

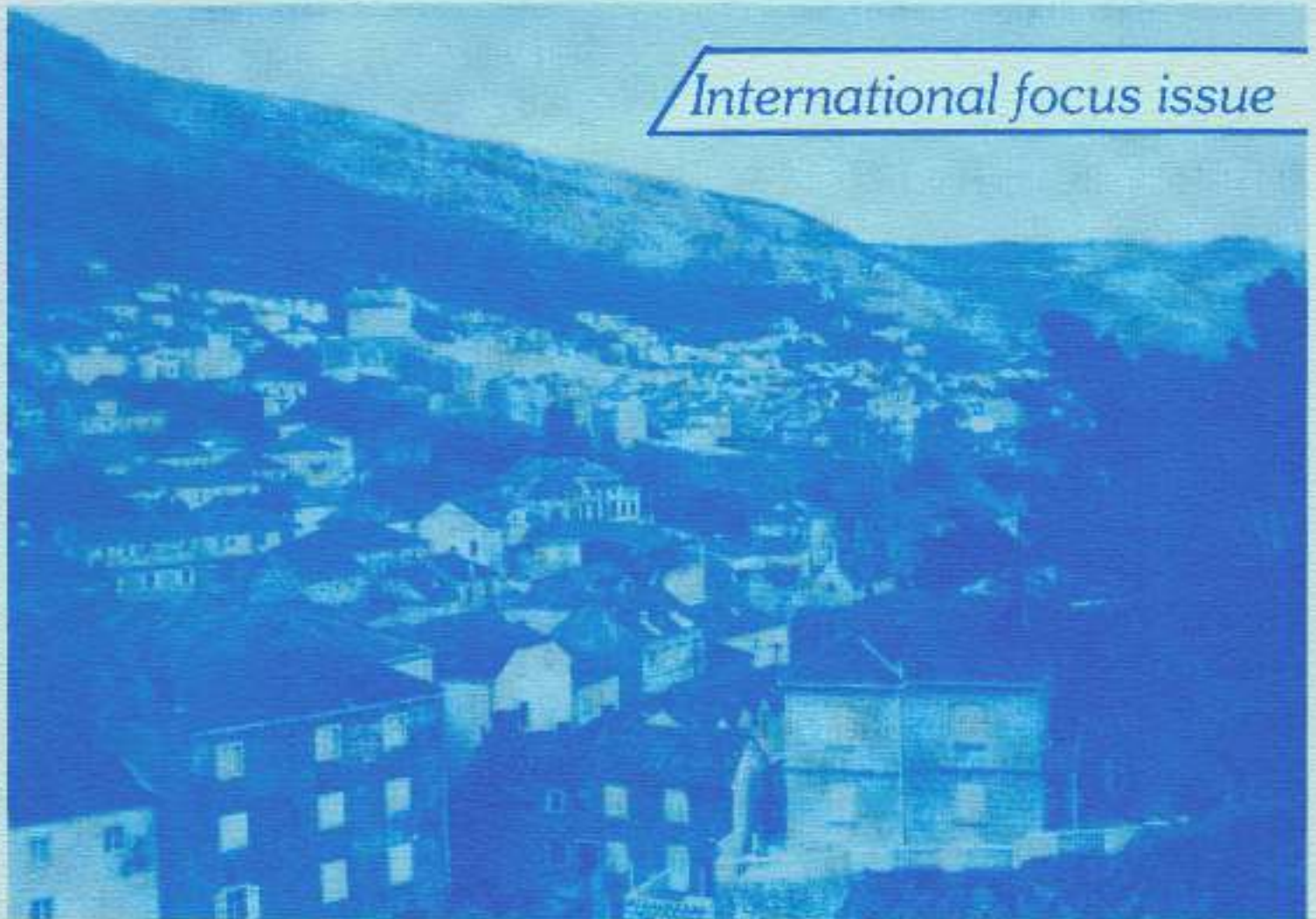
WORKER CO-OPS

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des coopératives de travail

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The effectiveness of British support organizations
in developing worker co-operatives

International focus issue



Self-management in Yugoslavia's public service

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Mailing: Worker Ownership Development Foundation, Toronto.

Worker Co-ops is an independent, quarterly magazine.

Indexed in the Alternative Press Index. ISSN 0829576X

English language submissions to:
Worker Co-ops
253 Willow Ave.
Toronto, Ontario
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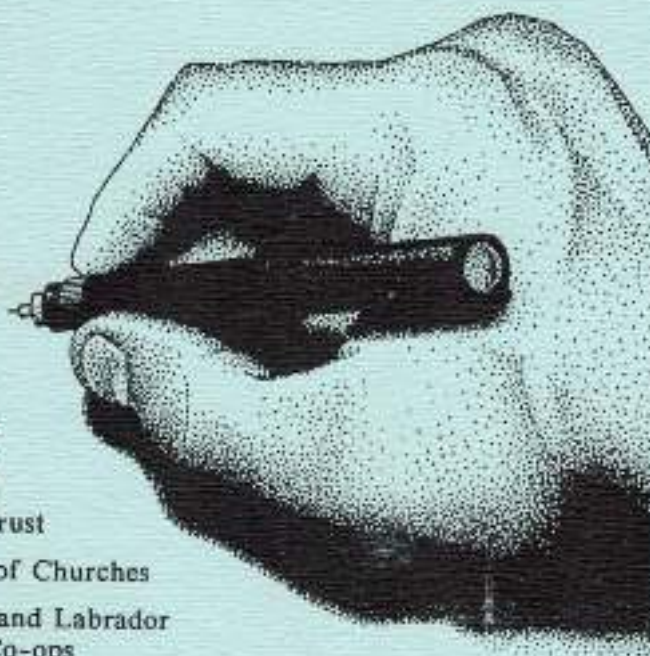
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Ann McIsaac, worker-member of Culture Craft Co-op, busy at work. (See story, page 36.)



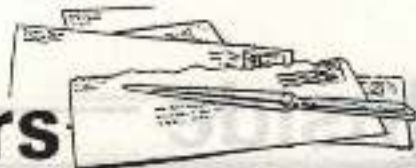
Spot welding a steel window frame in a Tanzanian worker co-op. (See story, page 17.)



Celibec: a high-tech worker co-operative. (See page 38.)

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The rapid growth of the *Worker Co-ops* magazine during the past year has greatly taxed our resources. We are primarily a volunteer organization with no government or other external support. Please take a moment to read the following list of suggestions and see whether you can help us in any small way:

1) Renew without reminders, and if possible take a two-year subscription. This saves us work and money;

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4) If you belong to a large co-op or credit union, see whether it will take a bulk sub for its board and management. Bulk subs of 50 or more are \$9, and less than 50 are \$10 annually;

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6) Consider advertising your worker co-op's services or products in this magazine, or suggest that your consumer co-op or credit union do so. Rates are on page one.

Taking up any one of these suggestions would help us, and taking up more than one would be even better.

Sincerely,

Karen Knopf
Marketing Manager,
Worker Co-ops

A request for help

This letter is an introduction to Sarah Hornsby and a group of women in German Pomares, Nicaragua who are seeking a market for their sewing co-operative.

Due to the unfortunate embargo by the U.S. government, we are unable to respond to this sales effort. Perhaps you can offer some access to the fine markets of Canada.

Sarah Hornsby is active with the "Habitat for Humanity Home Building" project in German Pomares. She and her husband, Jim, have been there over one year now.

I'll be pleased to answer any requests for further information.

Wes Hare

Twin Streams Educational Center
243 Flemington St.
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Financing alternative

I have recently taken over as Executive Director of the Cooperative Fund of New England.

As you know, more people are concerned with where their money is going. The Coop Fund offers an investment option to those seeking to employ their financial resources in a manner consistent with conscience and principle. Your help in reaching out to potential investors would be greatly appreciated. The Fund makes loans to non-profit co-operatives in New England. Special assistance is given to those that cannot obtain needed financing elsewhere.

If I can provide any other in-

formation or answer any questions, please feel free to contact me.

Rebecca Dunn

Executive Director, Cooperative
Fund of New England
108 Kenyon St.
Hartford, Connecticut
06105 USA;
(203) 523-4305

Alberta development group

I represent a group of community workers who are very interested in the formation of worker co-ops. We are in the process of establishing a society to address the issues concerned with development in Canada and internationally. One aspect of the society will be the stimulation of worker co-op formation. We are presently researching the possibility of an agricultural co-op to produce, process and market vegetables.

We would appreciate receiving information from other worker co-operatives which might be useful to us.

Paul Henderson

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ESOPs a threat to the worker co-op movement

In the last issue of *Worker Co-ops*, Wally Brant wrote an article which suggests that there may be "common ground" between worker co-operatives and employee ownership plans. Following are two different points of view from George Melnyk and Richard Long.

Worker Co-ops welcomes letters from its readers on this topic.

George Melnyk

Wally Brant's recommendation that employee share-ownership plans (ESOPs) be viewed more positively cannot be ignored. It is based on the need to be flexible and practical in dealing with the present situation in Canada. Brant argues that the worker co-op movement can be furthered by entering through the door held open by profit-sharing and other non-co-operative forms of employee ownership. He feels that a dialogue with non-co-operators would increase the chances of the worker co-op option being taken up in employee buyouts.

Brant's proposal is a serious one that is presented sensibly and in moderation. Why hide our heads in the sand? Why play "holier than thou" games? Won't an emphasis on orthodoxy lead to isolation and irrelevance?

I do not believe that continued emphasis on worker co-ops as the best form of worker ownership is a dead end. And I am concerned about the implications of Brant's suggestion because it could lead to a weakening of the worker co-op movement.

Underlying his position is the view that the present situation requires a strategic accommodation for ESOPs because they are a more attractive option than

worker co-ops. If the worker co-op movement doesn't come to grips with the ESOP phenomenon, history may very well leave it behind.

ESOPs -- a threat?

Brant makes his proposal because he wants a viable worker co-op movement. I want the same thing, but I am not convinced that his approach will give us the strategic advantage he thinks it will.

