigeante de valeurs très

fortes: la liberté, la démocratie, la responsabilité, la solidarité, le respect de la personne humaine, — faisait, et fait toujours, de l'entreprise coopérative, un parachèvement, un dépassement de l'entreprise tout court, — même si, naturellement, la première obéit aux mêmes lois économiques, aux mêmes contraintes d'organisation que la seconde.

Mais un vent mauvais, qui souffle depuis quelques années, conduit certains, au prétexte des limites trop étroites du statut coopératif et de ses possibilités de financement, et avec l'alibi que l'entreprise d'aujourd'hui ne serait plus l'entreprise carnassière d'hier, à multiplier les

tentatives de retour au modèle capitaliste dominant, qui deviendrait comme un parachèvement et un dépassement de l'entreprise coopérative. Filiales de droit commun sous statut traditionnel, contorsions pour justifier la sortie du statut coopératif, dénoncent sans doute la méconnaissance des moyens, pourtant considérables, dont disposent les coopératives. Elles dénoncent aussi l'insuffisante imagination de la Coopération toute entière, qui, plutôt que d'importer dans le secteur coopératif les techniques d'alliance et de financement qui font le succès du secteur capitaliste, trouve plus simple d'exporter vers celui-ci les activités, les actifs et les plus values. Elles dénoncent plus encore la contagion morale d'un système dont les succès économiques aveuglent au point de n'en plus laisser voir les insuffisances et les désordres.

Il est vrai que la Coopération n'est plus portée par une idéologie mobilisatrice; et qu'au contraire elle baigne dans une société qui, en apparence, n'est plus capable de nourrir des desseins vastes et généreux.

Significatif, de ce point de vue, est le titre «Des valeurs bien encombrantes» donné, à un article sur une péripétie coopérative, par une revue qui, inversement, n'a pas trop de tout le lyrisme des journalistes sportifs d'avant-guerre pour célébrer les jeunes loups de l'entreprise moderne et les «golden boys» de la Bourse. Il est vrai que, dans une société qui ne connaît plus comme valeurs que les valeurs mobilières, les valeurs morales de la Coopération peuvent sembler bien archaïques; et que l'aveuglement complice de ceux qui préfèrent la servitude en apparence douillette dans l'entreprise traditionnelle, au motif qu'elle serait devenue câline et participative, sert bien ceux qui ont transféré la réalité du pouvoir dans les zones obscures où s'organisent les manoeuvres financières. Mais Varsovie, Budapest, Berlin, rappellent aux faux ingénus ou aux vrais malins qu'Albert Camus n'avait pas tort, quand il évoquait «la liberté, seule valeur impérissable de l'histoire».

François Espagne

*suite de la page 8*

trateurs de la Société, à partir d'une liste de personnes fournie par le Conseil de la coopération du Québec.

d) Voir à ce qu'une autonomie réelle de décision financière soit consentie à la SDC à l'intérieur des budgets qui lui seront alloués et de normes administratives explicites et connues des organismes coopératifs ayant recours à son soutien.

e) Prendre des mesures pour que l'action des agents de financement de la SDC dans les dossiers de démarrage de coopératives soit absolument complémentaire à celles des

autres intervenants (fédérations, conférence et/ou CDR).

Placer toute la gestion du soutien technique aux coopératives sous l'autorité du MICT.

Créer un programme temporaire d'aide aux regroupements sectoriels. Ce programme devra tenir compte de l'effort financier des coopératives elles-mêmes pour financer leur regroupement.

Revoir les programmes existants de soutien au démarrage des coopératives pour s'assurer de leur compatibilité et de leur accessibilité partant au Québec.

Enfin, hausser les budgets au soutien technique aux entreprises coopératives au niveau de 1985-1986.

**NDLR:** Pour donner suite à une démarche de consultation du gouvernement du Québec, le CCQ qui regroupe l'ensemble du mouvement coopératif au Québec a présenté une série de recommandations pour le développement des coopératives.



**Coopérative  
d'animation  
et de consultation**

3575 boul. St-Laurent • Suite 702  
Montréal, Québec • (514) 848-9993



## Gérald Tremblay à la quatrième conférence des ministres responsables des coopératives

Le nouveau titulaire du ministère de l'Industrie, du Commerce et de la Technologie a dû rapidement étudier ses dossiers sur les coopératives: nommé à ce poste à la mi-octobre, il a dès les 19 et 20 octobre participé à la quatrième conférence des ministres responsables des coopératives.

