Conceptual Overview

The Role of Co-ops in Community (Economic) Development





Agenda

- Early "Social Economy" and Co-operative Movements
- The Welfare State and Regional/Local Development
- Community (Economic) Development
- Co-operatives and Community (Economic) Development







Early "Social Economy" and Co-operative Movements



Early "Social Economy" Movements

- Guilds
- Peasant Movements
- The "Moral Economy" (E.P. Thompson)
 - Late 18th, early 19th century
- The "social economy" (France)
 - early 19th century
- Intentional communities (Utopian socialists)
 - early, mid 19th century (Fourier, Owen)







Context and Features of Early Co-ops

- a time of early capitalist development
 - Agricultural capitalism (vs. small landholders)
- Industrial capitalism (vs. displaced peasants, urban workers
- No state that people can turn to for help
 - State largely under developed (democracy, social services)
 - States promoting interest of emerging capitalist classes (and landlords)
- Features
 - membership based organizations
 - distinct organizational and legal structures develop
 - generally not the absolutely worst off
 - small farmers, craftsmen, etc.
 - co-operative principles





19th Century Co-operatives

- Consumer Co-operatives
 - England, (Rochdale)
 - Co-operative Principles (1844)
- **Credit Unions**
 - Germany (Raiffeisen), etc.
- **Producer Co-operatives**
 - Netherlands, Denmark, etc.
- Worker Co-operatives
 - France, Italy
- Holistic Co-operatives (Communes)
- **Co-operative Networks**
 - International Co-operative Alliance (1895) Co-op Principles







Early Co-op Movement in Canada

- **Producer Co-operatives**
 - Atlantic Canada
 - · Antigonish Movement
 - Prairies
 - Grain Marketing Co-operatives
 - Supply Co-operatives
- **Consumer Co-operatives**
 - Ontario, Atlantic Canada
- Credit Unions
 - Desiardins





The Co-operative Principles

- 1. Voluntary and Open Membership
- 2. Democratic Member Control
- 3. Member Economic Participation
- 4. Autonomy and Independence
- 5. Education, Training, and Information
- 6. Co-operation amongst Co-operatives
- 7. Concern for Community



The Welfare State and Regional/Local Development



Roles of the State in Meeting Needs

- Aspects of the Welfare State
 - Macro-stabilization
 - Industrial Regulation (and Regional Planning)
 - Welfare Provision
- The state limits the need for direct social organization by
 - Regulating capitalist production
 - Ensuring job creation and fair working conditions
 - Providing goods and services (education, health)







(Initial) Limits of the Welfare State

- Worked best in metropolitan areas
 - Easier to provide services
 - Easier to promote jobs
 - By facilitating growth of capitalist industry
- Worked less well in non-metropolitan areas
 - Rural areas, smaller urban centres
- · Worked less well in areas with minority populations
 - Inner cities (US)
 - Indigenous peoples



Non-Metropolitan Regions

- Not well integrated in the dominant capitalist economy
- Exist on the periphery
- Tend to be resourced based economies
- Fishing, mining, agriculture
- · Subject to price fluctuations
- · Subject to resource depletion (coal, fish, etc.)
- Have less government employment
 - Which can act as a buffer in economic downturns
- Tend to have fewer social services and amenities
- educational opportunities, health care,
- Tend to have fewer career possibilities
 - · Narrower range, less secure
- → Notion of "depleted communities"



Regional/Local Planning 1960-1970s

- Pressure on govt to address rural/local development concerns
 - Unemployment, outward migration, lack of infrastructure, etc.
- Govt responds with largely top down programs
 - Bureaucratic in nature
 - Though some community involvement measures, but mostly involving the private sector (local business)
 - Tension among different levels of government
 - Changing priorities





Changing Context - Globalization

- Exacerbation of the potential for depleted communities
 - governments less willing/able to intervene directly
 - · To attract outside capital
 - To provide funds (cutbacks in government spending)
- · Exacerbation of the situation of other marginalized groups
 - A range of groups
 - Physically/mentally challenged, elderly, homeless, those with substance abuse problems, etc.
 - Due to cutbacks in government spending







Changing Role of Government

- 1980s-1990s
 - Move towards more "community involvement"
 - "Community Futures" program (1987)
 - · Business loans/services, self-employment programs, training, strategic community planning, etc.
 - Government more of a facilitative role
 - More responsibility on local communities
 - Not unrelated to process of economic globalization
 - Downsizing of government
 - · Limits on policy autonomy (due to trade agreements)