I do not see that the ESOP option has become significant in Canada. The existence of three provincial jurisdictions that encourage some degree of employee participation is not exactly a tidal wave. But Brant is right in telling us that ESOPs could very well spill over from the U.S. and quickly dominate the Canadian scene. Neither he nor I want that to happen because such a development would undermine the worker co-op movement. The question is how to deal with a potential ESOP threat.

Brant suggests accommodation and dialogue, but I question that strategy for a number of reasons. First, the ESOP approach is so all-pervasive in the U.S., and U.S. domination of the Canadian economy is so strong, that accommodation would result in our worker co-op movement being pushed aside and relegated to the marginal areas of the economy.

Second, there is sufficient momentum in the current worker co-op movement in Canada to maintain a frontrunner position in the worker ownership area. In my article, "Worker Ownership: U.S. Ripoff or Canadian Revolution?" (*This Magazine*, February, 1986), I point out that our worker co-op movement is more

advanced than the American one. We have the initiative, and we should not surrender it. If the movement in Canada were faltering or rapidly losing ground, then, to buy time, an accommodation may be in order. But we are not at such a stage.

Small business sector in danger

Third, the sector in which worker co-ops have the best chance of implementation, the Canadian-owned small business sector, is precisely the one which Brant suggests should be shared with ESOPs. My question is: if we give up this sector, what will be left?

Our economy is dominated by foreign-owned corporations for which the worker co-op idea is anathema. The public sector is only marginally more open to worker ownership proposals. So that leaves only the small business and co-op sectors. To date it has been the small business sector that has generated worker co-ops. If we have to give ground to ESOPs, then let us give ground in the areas where we have the least chance -- large multinationally-owned firms and crown corporations. But let us not invite them into the area for which the chances of success are best.

One can respond to these objections by saying that there is no fundamental division between worker co-ops and other forms of employee ownership and that all forms of employee ownership ought to be encouraged equally as furthering the interests of the workers. Some might even argue that ESOPs play an educational role in familiarizing workers with corporate ownership. My study of ESOPs has shown me that they do not lead to worker co-ops.

ESOPs more likely in large operations

This is not to say that worker co-ops are the only way in every situation. In fact, I have stated that other forms of worker ownership will most likely succeed in the "big business" sector of the economy because of ideological opposition from larger corporations to worker co-operatives.

Canada is not immune to economic trends in the U.S., but we have always been able to create our own reality, even if it is not totally under our own control. I suspect that worker ownership will express itself through worker co-ops in the small business sector and through some form of ESOP in large operations, whether they be state or private.

Because the Canadian-owned small business sector is so important to the worker co-op movement at this historical moment, I question any attempt to share this stage with other forms of worker ownership that may be more acceptable to capitalist owners. What is required now is more dialogue with workers on the merits of co-operative ownership and more encouragement to the co-op sector to maintain its commitment to the worker co-op movement.

It is not our task to secure a small niche in the economy and be satisfied with that. It is our task to make worker co-ops a significant force in the Canadian economy.

George Melnyk is the author of *The Search for Community*, recently published by Black Rose Books of Montreal. He can be contacted at P.O. Box 3683, Stn. B, Calgary, Alberta T2M 4M4; (403) 270-7210. ■

Different paths to the same goals

Richard J. Long

In the article that started this debate, Wally Brant made the rather innocuous suggestion that those interested in promoting worker co-operatives may have something to learn from those promoting employee ownership and vice versa. Brant then goes on to make the observation that many of the research findings about what makes an employee-owned company effective are not inconsistent with (worker) co-operative principles, and that the worker co-op movement may have some natural allies of whom it could be taking better advantage.

Well, these suggestions seem to infuriate Melnyk. As far as he is concerned, Brant's views "could lead to a weakening of the worker co-op movement" or "even result in our worker co-op movement being pushed aside and relegated to the marginal areas of the economy". He worries that "sharing the stage" with ESOP advocates could lead the worker co-op movement to "give up" the Canadian small-business sector. Unlike Brant, Melnyk can see through the innocent-looking trap set up by those clever but sinister "ESOP people", and is not going to fall for it.

The way Melnyk sees it, those ESOP advocates just can't wait to subvert and then "take over" the worker co-op movement. In a way, I wish it were true. That would mean that the worker co-op movement had become a force to be reckoned with, possessing a stage to be shared. In reality, most "ESOP

people" are only dimly aware of worker co-ops as a viable type of economic enterprise. The same is true of the general public. But let's back up a little.

By implication, Melnyk characterizes all supporters of employee ownership as "ESOP people". This is convenient because they are such an easy target. As structured in the United States, the majority of ESOPs accomplish very little except providing tax advantages for those firms implementing them. However, it is also true that the ESOP legislation has created far greater interest in the concept of employee ownership, and it has caused more firms to move down the road to employee ownership than the worker co-op movement has been able to manage. Moreover, properly structured, ESOP-type plans can lead to the creation of worker co-ops, and this has happened. What Brant is saying is let's take this tool and turn it to our advantage. He notes that many of the people at the profit-sharing council meeting seemed open to the worker co-op concept if they could be convinced that it was economically viable. My experience has been similar.

Employee ownership no threat

Melnyk goes on to contend that the spread of employee ownership (particularly through ESOPs) "would undermine the worker co-op movement". Although I agree that the ESOP legislation as enacted in the United States is not ideal (and have in many forums made suggestions about how it could be improved), I cannot see how the

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spread of employee ownership could possibly undermine the worker co-op movement. Indeed, my experience has been the exact opposite. Once people become familiar with the advantages that even partial employee ownership can bring, they become much more receptive to the concept of worker co-operatives. This is particularly true if worker co-ops are seen as a variant of employee ownership.

Overall, employee ownership is a very popular concept. Worker co-ops are not. Does it really matter what labels we use as long as we accomplish our ends? Why not lock on to the concept of employee ownership and create employee-owned firms that are really worker co-operatives? As Brant noted, the most successful employee-owned firms have many worker co-op characteristics.

It would have been useful if Melnyk had clearly stated his underlying objectives. For my part, I see various organizational forms as more or less powerful tools for promoting social goals. An organizational form is useful if it promotes the social good. To do so, organizations must take society's scarce resources and efficiently produce things and services of social value. However, in so doing, they must provide a satisfying and rewarding environment for those working in them. An essential ingredient in accomplishing both of these objectives (efficient production and a satisfying work environment) is an organizational environment that promotes effective employee participation in decision-making. I see employee-owned organizations (including worker co-ops) as doing that. However, different organizational forms will be ap-

propriate in different circumstances, and I am not wedded to a particular form, but to the objectives noted above.

What is to be done

Nonetheless, since we can all agree that worker co-ops should be promoted, we come back to the question of how. A key ingredient in this is to demonstrate the economic viability of worker co-ops, and I believe that much of the research on employee-owned companies can help to do so. Much of the "hostility" towards co-ops that Melnyk perceives from bankers and other members of the "business establishment" also applies to any other small business with inadequate financing and questionable management expertise. Ask any small business person.

There is no question that managing an effective employee-owned enterprise requires skills over and above those required to make other types of enterprises successful. It is crucial that those hoping to establish successful worker co-ops understand what these are. However, does Melnyk really feel that worker co-ops are

so unique that their members do not have to deal with the same issues facing other enterprises in the attempt to successfully produce and market a product or service? The type of knowledge required to do so is scarce (note the business failure rate), and no source should be ignored.

Getting back to the specific focus of this debate, Wally Brant was not really proposing that those supporting worker co-ops share *our* stage (and whatever power and resources we may have) with the "employee ownership" people, but that *we* make more use of *their* stage (and their demonstrated power and resources). Those who really believe in the underlying strength and superiority of worker co-operatives will have no fear in so doing.

Richard Long has written extensively about employee ownership, including the booklet, "Gain and Equity Sharing"; written with Donald Nightingale for Labour Canada's "Quality of Working Life" series. Long teaches organizational behaviour at the College of Commerce, University of Saskatchewan, Saskatoon, Sask. S7N 0W0; (306) 966-8450. ■

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Ontario share-purchase plan opposed by organized labour

Vaughan Lyon

"What a joke!" is the way Cliff Pilkey, Ontario Federation of Labour president, described Ontario treasurer Robert Nixon's plan to encourage employee share-ownership. The provincial treasurer's proposal, previewed in his budget, is extremely modest, but clearly it is not the plan's limited scope which bothers Pilkey.

On the surface, the idea of employee share-ownership seems compatible with organized labour's aims, and deserving of its support, not its scorn. Shortly before the budget was released, participants at the Canadian Labour Congress convention, in a strongly-worded statement on the economy, called for "a strategy of democratic control of economic development". The statement demanded that employees be given what, for Canada, would be an unprecedented amount of influence over their employers' decisions.

Unionists demand real control

On the issue of technological change, for example, the CLC would require that "companies must justify such decisions, that they be forced to open their books, that they be forced to give adequate notice to the affected workers, adequate compensation for retraining, relocation, severance pay and compensation to the community affected". Other demands for a sharing of traditional management rights are also included.

Why don't labour leaders see employee stock-ownership as a promising means to move toward these objectives? Nixon's scheme conjures up visions of employee-



Clifford Pilkey, President, Ontario Federation of Labour.

owners attending annual shareholders' meetings, reviewing their employers' past performance and future plans, and, perhaps, electing some of their number to company boards of directors. But then one remembers how little influence individual, small shareholders have on companies; how perfunctory annual company meetings are.

Swedish model

Trade union leaders have good reason to be hostile to the Nixon plan. The most successful trade union organization in the West is LO, the Swedish confederation of blue-collar

West is LO, the Swedish confederation of blue-collar unions. The CLC's statement of economic objectives (dreams!) reads like a record of LO's achievements and, undoubtedly, was heavily influenced by the Swedish example.

In Sweden, an informal partnership of LO and the Social Democratic government has managed a highly successful free-enterprise economy; kept unemployment rates down to the three per cent range, even during the recession; and taken significant steps toward expanding democracy into the economic and corporate sectors.

Forum

If the MacDonald Commission on Canada's economic prospects had spent more of its time studying Scandinavia, it might have come up with a more useful report.

