



CWCF
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**CANADIAN
WORKER
CO-OP
FEDERATION**

**FÉDÉRATION
CANADIENNE DES
COOPÉRATIVES
DE TRAVAIL**

April 2, 2020

The Right Honourable Justin Trudeau, Prime Minister
The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Intergovernmental Affairs
The Honourable Bill Morneau, Minister of Finance
The Honourable Navdeep Bains, Minister of Innovation, Science and Economic Development
The Honourable Jean-Yves Duclos, President of the Treasury Board
The Honourable Mona Fortier, Minister of Middle Class Prosperity, Associate Minister of Finance
The Honourable Mélanie Joly, Minister of Economic Development
House of Commons
Ottawa, Ontario K1A 0A6

Dear Prime Minister, et al.,

A Proposal for shining light into this darkness, with the Solidarity Co-operative Movement

The world around us has changed, suddenly and dramatically, as a result of Covid-19. The co-operative model, especially when partnered with government, is a proven way to help people grow in the light, even in times of darkness. We need this type of partnership to unleash the co-operative potential inherent in all of us, and quickly. The Canadian Worker Co-operative Federation (“CWCF”) has been researching and incubating these ideas for decades, and feels called to partner with the Government of Canada to help people and communities save jobs and small businesses.

We are writing to propose strengthening Canada’s Worker-Owned and Solidarity Co-operative movement as part of the response to the pandemic. Instead of using emergency funding to reinforce the existing brittle, top-heavy economy, we suggest, facilitating local co-operatives and enhancing the co-op networks improves stability everywhere and also offers constructive solutions to climate change, economic inequality, and precarious employment.

We would like to clarify that it is not CWCF itself which seeks resources; rather we are seeking help to get resources to our members of all types through the pandemic and also to save businesses at risk through creating Worker-owned and Solidarity Co-operatives. CWCF will simply be the conduit.

Canadians know that by working together, as in the pandemic, they can improve everyone’s lives. Co-operatives are a proven business model in Canada, a recognized way to build good businesses and good jobs. In a recent survey, 83 percent of Canadians stated that they would rather buy their products at a co-op than at a private business. Co-ops are both locally based and globally connected, the UN reported in

Solidarity Works! La Solidarité nous réussit!

2014. Their huge commercial and goodwill global network includes 2.6 million co-ops with more than a billion memberships, that generate almost \$3 trillion annually with their \$20 trillion in assets.

Solidarity co-ops (worker-owned co-ops, in whole or in part) offer a way into the economy for those who need jobs, and a way to sustain jobs in businesses threatened by changing circumstances. CWCF also supports co-ops of independent contractors / workers who don't want to be sole proprietors, but who could settle into working alongside colleagues. CWCF has a plan and program to help employees take ownership of businesses suddenly facing closure.

Worker-owned co-ops have roots in their communities, unlike outside venture capitalists or multinational firms. Co-ops stay where they're planted. They care about the neighbours. Their workers generally have good working conditions, decent hours, and livable wages. Solidarity co-ops also have extra strength and resilience in dealing with market downturns.

Even so, with the pandemic, every Small and Medium Enterprise (SME) in Canada must be suffering, including the SMEs among our members.

Support for SMEs

We fully support the critical grant aid to workers which your Government has already announced. We seek further aid for CWCF's 150+ member enterprises (direct and indirect), most if not all of whom will require one-time emergency injections of funds in order to survive and thrive into the future. Like all small businesses now, most of our members are in crisis mode, except perhaps the paramedic co-operatives in Quebec, whose members are risking their lives to help fight Covid-19. For the vast majority of our members who are struggling, CWCF requests \$9 million to augment the CWCF's Emergency Relief – Survival Planning Fund. (Some supports may come from other federal programs.) We offer CWCF's organizational aid in distributing emergency funds through our connections to Canada's 9,000 other national and local co-operatives.

Tenacity Works Program

We seek to dramatically increase the size of CWCF's *Tenacity Works* Co-op Investment Fund (currently at only \$.5 million) with a \$70 million investment from the Government of Canada. Besides that fund, we have more than \$70 million under management in our RRSP-TFSA program, in co-ops of various types and Community Economic Development Investment Funds, from many small investors. We suggest that, in this emergency, these assets can be viewed as eligible for matching funding.ⁱ With a one-time investment from Canada, CWCF could establish *Tenacity Works* as a permanent revolving investment fund which would continue indefinitely into the future. We have all the modeling to demonstrate this.

Succession Planning Program

All of CWCF's organized workplaces are Solidarity co-operatives – that is, co-ops where workers have some ownership stake and substantial control over policies and working conditions. Although only a minority of Canada's thousands of vibrant co-operative enterprises, the 280 active workers' co-ops are also among the most stable – as has been shown in Europe.

Solidarity co-ops can be the remedy for viable small and medium businesses with a dozen or more employees where the owner is about to retire, or is faced with a choice between paying the workers' salaries or taking a profit. CWCF's Succession Planning program can help workers organize themselves as a for-profit or non-profit enterprise, and help make arrangements to compensate the business owner, who may or may not choose to remain involved.

CWCF has a well-proven program for helping even marginal businesses convert to successful Solidarity co-ops. We request long-term funding of \$21 million, which, with \$5 million contributed by businesses

making the change, will allow CWCF to set up a \$26 million self-maintaining program to help SMEs that are already operating, change their financial and organizational structures to become Solidarity co-ops.

The co-operative model is thriving in every economy on the planet, and is particularly embedded in Canada, which has among the world's highest rates of co-operative membership. The Co-operative principles of mutual self-help – open membership, democratic member control, economic independence, education, co-operation among co-operatives, and concern for community – long have resonated with Canadians. (Ontario Co-operative Association www.ontario.coop)

Canada has agricultural co-ops, food co-ops, Desjardins Group, the entire credit union movement, The Co-operators Group, rural utility and telecom associations, renewable energy co-ops, funeral co-ops, babysitting/ daycare co-ops, housing co-ops, health care co-ops, worker co-ops, and solidarity co-ops. Though people often form co-ops out of necessity, in mutual support, in the long run, co-operatives succeed because they have a unique perspective. Those people who are deciding what to do in their enterprise, are also the beneficiaries. Worker co-ops also have lower injury rates, because the workers have authority to challenge and change hazardous practices.

CWCF urges you to consider our proposal – strengthening community and constructive democracy – as a central component of Canada's economic response to this unprecedented pandemic. A similar set of proposals is being made in the US, by the [Democracy at Work Institute](#), the non-profit arm of the US Federation of Worker Co-operatives: [Voices from the Field: Why we Must Protect Small Businesses and their Workers](#).

The Solidarity Co-operative movement is sometimes called an “Economy of Hope,” because it puts the needs of working people first. Heaven knows, Canadians are in need of hopeful strategies at this extraordinarily trying time. We keep hearing people say, “Things have to change.”

Solidarity co-operatives provide vital products and services, build community, maintain local employment and training, operate democratically, and have a higher survival rate after five years (66 percent) than privately owned enterprises (39 percent).

In short, everyone will profit if part of Canada's response to the pandemic, falling oil prices, and unstable stock markets is to strengthen the Solidarity Co-op sector significantly.

Yours truly,



Hazel Corcoran, Executive Director Calgary and



Reba Plummer, Board President, Toronto

cc: other Cabinet ministers, and civil servants working in relevant departments

ⁱ Note that these funds lack the flexibility to meet the current crisis-level need.