The Emergence of Community **Economic Development**



Emergence of CED

- 1970s
 - Response to regional development issues
 - Deplete communities, Inadequacy of government responses
 - Response to urban development problems
 - Often aspire to democratic control (but not always)
 - Diverse in nature (type of actors involved not just co-ops) - Ambivalent relationship with government (and govt funding)
- 1980s
 - Problems further exacerbated by structural changes
 - Govt downsizing (and outsourcing), deregulations, trade liberalization More incentives from govt to establish CED Corporations
- Ambiguities
 - CED elements often used as a way to

 - To help depleted communities
 To legitimate government liberalizing reforms







New Dawn Enterprises

- Canada's oldest Community Economic Development Corp.
 - Sydney, Nova Scotia (1976)
 - Founder Greg MacLeod (son of a coal miner, a priest
 - Based (loosely) upon Mondragon model
 - Also roots in Antigonish movement
- Formed to address problems of a depleted community
- Promotes "place-based" businesses
 - Incubates, supports such business by
 - emphasizing different "local grounding mechanism"
 - e.g., local history, culture, knowledge, natural resources, investment, decision-making, ownership, etc.

Le chantier de l'économie social

Arises out of a complex history of social economy and state development

- Community development in the 1980s
 - Movement from the social to the economic realm
 Community Economic Development Corp (CDECs)
- Formed as a network of networks (1996)
 - Networks of Social Enterprises
 - Daycare coops, health care coops, housing coops, etc.
 - Regional Social economy associations
- Social movements (Labour, envimt'l, women, First Nations)
- Provide a place for dialogue, strategy, advocacy, proposals
- Four Principles for Supporting the Social Economy
 - State subsidies targeted towards the social economy (child/health care) Development of Social Economy Investment funds
- - Governance through association democracy
 Participatory Democracy forms of Organizations







Community Economic Development (and the role of co-operatives)

A Theoretical Approach (Loxely)



Community Development vs. Community Economic Development

- Community Development
 - a broader term
 - · Looks at social, political and economic development

 - Includes activities such as social work, urban renewal, adult education, community organizing, etc.
 - Focuses on process
- Community economic development
 - Narrower term
 - Focuses primarily on economic development and material improvements
 - Also focuses on process
 - Dependent upon early CD processes, activities







Two Approaches to CED

- Filling Gaps
 - The capitalist economy is accepted as the dominant form
 - $\bullet\;$ It is dynamic, efficient, innovative
 - Some regions (rural, developing countries) and groups (mentally, physically challenged, minorities, etc.) are not well integrated
 - CED addressing some of the inevitable problems of capitalism
 - · Does not challenge, but complements the dominant economy
 - May or may not be democratically-controlled in nature
- Transforming Society
 - CED is an alternative way to organize the economy &
 - Goal is not to fill gaps, but to replace the dominant economy
 - · Advocates democratic control of the economy and society







Features of CED

- CED has a lot of potential
- A variety of questions have to be answered if it is to live up to this potential
 - Defining community and community need
 - Sources of economic theory
 - Role of the private sector
 - Role of democratic decision-making
 - Role of the state
 - Role of social capital







Defining Community

- The criteria?
 - Geographic proximity
 - Fellow-feeling cultural, social, religious, etc.
- · A lack of homogeneity
 - Often composed of different social classes and groups
- Insider and outsider dynamics
 - Insiders often work as agents of outside interests (eg managers of outside firms)
- · The importance of recognizing these issues
 - Not romanticizing community







Co-operatives & Community

- · Co-operatives have clear principles that define their value commitments
 - One of these is "concern for community"
 - Others support a broader more inclusive understanding of community
 - Especially the commitment to open membership and democratic decision-making
- Does not ensure that co-operatives are always as inclusive as they should be,
 - but provides basis for the critique of practice







Economic Development

- Definition needs to be expanded
 - Not just material well-being and earned income
 - Must also take into account
 - voluntary labour, household contribution
 - · Concern about distribution as well as growth
- Definition of development should include
 - Basic material needs
 - Personal and community self-esteem
 - Economic, social and political freedom (e.g., Sen)







Co-ops and Economic Development

- · Co-operatives have a broader understanding of economic development informed by their principles and practices:
 - the importance of volunteerism (sweat equity)
 - distribution based upon contribution
 - co-operatives are based upon their own selfdefinition of their needs
 - These can be social, cultural, economic, etc.
 - The importance of self-development
 - · Commitment to education, democratic decision-making