The Swedish experience is extremely relevant to the issue of employee stock-ownership because that question has been debated intensively and bitterly there for the last 10 years. The Swedish Liberal party promoted the idea of a government-sponsored employee share-purchase plans. Through a form of "people's capitalism", the party sought to strengthen individualism and to foster labour-management co-operation.

However, the Liberal party is not a powerful force in Swedish politics. Its plan, endorsed, as in Canada, by the business community, had to compete with one advanced by the dominant, blue-collar unions.

Social Democrat plan wins out

LO and the Social Democrats were acutely aware that allowing the corporate sector to co-opt its employees through share-ownership would transfer power from organized labour to capital. And since it has been the unrelenting pressure of a very powerful trade union movement that has made Sweden, perhaps, the most socially advanced country in the world, this transfer would scarcely favour the interests of the average Swede.

The LO-Social Democratic party team, after a long struggle, finally implemented its employee ownership scheme on January 1, 1984.

In general terms, the plan works this way. Employers are required to contribute funds to

five government-established "wage-earner" funds. Union nominees control each of the funds. The funds use their income to buy shares of Swedish companies on the stock market. Some of the income derived from these investments is earmarked for the national pension scheme.

The fund arrangement is much less ambitious than that originally proposed by LO in 1975. However, it is estimated that by 1990, when they will cease receiving new money from employers, the funds will collectively own about 10 per cent of Swedish industry. They could control far more.

The funds' ownership of shares will bring a significant new "public" force to bear on Swedish corporate policy-making; individual share-ownership would not. By law, all but the smallest Swedish companies already have employee representatives on their boards of directors. It is too early to say how the wage-earner funds will work out in the long-run, but Swedish reformers anticipate that with this new form of "social", as opposed to bureaucratic, government ownership, the advantages of a market system can be retained. At the same time, it is to be hoped that the "bottom-line" mentality of management can be modified so that

corporations will pay more attention to broad community concerns like the environment and occupational health.

Nixon plan not helpful

The Nixon share-purchase plan would have different consequences. Instead of bringing a new organized force to bear on corporate and economic decision-making, it will encourage employees to think that their interests as citizens and employees are the same as those of shareholders and management. They will be encouraged to turn to the "Conrad Blacks" of the corporate sector rather than the representatives they elect in their unions for a definition of their interests.

Robert Nixon should redesign his scheme so that organized labour, not business, can wax enthusiastic about it. Organized labour has consistently supported all major social advances in this country. Its criticism of the Nixon plan should be taken seriously. The plan is no joke. It could slow down social progress in this country by putting even more power in the hands of a corporate sector which is already unduly influential.

Vaughan Lyon is a political studies professor at Trent University, Peterborough, Ontario. ■

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Self-management in Yugoslavia's public service

Robert Briscoe

If you're looking for an unusual winter break, you might consider one of the study programs organized by the Inter-University Centre of Postgraduate Studies in Dubrovnik, Yugoslavia. Every year it offers a course of special interest to those of us involved in worker co-ops.

The highlights of this year's internationally-attended, three-week course were an address by Eugen Pusic of Zagreb, who explained how public-service organizations are managed in Yugoslavia, and presentations by Peter Abell of the University of Surrey in England on the viability of worker co-ops.

Self-management and the public service

Yugoslavia is unique among the nations of the world in its brave attempts to build its economy around the idea of worker self-management. Since the early 1950s, self-management has been a key organizing principle in the design of economic and political institutions. The subsequent triumphs and disappointments of Yugoslavia's self-managed businesses have provided abundant raw material for academics of the left and the right. Explanations of the country's economic problems have ranged from the insistence that self-management is fundamentally unworkable to the

notion that Yugoslav workers are making unwise investment decisions because they are not required to pay a reasonable market price for the capital they use.

The mixed fortunes of Yugoslavia's businesses have been well documented, but Eugen Pusic added another dimension to the picture by providing some insight into the operation of schools, hospitals and other public service organizations in a self-managed economy.

Before 1950, most of Yugoslavia's public services were run by the state. Today, most of them are self-managed and have a structure which, in theory at least, is much like that of Mondragon's second-degree co-ops. They are structured to reflect the interests of both the workers who operate the service and the consumers who use it.

Innovative models

A school, for example, will be governed by an assembly composed of two councils, roughly equal in size. One of these councils is made up of teachers and staff, while the other represents the "users" of the school. The council of users consists not only of representatives of the students (or their parents if the students are under 14 years old), but also of delegates nominated by other organizations served by the school.



One of Dubrovnik's three high schools: a self-managed community of interest.



The Inter-University Centre, Dubrovnik.

The organizations which operate public services in Yugoslavia are known as "self-managed communities of interest" (SMI). Any group of people with a common interest may set up an SMI.

One of the practical problems confronting the designers of the SMI concept was how to identify and involve the users of a public service. A school has a readily identifiable student body, but what about a hospital in which short-stay patients are usually more concerned with getting better than with the problems of managing the hospital?

It was finally decided that an effective way of finding and mobilizing the users of a public service would be to identify the work organizations in the area served and to have them nominate representatives to the SMI assembly.

The specific design of an SMI depends upon its function. An SMI offering social insurance services is governed by an assembly elected entirely by the insured members of the service. The workers in such a system manage only the portion of funds allocated to them by the assembly.

An SMI in the field of housing is governed jointly by representatives of the tenants and of the workers who administer the property.

An SMI which operates a public utility -- like the power company -- is managed by its workers, subject to certain restrictions. The assembly of a utility must submit pricing

structures, bylaws and nominations for senior management posts to the appropriate government legislature for its approval.

Labour-capital partnerships

Another highlight of the course was Peter Abell's analysis of the problems of worker co-ops in a market economy. He argued that worker co-ops as presently constituted are unlikely to capture the commanding heights of a capitalist economy. Notwithstanding the example of Mondragon, worker co-ops in a capitalist economy are unattractive both to entrepreneurs with good ideas and to investors looking for an attractive return on their venture capital. Worker co-ops are, therefore, likely to be excluded from capital-intensive economic activities at the forefront of technological advance.

The answer, according to Abell, is to develop labour-capital partnerships -- a type of firm which is owned and controlled by both workers and



A street in old Dubrovnik.

outside investors -- and in which the division of ownership rights is formally defined in advance and may reflect the capital intensity of the industry in question. Such firms could combine the efficiency which flows from an involved and motivated workforce with a rate of return on investment and a degree of control which would be attractive to venture capitalists.

It is impossible, in a few words, to do justice to Abell's analysis, which also involved a blueprint for what he called a *rational egalitarian democracy* (RED). RED is a society which would combine the benefits of a free-market, labour-controlled enterprises and a more egalitarian distribution of wealth. For more, see Abell's article, "The viability of industrial producer co-ops" in *The International Yearbook of Organizational Democracy*, edited by Crouch and Heller (London: John Wiley & Sons, 1983).

My main disappointment was that Yugoslav universities seem to be much like those in other parts of the world; you'll find the same irritating division between the disciplines. If you do get turned off by the academics, though, it's only a short walk to the magic, walled city of Dubrovnik -- and that puts everything else into perspective!

For details about next year's course, or to enroll, contact the **Inter-University Centre of Post-graduate Studies, Frana Budica 4, Yu-50,000 Dubrovnik, Yugoslavia; Phone (050) 28-666.**

Robert Briscoe teaches organizational behavior in the Dept. of Management and Administration, University College of Cape Breton, Nova Scotia. Currently on leave, he can be reached at Little Clifton Cottage, 27a South Town, Dartmouth, Devon, England TQ6 9BX.■



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Developpement Communautaire:

Fais-moi signe de changement

D'abord et avant tout, ce colloque qui aura lieu les 16,17 et 18 octobre 1986, au CEGEP de Victoriaville, 475 Notre-Dame est, s'adresse aux intervenants-es des groupes communautaires de l'ensemble du Québec (délégués-es d'organisme). Sont regroupés sous cette étiquette: les coopératives de consommation, d'habitation, de travailleurs-ses; les organismes communautaires de services; les groupes de femmes; les groupes populaires.

Les participants-es s'inscrivent à l'un ou l'autre des treize ateliers: financement; services; conditions de travail; membership; organisation collective; outils de gestion; revendications; impact sur les communautés; alliances; structures de concertation; formation; rapports à l'Etat; intervention dans le domaine de l'économie et de l'emploi.

Pour les délégués-es de groupes communautaires, les frais d'inscription sont 65\$, (200\$ pour les non-délégués-es). Les frais d'inscription (qui comprennent la documentation nécessaire, deux dîners, un déjeuner en musique, une intervention théâtrale et une soirée socio-culturelle) devront être accompagnés par une fiche d'inscription.

Pour de plus amples informations contactez **Louise Lauzière** ou **Richard Leroux**, Corporation de Développement Communautaire des Bois-Francs, 6, rue de l'Exposition, Victoriaville, Québec G6P 4W1; (819) 758-5801.■

NASCO 1986

This year's NASCO Education and Training Institute will have a course on "Building Worker Co-ops" by Chuck Turner of ICA and another course about "Employee Participation" by Jack Laurent, a graduate student at Eastern Michigan University.

The conference, which covers a broad array of topics related to all forms of co-operatives, is to be held in Ann Arbor, Michigan, **November 7 - 9**. The fees range from \$95 - \$175 (U.S.) according to a 12-category classification system.

For more information, contact **NASCO, P.O. Box 7715, Ann Arbor, Michigan 48107 U.S.; (313) 663-0889.■**

CED Fair and Workshops

Communityworks is sponsoring a two-day fair on the theme of Community Economic Development (CED) -- development through local non-profit or co-operative economic enterprise. It will take place at the Old Fire House, 179 Clarence St., near Ottawa's Market area. On **Sat., October 18**, co-operatives and other community enterprises will have displays open to the general public free of charge. Saturday evening and Sunday will be devoted to speakers and workshops, and interested individuals are welcome to register for this part of the fair at a cost of \$10. For information or to register for the second part of the fair, call 232-6109.■

The effectiveness of British support organizations in developing worker co-operatives

Chris Cornforth

Since the mid-1970s worker co-operatives have undergone a revival in the United Kingdom. Their numbers have grown from about 20 in 1975 to approximately 1,000 today. One major factor in their growth has been the establishment of local co-operative support organizations (CSOs) in many parts of the country. These organizations promote and develop co-operative enterprises, usually worker co-operatives, within a given locality.