Le député d'Outremont qui est avocat de formation en plus de détenir une maîtrise en administration des affaires et qui au cours des trois dernières années a assumé la présidence de la SDI (Société de développement industriel) souhaite que les gouvernements prennent les mesures nécessaires pour le développement des coopératives. Ces mesures devant être prises dans le respect des juridictions de chacun des gouvernements et lorsque les conditions le justifient.

Les ministres responsables ont aussi convenu de poursuivre leur réflexion sur le rôle des centres de santé coopératifs.



## La FQCT ouvre son premier secrétariat permanent

C'est dans la ville de Québec que la Fédération québécoise des coopératives de travail a décidé d'établir son premier secrétariat général avec, comme directeur général, monsieur Marcel Arteau. En poste depuis octobre dernier, celui-ci a installé ses pénates dans les locaux de la Coopérative de production cinématographique et audio-visuelle de Québec, SPIRAFILM, en plein Vieux-Québec, au 1026, rue St-Jean.

Spirafilm est l'une des quatre coopératives de travail qui ont répondu à la demande d'offre de services lancée plus tôt par la FQCT pour partager locaux et équipements de secrétariat. Une douzaine de candidatures au poste de directeur général accompagnait ces offres.

Lui-même membre fondateur d'une coopérative de travail (journal L'Avis de quartier) qui a dû se dissoudre après plus d'un an d'opération, Marcel Arteau jouit d'une double expérience en organisation communautaire et en journalisme. Il fut notamment permanent pendant cinq ans pour un comité de citoyen dans la région de Québec, journaliste pigiste, fondateur d'une radio et d'un journal communautaire et membre de plusieurs coopératives.

Son mandat consiste principalement à mettre sur pied le bureau de la Fédération et à instaurer le service de promotion des produits et services des coopératives membres en plus de voir aux affaires courantes de la FQCT.

Depuis son entrée en fonction, le premier employé de la FQCT a travaillé surtout à la préparation de l'assemblée générale, laquelle lui a fourni une très bonne occasion de mettre des visages sur des noms. Au cours de l'hiver et du printemps, il prévoit effectuer une tournée de toutes les coopératives de travail du Québec afin de mieux connaître leurs besoins.

On peut rejoindre monsieur Marcel Arteau en composant le (418) 692-2026 ou par télécopieur au (418) 694-1383.

## Un organisme pan-canadien pour les coopératives de travailleurs

Vingt-cinq représentants du secteur des coopératives de travailleurs se sont rencontrés au début février à Ottawa pour étudier l'opportunité de créer une structure canadienne pour ces coopératives.

Les délégués, à cette rencontre, ont décidé de mettre sur pied un comité provisoire qui a pour missions principales de représenter le mouvement des coopératives de travailleurs auprès du Canadian Co-operative Association (CCA) et du Conseil canadien de la coopération (CCC) ainsi qu'auprès du Secrétariat aux coopératives et de créer un réseau d'expertise. Le comité provisoire doit aussi coordonner les activités de recherche et d'étude devant mener au congrès de fondation qui est prévu pour le printemps 1991.

## Une coopérative de travailleurs- investisseurs de plus



**GROUPE CONSEIL**  
**EN GESTION**  
**PARTICIPATIVE**

Le jeudi 7 décembre 1989 a eu lieu une conférence de presse annonçant l'achat de 28,6% du capital-actions de Les jeans A.C.G. Inc. par les employés de l'entreprise regroupés en coopérative de travailleurs.

Bénéficiant de l'expertise de la Coopérative de développement de l'Estrie, les quatre-vingt-huit (88) travailleurs ont voulu s'impliquer davantage dans leur entreprise en devenant actionnaires. Ils ont investi 240 000\$ qui consolideront les opérations et permettront de soutenir la croissance de l'entreprise.

La Société de développement des coopératives a accordé une aide financière de 226 000\$ en plus d'une subvention à l'intérêt fort intéressante pour les travailleurs.

Chacun des membres de la Coopérative de travailleurs du Vêtement Haut de gamme de Granby s'est engagé à rembourser ce prêt par une mise de fonds de 250\$ ainsi qu'une retenue salariale de 3,2% du salaire brut la première année. Ce pourcentage sera réduit à 2,2% les années subséquentes.

Une autre belle réussite du mouvement coopératif!