Community Needs

- Two approaches to ascertaining needs
 - Community development workers as
 - Neutral actors who help people formulate their thoughts
 - · Actors who actively engage in "conscientization"
 - Helping members better understand the social, political and economic roots of the present circumstances
 - Loxely advocates for the latter approach
 - · Paolo Freire ("pedagogy of the oppressed")
 - Saul Alinski ("rules for radicals")
 - Not an unproblematic approach
 - · Some would see it as more dialectical/discursive process







Community Needs

- Co-operative have a more discursive approach to defining community needs
 - Co-operators are not neutral enablers
 - · Bring critical analysis
 - Bring their own value commitments (co-op principles)
 - Not a question of "conscientization" of the other
 - Co-operatives are member-based, learning organization (do not come from the "outside")
 - All sides learn through discursive (based upon democratic principles)









The Economics of CED

- Issues to be addressed
 - Theoretical basis for alternative economics
 - · Regional and development economics
 - Export orientation
 - Community based (convergence) economics
 - Priority on meeting local needs locally
 - Scale of production
 - Small scale
 - Lack advantages of economy of scale
 - May have advantages of lower transportation costs
 - Role for subsidies
 - Education of population about advantages of buying
 - » Emphasis on local control, ownership







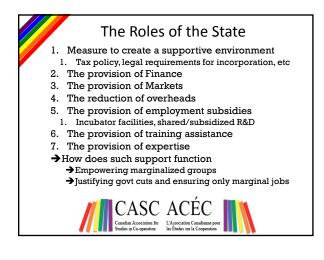


The Role of the Private Sector Reasons to favour collective enterprises? Democratic, more committed to local economy/community, better for morale, etc. Much of the literature doesn't (especially in the US) Favours promoting small, private businesses More appropriate for small scale enterprise Better contributes to building a middle class Trade-off between democratic control and efficiency Support of Private Sector for CED Only if it is seen as a "gap-filling" measure May provide micro-credit funding Ability of collective enterprises to compete May depend in part of support of CEDCs



Role of Democratic Decision-making Threat/Tendency of collectivelycontrolled firms to imitate the private sector Often anti-labour Adopt hierarchical management structures Need to ensure democratic decisionmaking structures to avoid such mimesis Both at the level of management and governance Such democratic practice helpful/necessary for making the political realm more democratic CASC ACÉC





Co-operatives and the State

- Co-operatives generally accept all these functions of
- Historic tensions between state and co-operatives in many places (especially in the South)
 - Even when states are well-intentioned
 - But use a top down model
 - Especially when states seek to use co-ops
- Basic question, whether there are more democratically, decentralized states
 - that allow for greater involvement by co-ops in planning, implementing public policy/services
 - Rather that the attempts associated with efforts to legitimate neo-liberal forms of globalization









Capital, Culture and Continuity

- Three forms of capital
 - Financial
 - Human capital
 - Social (Cultural) Capital
- The role of Social Capital in CED
 - What makes "depleted communities" communities
 - · Social capital people willing to work to maintain their community







Co-operatives and (Social) Capital

- · Co-operatives are distinctly value driven organizations
 - Social capital an ambiguous notion
 - A neutral conception of being able to induce others to support
 - Co-operative operate on a different notion solidarity
 - · Very strong normative notion
 - Speaks to the motivation for working with others
 - A two way relationship
 - These "relationship" capital of co-operatives
 - more formally incorporated into organizational and legal structures than many other CED actors
 - Makes them better "grounding" structures









Conclusion

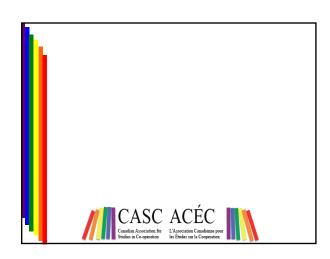




Co-operatives & CED

- Co-operatives have a special features makes them well suited to participate in CED
 - We have examined some of the key features
- Research on Co-ops and CEDs
 - What factors inhibit co-operatives from operating up to their potential (legal, financial, organizational, social, cultural, etc.)?
 - How are co-operatives innovating to confront these challenges?
 - To face competitive challenges from conventional firms
 - To better integrate vulnerable populations
 - To promote more sustainable production







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