The growth in local CSOs has been set against a background of economic recession and a rising tide of unemployment. Many local CSOs have been promoted as a means of creating new jobs, an approach which has been important in mobilizing support.

The first local CSOs were set up in Scotland and West Glamorgan in 1976 and 1980 respectively, both areas of high unemployment. They were established by local activists, for example, local councillors, voluntary and community workers, and representatives from retail co-operative societies, trade unions, and housing co-operatives. CSOs first existed as voluntary associations, acting as pressure groups to obtain public funding to employ development workers.

Information about local CSOs spread quickly with the assistance of the national, government-sponsored Co-operative Development Agency and through the

work of activists. Alan Taylor of the Socialist and Environmental Resources Association started a newsletter for CSOs and published various pamphlets. By the autumn of 1984, the number of CSOs had grown to just over 80. Of these, 50 had full-time staff and about 30 existed as voluntary associations.

The funding for local CSOs has come almost exclusively from public funds, either from central government grants or directly from local government. As the central government grants are channelled through local govern-

ment, the support of local government has been crucial for CSOs to obtain funding.

Although some support for worker co-operatives has come from all the main political parties, at a local level it has been the Labour Party that has been most willing to support CSOs. The majority of funded CSOs are concentrated in the larger urban areas with Labour-controlled councils.

Approximately 80 per cent of the funded CSOs are independent organizations, often called local co-operative development agen-



UHURU Wholefood Collective, Oxford.

cies (CDAs), with their staff answerable to an elected management committee. Typically, a management committee is composed of representatives from the local council, worker co-operatives and other interested organizations such as trade unions and co-operative organizations. In the remaining 20 per cent of cases, the local council has appointed its co-operative development workers to its own staff.

Funding for CDAs from central government grants is usually for a set period of three to five years, and funding from local government is usually subject to periodic review. Consequently, the future of CDAs is not guaranteed and is likely to be affected by cutbacks in government spending and by political changes.

The local CSOs cover either a district, borough or county, depending on which level of local government they get their money from. There are four CSOs that cover a region. Excluding these regional CSOs, the average staff size of a CSO is 3.1 full-time workers, and they range in size from one part-time worker to eight full-time workers or their equivalents.

The work of local CSOs can usefully be divided into four main areas: promotional work, helping the formation of new co-operatives, servicing existing co-operatives and creating further infrastructure to help co-operatives. Each of these areas will be discussed in turn.

Promotional work

In Britain, worker co-operatives are still a very unusual and little-known form of business, and CSOs are a relatively new feature among a range of business advisory services. In this context it is not surprising

that promotional activities are an important part of the work of CSOs, particularly during their early years.

A majority of CSOs target quite a lot of their promotional work at the unemployed and at other groups such as ethnic minorities, women, and youth that are felt to be disadvantaged in the labour market. The most obvious reason for this is that many CSOs have been set up to help with the problem of unemployment and to create new jobs, and CSO workers often feel that it is their job to work with those most in need.

There is a second reason, however, which is less visible, but of major importance: forming a co-operative will not appeal to the majority of potential entrepreneurs.

Some researchers (e.g., Abell, Aldrich and Stern) argue that it will not be in the interests of potential entrepreneurs to set up co-operatives because they will have to share the control of the enterprise and its economic rewards. Abell concludes: "It is perhaps not surprising that industrial producer co-operatives seem often only to be of interest to groups of artisans or workers with similar skills and little capital". This helps to explain why it is the unemployed and disadvantaged groups that are more likely to find worker co-operatives attractive. However, the danger is that worker co-operatives are likely to be restricted to marginal, low capital, labour intensive sectors in the economy.

Aldrich and Stern suggest that there are other groups to whom co-operatives might appeal (e.g., entrepreneurs who belong to social movements that place a higher value on social objectives than on money).

This research also suggests that CSOs should try to develop new strategies for attracting people to form co-operatives. One alternative would be to make links with other social movements and groups that share similar values and ideals to the co-operative movement (e.g., the labour movement, the alternative and "green" movements, Christian groups, and voluntary and community organizations).

Another alternative is suggested by the Mondragon co-operatives in Spain. Workers within existing co-operatives are encouraged to form new co-operatives, and the entrepreneurial process is highly institutionalized, with the central bank being heavily involved in assessing the feasibility and helping to plan the new co-operative. In addition, the risk for the group forming the co-operative is reduced, because the bank pays the salary of consultants who plan the co-operatives and it also funds the new venture.

New start co-operatives

Most CSOs spend the majority of their time helping to form new start co-operatives. Development workers commonly distinguish between two approaches: "top-down" and "bottom-up". In top-down development work, the idea and initiative for forming the co-operative come from the development worker, who then tries to attract people to form the co-operative. In bottom-up development work, the idea and initiative come from the potential co-operators, who then seek the help of the development worker for guidance through the formation process and for help in acquiring the skills that they need.

The majority of development workers are very critical of the

top-down approach, and all but one or two CSOs say that they would not work this way. There are four main criticisms of top-down development work. First, that it is inefficient for development workers to be generating business ideas if these can be readily generated by members of the community themselves. Second, and most importantly, workers will not have the necessary commitment and motivation towards making the co-operative succeed if the idea does not come from them. Third, if the initiative and skills come from the development worker,

there is a danger that the co-operative will become dependent on the workers. Fourth, if the members are dependent on the development worker or an appointed manager, it will be difficult to develop a system of democratic control.

Many groups wanting to form co-operatives require intensive and long-term support, as they have little or no previous experience of running their own business. In addition they face the problem of having to learn to work co-operatively. Development work often takes between nine months and a year before a

co-operative starts trading. The development process is usually organized around a series of meetings between the potential co-operators and the development worker. The meetings are used to help the group assess the feasibility of its co-operative and to develop and implement a business plan.

Conversion co-operatives

There have only been about 30 conversion co-operatives formed during the recent wave of co-operative formations. Perhaps the most notable of these was



A recording session at Beaumont Sound Recording Studios, a worker co-operative in Great Britain. (Photograph by M.B. Kirklees.)

when Ernest Bader, who was influenced by Christian Socialist beliefs, decided to give the company he owned to the workforce. The company, Scott-Bader Commonwealth, is a thriving chemical business. Ernest Bader also founded the organization, Democratic Integration in Industry (DEMINTRY), which later became the Industrial Common Ownership Movement (ICOM), to try to persuade other owners of businesses to follow his example.

The strategy of promoting conversion co-operatives has been tried at various times by a number of national co-operative support organizations (e.g., ICOM). However, the small number of conversions that have occurred to date suggest that it has limited appeal to the owners of British businesses. Only one local CSO has put much effort into this area, but it has largely abandoned the strategy because of lack of response.

The significance of conversion co-operatives has come from their relative size rather than the number of them. The majority of new worker co-operatives are very small. The average size is about seven full-time and two part-time workers per co-operative. In comparison, some of the conversions are very large (e.g., Scott-Bader has over 300 workers).

Defensive co-operatives

Although they constitute a relatively small proportion of the worker co-operative sector, defensive co-operatives (rescue operations) have figured prominently in the news. They first came to public attention in the early 1970s when Tony Benn, then Industry Minister in the Labour Government, gave support and financial backing to KME, Scottish Daily News and

Triumph Meriden. Workers in all three of these companies had fought to resist their closure, and in all three cases they attempted to rescue the business. Scottish Daily News closed quite quickly, but the other two survived for a number of years even though they were both substantially under-capitalized. These rescue attempts offered various lessons to the co-operative movement and served as a warning about the difficulties of setting up large-scale defensive co-operatives.

Two local CSOs, in Scotland and Sheffield, have deliberately tried to promote and develop defensive co-operatives. They have promoted the idea to trade union leaders as a strategy for dealing with threatened business closures if more traditional methods of defence fail. In most cases, unlike the Benn co-operatives, the CSOs have only attempted to save parts of the previous business which have a good chance of being viable.

Experience in Scotland and Sheffield suggests that defensive co-operatives present the development worker with additional problems and constraints to those found with new starts. Defensive co-operatives usually have to be set up very quickly before the business closes, customers are lost, the workforce disperses or the premises and vital equipment are sold or dismantled. In Sheffield, for instance, several rescue attempts have not got off the ground because the CDA had inadequate warning and was unable to get the co-operative organized before the liquidator sold valuable assets.

In addition, setting up defensive co-operatives may involve substantial and complex negotiations with the owners of the business or the liquidator, over the assets that the new co-

operative would need. External finance also has to be negotiated, and for large businesses this can be very substantial.

In larger defensive co-operatives, the development worker has to operate more through workers' leaders and representatives. The shortage of time and the size of the co-operative may also mean that development workers have to have a much more direct involvement in setting up the co-operative than they would in bottom-up development with a small new co-operative.

These added difficulties have made many development workers very cautious in promoting defensive co-operatives. In addition, some development workers feel that it would be difficult to develop co-operative working practices during the short and pressured formation period of defensive co-operatives. These problems and difficulties need to be set against the larger number of jobs that can often be created in defensive co-operatives relative to new starts.

Servicing existing co-operatives

As the number of co-operatives has grown, the balance of support between new co-operatives and servicing existing co-operatives has become an important issue for many development workers. Some agencies have found their workload has increased so that they have to make choices about who they help. Others are concerned that co-operatives they had helped to set up might fail without additional support. A few have felt that helping existing co-operatives to consolidate and grow will create more and better jobs than helping form new co-operatives. It is important that an informed debate takes place about policy and

practice around this important issue.

Creating an infrastructure

It is often argued that the development of a viable co-operative sector will depend on a comprehensive support structure. The main initiatives have been in four areas: the provision of finance, premises, training and marketing services.

