

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

- Context
 - 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
 - Desjardins



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
 - Inner cities
 - 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 activity in Quebec

- 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
 - CDECs
 - Social movements (Labour, envim't'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
 - 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 & society
 - 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 self-definition 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 local?
 - » Emphasis on local control, ownership



Co-operatives and Economics

- Co-operatives are not dogmatic about economic analysis, but informed by guiding principles
- Local grounding has been the history
 - But does not necessarily limit to small scale production, nor local markets
- Responding to new realities
 - Challenges of scaling up and out
 - Inter-cooperation on an international scale



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



Co-ops and the "Private Sector"

- Co-ops as the "collective" part of the "private" sector
 - Co-operatives seek to retain "autonomy"
 - from the state (e.g., dependency of state finance, government interference)
 - from other actors
 - generally accept market competition (along with inter-cooperation)
 - Co-operatives are collectively "owned" by their members
 - Not privately owned in the sense that there is a divorce from services provided and ownership
 - Co-operatives are democratically governed by their members
 - Not on the basis of different ownership stakes
- co-operatives as collective actors more committed to CED (and often more radical versions of CED)
 - Willing to work with CEDCs (providing and receiving support)
 - make better "anchors" for CED than conventional "private" firms



Role of Democratic Decision-making

- Threat/Tendency of collectively-controlled firms to imitate the private sector
 - Often anti-labour
 - Adopt hierarchical management structures
- Need to ensure democratic decision-making 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



Co-operatives and Democracy

- Co-operatives are also subject to non-democratic tendencies, but
 - Legally are required to have a democratic governance structure in which all members have equal rights
 - Some types of co-operatives tend to be better suited (and culturally more receptive) to flatter, more democratic management structures




The Roles of the State

1. Measure to create a supportive environment
 1. Tax policy, legal requirements for incorporation, etc
2. The provision of Finance
3. The provision of Markets
4. The reduction of overheads
5. The provision of employment subsidies
 1. Incubator facilities, shared/subsidized R&D
6. The provision of training assistance
7. The provision of expertise

→ How does such support function

- Empowering marginalized groups
- Justifying govt cuts and ensuring only marginal jobs



Co-operatives and the State

- Co-operatives generally accept all these functions of states
- 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 than 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 your cause
 - 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