Obtaining finance is a common problem for many small businesses, but development workers suggest that it was particularly acute for many co-operatives because usually the people setting them up have few assets to invest in the co-operatives or to secure external loans. As a result of persuasion from CSOs, many of the larger Labour-controlled councils have now set up special loan funds for co-operatives.

Relatively speaking, these loan funds are quite small and vary in size from £25,000 to £1,000,000. Some are administered by the local CSO, some by the council, and in a few cases a separate organization has been established to run the funds. Often it is a requirement of a loan that the co-operative agree to regular monitoring by the local CSO. A number of development workers have problems in trying to combine both monitoring and advisory roles, and a number of CSOs have tried to separate out these roles from each other. However, most are convinced that these funds have played an important part in the development of new co-operatives.

In common with many small businesses, worker co-operatives often find it difficult to obtain suitable premises. As a response to this problem, some CSOs have

obtained large premises and divided them so that they can be shared by a number of small co-operatives. These schemes have a number of advantages. Bringing the co-operatives together in one place encourages them to help each other, enables them to share common resources and helps them to sustain their identity as co-operatives.

There are also potential advantages and disadvantages for the CSO. On the positive side, having a lot of co-operatives in one place can mean that it is easier for the CSO to service their needs. On the negative side, this arrangement introduces the possibility of role conflict within the CSO in its capacity as landlord and adviser to co-operatives.

About 40 per cent of CSOs have training courses for potential co-operators. Some courses introduce people to the idea of setting up a co-operative and others teach particular business skills. One CSO uses its course as an integral part of the development process by having each group carry out a feasibility study on its co-operative. Many development workers stress the importance of courses as a way of bringing co-operators together to learn from each other and to develop new skills.

A recent survey indicates that there is a lack of marketing skills among many co-operatives. As a response, some CSOs have recently established special marketing support for co-operatives. It is too early to evaluate the success of these schemes.

The performance of local CSOs

There have been occasions when policymakers have had unrealistic expectations of the job

creation potential of CSOs. As a result, they have put undue and sometimes damaging pressures on CSOs, which has resulted in some co-operatives being set up before they are ready. However, it should also be recognized that the goals of many co-operators and CSOs go beyond those of simply creating new businesses and jobs; they are concerned with creating better jobs and places of work, and pursuing broader social goals. On average, each worker in a CSO creates 2.1 new co-operatives or 8.4 new jobs each year. Performance of CSOs in smaller towns and rural areas tends to be lower than those in the larger urban areas. Some CSOs have put resources into developing community and housing co-operatives and other forms of community economic development. Some CSOs have concentrated on helping very disadvantaged groups.

It is important to note, however, that these figures for co-operative and job creation take no account of subsequent job gains or losses through the expansion, contraction or failure of the co-operatives concerned, or the possibility that these jobs might displace other jobs elsewhere in the economy. These findings say nothing about the quality of jobs created.

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La Fédération québécoise des coopératives de travail, le nouveau moteur de l'intercoopération

Réjean Montpetit

Depuis le 7 septembre 1985, les coopératives de travail du Québec ont un porte-parole officiel: la Fédération québécoise des coopératives de travail.

Même si cet organisme est encore tout jeune, il vient combler un besoin exprimé par les coopératives de travail depuis quelques années déjà.

En effet, ce type d'entreprise a connu, au cours de la dernière décennie, une expansion considérable au Québec. Grâce à leur détermination et à leur savoir-faire, les coopératives de travail ont investi pratiquement tous les secteurs de la vie économique.

Ce faisant, elles ont radicalement transformé leur image. Il n'y a pas si longtemps, elles étaient perçues et même définies par le gouvernement comme des entreprises à buts non lucratifs. De plus en plus, elles sont reconnues pour ce qu'elles sont: entreprises rentables et génératrices de nouveaux emplois.

Un autre mythe répandu au sujet des coopératives veut que celles-ci fonctionnent à coup de subventions. Pourtant, la réalité est tout autre:

"Des cent-seize entreprises ayant déposé au moins un bilan au MIC en 1983-84, trente-cinq avaient reçu une aide quelconque de l'État. Or, huit seulement ont effectivement reçu une subvention qui généralement ne dépassait pas 20 000\$." (Benoît Lévesque, professeur au département de sociologie de l'UQAM).

La réussite des coopératives découle donc directement des efforts consentis par leurs membres, tant au niveau de la capitalisation que du travail.

Grâce à leur dynamique, les coopératives de travail ont acquis leurs lettres de noblesse. La preuve en est que la loi qui régit les coopératives en général au Québec contient depuis peu des dispositions relative aux coopératives de travail. Le gouvernement a également mis sur pied à leur intention un certain nombre d'organismes d'aide financière et technique. Parmi ceux-ci, mentionnons la Société de développement régional et, rattachés à ces dernières, les groupes-conseils.

Même si la création d'organismes de support destinés aux coopératives de travail a constitué une nette amélioration par rapport à la situation difficile qui prévalait auparavant, celles-ci n'en éprouvaient pas moins le besoin de se regrouper en un organisme qui parlerait en leur nom. La Fédération québécoise des coopératives de travail est venue combler cette lacune.

L'intercoopération

L'idée d'un regroupement des coopératives de travail n'est pas nouvelle. Il y a longtemps que les coopératives ont compris que leur développement passait par l'intercoopération. Déjà en 1978, une première démarche en ce sens avait été tentée avec la création du Comité consultatif des coopératives ouvrières, dont l'action devait trouver sa première expression publique lors du sommet sur les coopératives tenu en 1980. De ce sommet devait émerger le Comité provincial des coopératives, formé de coopérateurs et de gens intéressés à la coopération, qui continuera à promouvoir l'idée d'un regroupement.

Le 7 septembre 1985, après cinq années d'efforts de plusieurs

intervenants du monde des coopératives, près de 150 personnes se réunissaient en assemblée générale à Montréal dans le but de fonder un organisme de concertation, de représentation et de développement coopératif: la Fédération était née.

Représentation, services et développement

Le Conseil d'administration élu lors de cette assemblée se vit confier un triple mandat:

- la représentation des coopératives de travail aux niveaux locaux, nationaux et internationaux;

- la coordination des instruments de formation et, dans certains cas, le développement des coopératives par la collaboration avec les organismes mis sur pied par le gouvernement du Québec à l'intention des coopératives; par la concentration de l'épargne des membres ou des coopératives dans un fonds de développement qui devrait servir prioritairement aux coopératives de travail; et par le développement des liens économiques entre les coopératives (échange de services en technologie, coordination des efforts de promotion, collaboration pour la réalisation de projets d'envergure, intercoopération, etc.).

Après seulement quelques mois d'activité, la Fédération compte déjà plusieurs réalisations à son actif.

Tout d'abord, elle a concentré ses efforts sur le recrutement et le financement. En effet, plus le nombre de membres est élevé, plus il est facile de se financer et donc de mettre sur pied des services adéquats.

La Fédération a également négocié un protocole d'entente

avec le ministère de l'Industrie et du Commerce, selon lequel ce dernier lui accorde une aide financière lui permettant d'offrir certains services à ses membres, tels que: services conseils en développement de marchés et en design de produits; de services conseils pour certains projets nécessitant une expertise spécialisée en métallurgie; et services conseils pour la transformation d'entreprises patronales en coopératives de travail.

Par ailleurs, soucieuse de faire en sorte que les membres des coopératives de travail puissent effectivement déduire de leur revenu personnel imposable les investissements consentis à leur entreprise, la Fédération a publicisé le nouveau Régime d'Investissement Coopératif.

Enfin, la Fédération a entrepris plusieurs démarches afin de sensibiliser le nouveau gouverne-

ment du Québec à la réalité des coopératives de travail.

Considérant qu'il lui reste encore beaucoup de pain sur la planche, la Fédération ne compte pas s'arrêter en si bon chemin. Au cours des prochains mois, elle s'attaquera non seulement à la mise sur pied du fonds de développement pour les coopératives de travail mais aussi à celle d'un fonds de pension et d'une assurance-groupe pour les membres. Parmi ses autres priorités, mentionnons également la création de programmes de formation et d'intercoopération.

Tous ces sujets, la Fédération entend les aborder avec ses membres au cours d'une série d'assemblées régionales qui déroulait au printemps. Ces assemblées ont servi à préparer le congrès d'orientation en septembre, mais permettent aussi à la Fédération de rencontrer ses

membres dans toutes les régions du Québec.

Cette volonté d'implantation régionale constitue d'ailleurs une préoccupation constante de la Fédération, reflétée par sa structure de même que par la composition de son conseil d'administration (délégués régionaux et conseil exécutif). En fait, la représentativité de la Fédération repose sur son implantation dans les régions et sur l'étendue de son membership. Ces deux conditions lui permettront d'atteindre son objectif premier, tel que défini par son président, Aurèle Séguin:

"... la Fédération canaliser les efforts de toutes les coopératives (de travail) et elle constituera leur force motrice aux plans du développement économique et de la création d'emplois à travers tout le Québec." ■

Tanzanian co-op struggles to survive

S.A. Chambo

"Kivuki" is an abbreviation for the Swahili words, "Kituo Cha Viwanda Vya Ushirika Kiborloni", meaning "Centre for Industrial Co-operatives in Kiborloni". (Kiborloni is a suburb of Moshi, Tanzania.)

Kivuki was formed in 1973 when the Tanzanian government decided to promote small-scale industries. Through a regional development fund, finances were

allocated to form this industrial co-operative from skilled workers scattered throughout Tanzania.

Kivuki started with 60 members, all of whom were technicians. Within a year, however, Kivuki was experiencing financial and managerial problems. There was a change in management, and a change in market orientation from offering auto repairs and maintenance to developing automobile window- and door-frames.

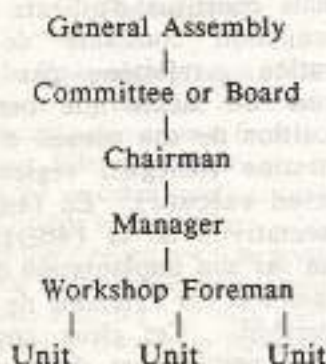
Also, membership dropped to 16 over the years -- in part because of too much individualism. For example, some members used Kivuki to upgrade their skills so they could eventually leave and form their own private businesses.

Organizational structure

Workers can usually switch between jobs in each of Kivuki's four technical units. This shift-

ing helps bring about some equality in occupations.

The management structure is typical of that found in industrial co-operatives in Tanzania:



However, Kivuki's management differs from many industrial co-operatives in Tanzania in one significant respect: the posts of chairperson and manager are held by different individuals. (Tanzanian industrial co-operatives are often established through the efforts of dedicated individuals who become both manager and chairperson.)

A new worker becomes a member of Kivuki after eighteen months of on-the-job training. This probation period applies to both skilled and unskilled



Sturdy and secure steel window and door frames produced by Kivuki.

workers. New members pay an entry fee of 20 shillings (\$1.80 Canadian); one share costs 200 shillings, with a maximum of 10 shares allowed for each member. Whatever the number of shares owned, the principle of one member-one vote still applies.

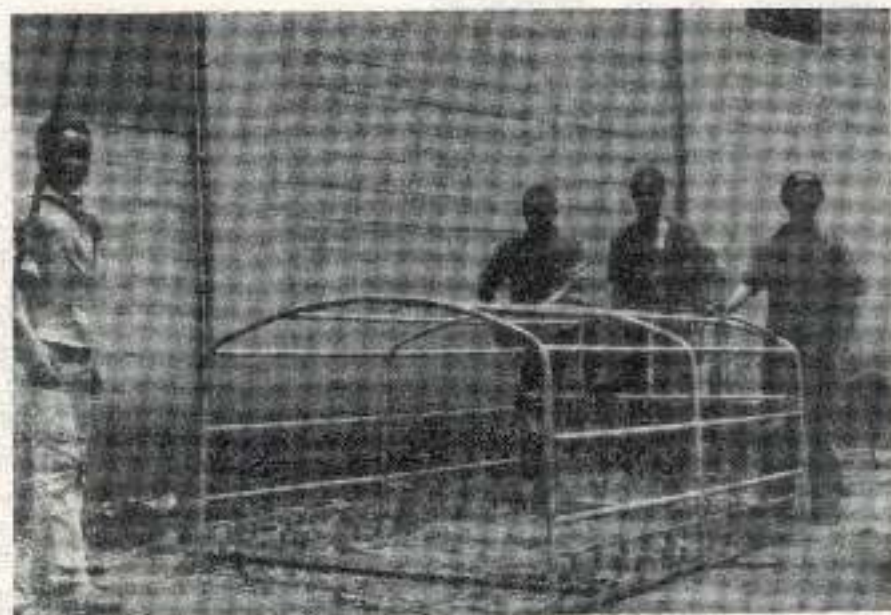
Kivuki still faces problems. There is an urgent need to buy new machinery and to establish a network for marketing its pro-

ducts and services rather than depending solely on orders. Most raw materials that Kivuki requires are available in Tanzania. However, the co-operative's need for foreign steel cannot be met because of foreign exchange limitations. The scarcity of foreign exchange in Tanzania significantly affects Kivuki's operations.

Much remains to be done at Kivuki in developing training programs for production and managerial skills and in education for a democratic workplace.

The formation of an industrial co-operative association, both at regional and national levels, could help to institutionalize co-operation among Tanzania's industrial co-operatives and also could help to solve some of Kivuki's marketing problems.

S.A. Chambo is senior tutor at the Co-op College in Moshi. He researches industrial co-operatives in Tanzania and is currently completing his masters degree in environmental studies through York University. He can be reached at the Co-operative College, Box 474, Moshi, Tanzania.



One of Kivuki's finished products: a welded steel pickup truck canopy.

Senior management leaving as Mondragon faces new challenges

Jack Quarter

About 25 per cent of senior management are leaving the Mondragon worker co-operatives each year in order to accept higher paying positions, either in private industry or in government. In response to this problem, the Mondragon group has

taken a number of initiatives.

The pay of senior management has been increased so that the top of the pay scale is now 4.5 times higher than the bottom. (Previously the ratio was three to one.) However, even with these increases, Mondragon's senior management could often earn twice as much in private

industry or government. A heated debate is currently occurring in Mondragon's social council, with senior management pressuring to have its earnings raised toward the market rate and with worker-members resisting further increases.

As well, senior managers who leave the Mondragon group to join competing industries can be penalized up to 30 per cent of the money in their capital account. And there are discussions about increasing the pay-out period for capital accounts from its current maximum of five years to a maximum of 10 years, though such a change would not be specific to senior management and would serve the broader purpose of retaining more capital in the system.

Finally, co-operative educational programs have been developed through the Iksabide Institute (founded in 1984) for both senior management and other members of the Mondragon community. According to Mondragon's institutional relations advisor, Jose Ignacio Mora Aguirre, "co-operative ideals have weakened over the years. We are a co-operative, but we have to compete and work the same way as others."

Most of Mondragon's senior managers are engineers, lawyers, economists and architects who are graduates of the Politeknikoa, the school originated by Father Arizmendiaretta (the priest who inspired the Mondragon system). Although the Politeknikoa is the source of many of Mondragon's members, its curriculum does not



One of the many Caja branches in the Basque country.

deal with co-operative philosophy and practice. The Iksabide Institute is designed to fill this gap.

The Common Market

Mondragon's industries are well prepared for Spain's entry into the Common Market, because of a major modernization that occurred from 1979 to 1984, financed in part by a 14 per cent decrease in worker-members' purchasing power.

Over this five-year period the number of workers in Mondragon's industries declined slightly, whereas sales increased by about 200 per cent and exports increased by about 300 per cent.

Also, the Mondragon group has created a new "super-structure" organization ("Consejo de Grupos") which will represent all of Mondragon's member-organizations in negotiations with the Spanish government and with other European governments.

New priorities

Organizing farmers into worker co-operatives will be the priority of the Mondragon group over the next five years, and beyond that fishermen may be the target group. Spanish industry is collapsing, and workers in the Basque provinces have resisted forming new industrial worker co-operatives inspite of promotional efforts by the Caja Laboral Popular. Only 25 per cent of the Caja's savings are invested in worker co-operatives, and, according to Mora Aguirre, the Caja foresees greater potential for financing agricultural rather than industrial co-operatives.

The outcome of the new challenges facing the Mondragon group is uncertain. However,

one can expect that the face of this dyanamic organization, which has grown to nearly 20,000 members since its inception in 1956 and which boasts sales of about \$1.5 billion (Cdn.), will continue to change in the coming years.

For more information about the Mondragon co-operatives, contact Jose Ignacio Mora Aguirre, Caja Laboral Popular, P.O. Box 34, Jose Maria Arizmendiarietta, Mondragon (Gupuzcoa), Spain. A recently published English-language booklet, The Mondragon Experiment by Lan Kide Aurrezkia, is also available from the same address.

Note

Over the past decade Israeli kibbutzim have also suffered a sharp increase in members who leave the movement. However,

the number of those who have left from among senior management of kibbutz industries has been relatively low -- even though kibbutz managers have the same standard of living as other members and even though they could often earn more in the city. An explanation for this may be the method for choosing management of kibbutz industries. In addition to having technical and profession training (as in Mondragon), kibbutz managers are usually long-term members of their community who are selected by other members because of their exemplary work records and their co-operative management skills.

Jack Quarter is a professor of applied psychology at the Ontario Institute for Studies in Education, Toronto. He recently returned from a trip to Mondragon and Israel.

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BRITAIN

Chris Green

10th Anniversary of Common Ownership Act

The autumn of 1986 will see the 10th anniversary of the Industrial Common Ownership Act which made it considerably easier for worker co-operatives to be set up, and which was the springboard for the explosion in the worker co-operative movement in the UK. There are now over 70 local co-operative development agencies, and last year saw the registration of Britain's 1,000th common ownership co-op. The worker co-operative movement may appear to be minute compared to the established commercial sector; in 1983, from public funds alone, £5.4 billion was invested in private companies compared with £3 million invested in co-ops. However, if the growth of the worker co-operative sector is as significant in the next ten years as it has been in the last ten, worker co-operatives will be very dominant in some industries and strong in several others.

Co-operative education

New developments have been taking place in a few schools and colleges in the United Kingdom. The leaders in the field are the West Glamorgan Common Ownership Development Agency, but developments are also taking place in Huddersfield, Middlesbrough and Cambridge. Activities which have been undertaken include: training in non-competitive games for youth workers and teachers; the presentation of worker co-operatives in business

studies, social studies and history lessons; the discussions of socially useful products in craft-design and technology courses; worker co-operatives for young people from schools and colleges; and the development of mini co-op enterprises (short-life simulations of a co-operative business in which the students are owners and managers as well as workers.)

Community businesses

Community businesses, a relatively new concept in the UK, are rapidly becoming popular. A community business merges social and community development objectives with local economic regeneration in a unique way. They are rarely guided by financial profitability, and success is gauged by criteria such as the number of jobs created for local people and by improvements to the living and working environment rather than by strict financial measures. Community businesses are being set up in localities which are unattractive to traditional businesses, and where there is often high chronic unemployment.

The membership of a community business is generally open to anyone living or working in the locality defined by its constitution. The fastest expansion in community businesses has been in Scotland. Most community businesses receive financial support from the public sector.

The activities of community businesses range from producing furniture, knitwear and clothing, to providing business training and managing workspaces. The community business movement is at the moment very new but has a lot of energy, and is receiving considerable support.

Twin trading

Worker co-ops in the UK are trying to live up to their social aims and objectives by twinning with worker co-ops in Zimbabwe and Nicaragua. £10,000 is to be raised in order to buy water buffalo for a consortium of co-ops in the Bluefields area of Nicaragua. This can be done only with outside help because the project is relatively high risk. Water buffalo have not been used in the Bluefields area before, even though they appear to be ideal for that environment.

For more information, contact Chris Green, Kirklees Employment Development Unit, 5th Floor, Kirklees House, Market Street, Huddersfield, U.K. HE1 2EY; (0484) 22133 - Ext. 633. ■



Workers in a UK shoemaking co-op

Around the World

SCOTLAND

84 and counting

There are now 84 worker co-operatives in Scotland -- an increase of 27 in the past year -- with combined revenues exceeding £7 million. Like British worker co-operatives in general, those in Scotland are small and primarily involved in the service sector. The types of enterprises include: architectural, engineering and consulting services; building trades; retail and wholesale foods; restaurants and catering; crafts and woodworking; printing and bookshops; home, industrial and commercial services; clothing and textiles (including high fashion).

Even more impressive are the colourful names for these enterprises: Jaws Restaurant, Snakes of Shake (musicians); Able Hands (building), Keose Seaweed, Keith Whisky Barrels Ltd., Woman Zone (books).

Most have been started with the assistance of regional development groups which have done promotion, planning, training and helped with financing. A venture capital fund to stimulate worker co-operative development received a boost when an expatriate Scot concerned about high unemployment invested £100,000. The target for the fund is £500,000.

Some of the more interesting co-operatives in particular, and the Scottish worker co-operative scene in general, are described in *SCDC Employee Ownership in Scotland*, Templeton Business Centre, Templeton Street, Bridgeton, Glasgow G40 1DA, Scotland; (041) 554-3797. ■

FRANCE

A British view of French co-ops

Eighteen representatives of worker co-operatives in Britain visited France this year as part of an exchange that was "designed to discover how co-ops can grow while staying democratic" (the ICOM Pilot Program).

Writing in *The New Co-operator*, one of the visiting British co-operators, Toby Johnson, makes the following observations:

"... a great many French co-ops are conversions, and maintain their hierarchical management style, whereas British co-ops tend to be more 'collective' in outlook. We kept being referred to as 'young' -- surely more of a statement of our radical outlook than our biological age! A much higher proportion of the members of French co-ops are male, and we met few women. Many of us felt that sexist attitudes still prevailed. There is reputed to be a collective movement in France, but we didn't meet it.



"... we visited an astonishing range of co-operatively-run businesses -- newspapers, an alcoholics' clinic, bakeries, training co-ops, a sheet-metal works,

typesetters -- and even 'Luncheon Vouchers' are run by a co-op in France.

"French co-ops are not 'common ownerships' (as in Britain) -- workers are required to put in share capital, typically amounting to two months' salary, which may be contributed by installments -- usually by a one to five per cent deduction from wages.

"The French national federation, CGSCOP, has a continuous history back into the last century, and reflects this in its style and financial strength. They're more or less mid-way between the UK and Italy in size, formality and number of unpronounceable acronyms!

"... French co-ops have a lot more going for them economically, but are under political attack. They have preference in public works contracts, and this has become a political football... But then co-ops are a much more serious economic force in France than the UK, and have much greater support from the trade unions. A great help to new starts is a system somewhat similar to our Enterprise Allowance System, whereby unexpired unemployment benefits can be paid out in a lump sum to capitalise a new enterprise."

And if -- from a British point-of-view -- all is not well with co-operatives on the other side of the channel, the cuisine is not one of the problem areas: "High points of the trip were a long, slow lunch at a Paris city-centre restaurant set up by an Indonesian co-operative, and more than one proffered -- and accepted -- bottle of champagne."

Excerpted from "The Famous Five go to France," The New Co-operator, Summer, 1986, p. 5). ■

Around the World

NICARAGUA

Beth McKee

Twin Streams assists Nicaragua

UNAG (Union Nacional de Agricultores y Ganaderos) is the

less campesinos can petition for title to the land belonging to large landowners who leave the country or otherwise do not make maximum use of the land. MIDINRA then negotiates with the large landowners for a fair price or for a piece of land of equal value elsewhere in the country, using the power of confiscation only as a last resort if the landowner cannot prove that he has farmed the land productively. MIDINRA, in turn, deeds the land to individual, small farmers and to co-operatives. This long process of negotiation guards against arbitrary state seizure of land, while giving campesinos the opportunity to own enough land to feed their families and their nation.

Twin Streams Education Center of North Carolina has extended its working agreement with



BELIZE

Tim Kimrey

Canadian organization assists Belize

The Belize Agency for Rural Development (BARD) is a primarily Canadian-funded non-profit organization working to develop and strengthen local agricultural co-ops.

BARD is in touch with the people, committed to appropriate development and worker-ownership, and, through its work with 14 co-ops, able to reach into many communities. BARD and Twin Streams Educational Center of North Carolina have agreed to work together on the joint development of a farm/school -- a combined agricultural co-op, adult-education centre serving workers from Belize and all over Central America. This exciting venture offers opportunities for international support.

For more information, contact Tim Kimrey, c/o Twin Streams Educational Center, 243 Flemington Street, Chapel Hill, North Carolina 27514 USA; (919) 929-3316.■

non-governmental organization of small farmers in Nicaragua.

UNAG staff provides technical assistance to improve production. Collective purchases of equipment and supplies and co-operative marketing give small farmers a major portion of the market for basic foods and export crops (88 per cent of the beans, 65 per cent of the coffee).

UNAG also serves as an advocate for poor farmers in dealing with governmental processes, especially MIDINRA, the Ministry of Land Reform. The principle of land reform has been that land should belong to those who work it productively; land-

UNAG, discussing preliminary plans for co-operative construction of a training centre for farmers in Bluefields on the Atlantic Coast. Brigades from the U.S. would work with the Nicaraguan crews to build a centre with offices and dormitories where groups of campesinos could learn improved farming techniques and co-operative skills.

Another exciting possibility is assisting with the new training centre for small business co-operatives. Just a year old, Pequeñas Industrias has 10,000 members and is building a school with dormitory space in Managua

Around the World



Nicaraguan Minister of Agriculture, Jaime Wheelock, at UNAG Congress.

to teach sewing, shoemaking and other skills. It also assists the formation of co-operatives that can supply the country with necessary items while supporting workers and their families. They need tools and technical assistance in the design and manufacturing of clothing and shoes, as well as office equipment. Twin Streams will work with these Nicaraguan organizations to develop specific proposals for funding from churches and foundations in the U.S. and will co-ordinate U.S. involvement in the projects as educational experiences in co-operation.

For more information, contact Beth McKee, c/o Twin Streams Educational Center, 243 Flemington Street, Chapel Hill, North Carolina 27514, USA; (919) 929-3316. ■



Israel's second largest agricultural cartons factory at Kibbutz Ein Hamifratz.

ISRAEL

A profile of kibbutz industries

The most important change in the kibbutz economy is the development of industry, now accounting for 7.5 per cent of Israel's total industrial production, excluding diamonds. (The kibbutz movement represents 3.2 per cent of Israeli population and accounts for 45 per cent of Israel's agricultural production.)

There are now 365 industrial plants in the kibbutzim -- most in plastics, metals and food production -- with 15,000 workers.

During 1984-85, investments in kibbutz industry totalled \$153 million (U.S.), production reached \$1.05 billion (U.S.) (an increase of nine per cent over the previous year) and exports rose to \$280 million (U.S.) (an increase of 45 per cent in two years).

Exports have been increased by the penetration of specialized markets which are not of interest to American and European multinationals. Future plans include organizing manufacturing branches to promote exports, creating an internal co-operative

kibbutz market -- "the Green Market" -- and increasing investment in high-tech industries. About 60 per cent of the robots in the Israeli economy are used in kibbutz industries.

Research indicates that the kibbutz workforce requires less managerial supervision than in conventional plants. Average sales per worker in kibbutz industries are \$78,500 (U.S.) as compared to \$53,000 (U.S.) in other Israeli industries.

In coming years growth in kibbutz industries is expected to slow because of decreased investments. Like other sectors of the Israeli economy, many kibbutzim are experiencing financial difficulties because of the draconian measures taken by the government to drive down the annual inflation from 500 per cent to its current level of 18 per cent.

Nevertheless, there is an air of optimism about kibbutz industry, and many kibbutz members see modern industry as the future of their movement.

For more information, contact the Kibbutz Industries Association, 8 Sderot Hamelech Shaul (8 King Saul Street), P.O. Box 40012, Tel Aviv, Israel; phone 03-252171. ■

UNITED STATES

Frank Adams

Needle-trade co-ops

Worker-owned firms continue to be spawned in the beleaguered American needle industry. With the founding, in 1979, of the successful Workers' Owned Sewing Company in Windsor, North Carolina, six worker-owned sewing co-operatives have started up. And while one of them failed, the others continue a steady financial growth.

Workers' Owned, which started with five persons, now has more than 60 fully vested members and gross sales of over \$1 million annually. Busy Needle, a cut-and-sew operation in Henderson, North Carolina, weathered a shaky financial start and now has 12 members.

Two cut-and-sew operations are flourishing in Virginia (Dungannon Sewing Co-operative in that state's mountainous southwest and Lucky 13, in Emporia). Nearly 70 people, most of them women, own and manage these two companies. Both firms were born in the wake of plant closings.

Union organizes buyouts

In South Carolina, the Amalgamated Clothing and Textile Workers' Union (ACTWU) has been leading an attempt to buy out an operating textile firm near the state's capitol, Columbia, and convert it to worker-ownership. This is the first union-backed effort in the South. Worker-owners, themselves, have helped spark union interest in the idea. Both North Carolina sewing co-ops petitioned ACTWU for mem-

bership and have belonged to the union since mid-1985.

In another ACTWU-backed drive, 50 employees of Darwood Manufacturing Company, Fall River, Massachusetts, voted in June to buy that company out of bankruptcy and convert it to worker ownership. Many of the new worker-owners had labored at Darwood all their working lives, and they decided to keep the old company name. Because most are Portuguese, pre-conversion educational activities (including by-law and business plan development) were conducted in both English and Portuguese.

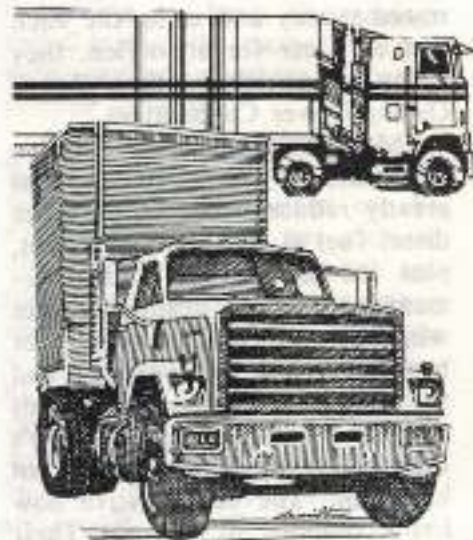
Conversions have mixed results

Elsewhere in New England, the two founders of Wild Oats, a maternity-dress design shop in Burlington, Vermont, decided to convert their young, but growing company, to worker-ownership. Five persons, including the founders, expect to complete the conversion process this fall.

On the west coast, however, the struggle of 32 seamstresses to fashion a successful co-operative failed. Rainbow Workers Cooperative in East Berkeley, California, stayed in business 13 months, finally shutting down in April. The operation was born when a camping-gear company quit manufacturing in the U.S. and took its stitching needs offshore. The co-operative got its name from its members' ethnic diversity, which included American Blacks, Chinese, Filipinos, Mexican-Americans, Burmese and Portuguese. Co-op planners estimated it would take \$600,000 annually in sales to succeed. By April, only \$400,000 worth of garments had been produced.

"It looked good on paper, but it just didn't work," says founder and president, Betty Chisolm.

At first, the company made tents and parkas, then added a line of swimwear in a vain effort to stay afloat. Bankruptcy proceedings have commenced.



Truckers' co-op

In Wilmington, California, an impoverished city surrounding the Los Angeles harbour, two truckers, Aldo Olmedo and Bob White, have organized 185 fellow truckers, mostly Spanish-speaking immigrants, into a trucking co-operative which has the port industry's attention. Since federal deregulation of the shipping industry in 1980, brokers and steamship companies have driven down prices paid the nearly 1,200 independent truckers who haul containers to and fro in the sprawling, busy harbor. As rates have fallen, the costs of keeping their rigs going have risen steadily. A one-day work stoppage shut down the port in February, 1985, as the owner-drivers protested stingy rates.

Around the World

Olmedo and White were at the centre of that protest and were leaders in a concurrent attempt by the Teamsters to organize the drivers. The union's organizing drive resulted in a contract for some 450 drivers but left out hundreds of others, according to Olmedo and White. With less than \$2,000 in borrowed money and using the back seat of a car for an office, they began organizing the Truck Owner/Driver Cooperative.

Membership entitles drivers to repairs in the TODC shop at greatly reduced cost, to purchase diesel fuel at rock-bottom prices, plus the services of a management team which negotiates rates with the steamship companies or brokers. New memberships had to be halted temporarily this summer because the co-op's record-keeping system could not keep up. The co-operative now has a computer to help out. Their goal is to organize at least 800 drivers.

Co-op joins union

North of California, in Bellingham, Washington, the three-member Fairhaven Co-op Flour Mill, which produces high quality, organic, whole-grain flours, has joined the International Wood Workers Union and is experimenting with a unique work schedule. Dave Tucker, one of the three worker-owners, reports that he and his two colleagues operate two hammer mills and a stone mill, along with filtering and bagging equipment, by using a two-weeks-on, one-week-off schedule, since it takes only two persons to run the mill. They joined the union because it "helps maintain a sense of solidarity with other workers".

Mid-west is active

In Ohio, two support groups have been active. The Worker Owned Network, based in the university town of Athens, assisted in the conversion of a conventionally-owned bakery to worker-ownership in June. Crumbs, which bakes products renowned for their quality, has five worker-owners, but its business plan calls for a doubling of its workforce in one year.

The co-op is the third spawned by WON. The first, Casa Nueva, a Mexican restaurant, is thriving. The second, Home and Family Care Associates, provides home healthcare for shut-ins. It started operations in Athens and has opened a second branch.

In Youngstown, Commonwealth Inc. is busy promoting worker-ownership in the economically-distressed Mahoning Valley, where one steel-related company after another has shut down.

Commonwealth also helped to get Call On Our People going, with Karen Briggs as manager. This co-op is a domestic and industrial cleaning service with 16 worker-owners. After investing in cleaning and office equipment, it expects to start making a profit soon.

Seymour Specialty

Commonwealth sponsored a successful public forum in July. Key speakers were the leaders of America's largest democratic ESOP, Seymour Specialty Wire company in Seymour, Connecticut. Carl W. Drescher, president of the 225-member worker-owned industry, and Michael Kearney, president of Local 1827, United Auto Workers,

explained how their profitable company was operating, and how employees bought it from a huge conglomerate.

Seymour has spent six months planning to extend democratic participation from the boardroom to the shop floor. Shortly after holding its second annual company-wide elections last spring, union and management developed a unique plan called Workers Solving Problems, a jointly-managed decision-making and problem-solving program. Small groups of worker-owners will be meeting twice monthly to figure out ways to widen labour's control over production. The plan grew out of a series of meetings within Seymour and went into effect after Labour Day.

Educators interested

The impact worker-owned co-ops have been making in the U.S. was evidenced during the annual meeting of the Association for Co-operative Educators (ACE), which met in Madison, Wisconsin, in June. It held workshops on the potential for worker co-ops and on training workers to become co-op owners. Historically, ACE has devoted most of its energies to farm-related co-operatives, credit unions or consumer co-ops.

Frank Adams is co-ordinator of education at the Industrial Co-operative Association, 58 Day St., Suite 200, Somerville, MA 02144 USA. He is the author of *Unearthing Seeds of Fire: The Idea of Highlander*, and a forthcoming book, with Gary B. Hansen, titled *Putting Democracy to Work: A Practical Guide for Starting Worker-Owned Businesses*. ■



Canadian Labour Congress cautiously promotes "production" co-operatives

One indication of the current debate about worker co-operatives in the CLC is the stylish, bilingual leaflet, "The labour movement and the co-operative movement: parallel paths?" ("Le syndicalisme et le coopératisme: des voies parallèles?") Distributed by the CLC educational services, the leaflet reads:

"Some time ago, important reflection began within labour organizations with regard to their involvement in the development of production co-operatives. Similar reflection led to the intervention by the Canadian

Labour Congress to encourage the creation of housing co-operatives, and more recently, the decision of the Quebec Federation of Labour to establish the solidarity fund.

"A new departure is already on the horizon. Increasingly, union members are called on to react collectively in order to preserve their jobs. The era in which private enterprise and the state were sufficient to create and maintain employment is past.

"In the face of plant closings, robotization, the reduction of working hours (with reductions

in wages), cutbacks and all of these employer manoeuvres designed to divide workers, weaken them in their demands and even destroy their unions, it becomes essential for our members to become directly involved in controlling their jobs.

"During periods of high unemployment, can we not assist workers in their task by showing them that there is an alternative suited to this situation, that of production co-operatives?"

The labour movement, like the co-operative movement, is deciding how the worker co-operative can fit within its normal agenda. The primary agenda for organized labour is bargaining for better working conditions for its members. The co-operative movement, on the other hand, is primarily based on the economic and social interests of consumers of services and semi-independent producers (farmers and fishermen). In a frank analysis of the two movements, the CLC leaflet notes that these different agendas have, at times, led to "confrontation", "frustration" and "withdrawal" of the labour movement from the co-operative movement.

In spite of these differences, the CLC leaflet notes that both organized labour and co-operatives have "the same potential members" and it asks: "Is another meeting place possible?" with respect to production co-operatives.

Produced in consultation with the Comité provincial des coopératives des travailleurs, travailleuses du Québec (3424 est, rue Ontario, Montreal, Québec H1W 1P9), this leaflet is available from the CLC Educational Services, 2841 Riverside Drive, Ottawa, Ontario K1V 8X7.■



Shirley G.E. Carr, President, Canadian Labour Congress.

Across the Nation

National Worker Co-operative Federation

The Co-operative Union of Canada has given a green light to the worker co-operative movement to form its own national federation. Plans are being made for an initial meeting, either in late October or November.

At that meeting it will be proposed that the national federation would co-ordinate lobbying activities and that the Worker Ownership Development Foundation and the Co-operative College would co-ordinate educational programs.

For more information, contact Ethan Phillips, director of the Worker Ownership Development Foundation, 357 College St., Toronto, Ontario M5T 1S5; (416) 928-9568. ■

NATIONAL

Albert Chambers

CUC re-affirms Task Force support

At its annual meeting this June, the Co-operative Union of Canada re-affirmed its support for the recommendations of the National Task Force on Co-operative Development which submitted its report to the federal cabinet in 1984. In particular, the CUC meeting referred to the importance of regional development agencies and start-up funds for worker co-operatives. The CUC has supported both of these recommendations since the beginning of the Task Force project.

The next step is the federal government's response to the Task Force. The Minister

responsible for co-operatives, Charles Mayer, is expected to take the government's response to cabinet very soon.

Market opportunities for worker co-operatives

If worker co-operatives are to develop as manufacturers, as well as in the service and resource sectors, then a new research program at the Department of Regional Industrial Expansion may be of assistance. The department's Market Development Branch is publishing a series of profiles of products for which import replacement opportunities may exist. Each profile is a brief review of the domestic market, the import trends and concentration as well as tariff and other trade considerations. There is also some analysis of the competitive factors and the existing players. The profiles are not in themselves feasibility studies but could provide a launching point for an enterprise or a product line.

By June, 1986, DRIE had 65 publications in its *Canadian Market Opportunities -- Import Profiles* series. These are available from the DRIE regional offices or the DRIE Publications Centre, Ottawa K1A 0H5. To date they cover a wide diversity of products from golf bags to ceiling fans and from computer plotters to packaging machinery and parts.

Worker co-op committee seeks input

As noted in the previous issue of *Worker Co-ops*, the April conference on co-operatives agreed to a joint government/co-operative project on worker co-opera-

tives. The steering committee has been established with representation from both the CCC and the CUC and from both levels of government. Work on the three major areas is underway, but to be successful input from worker co-operatives, resource groups and others with experience is required.

One of the objectives of the project is to identify the problems that worker co-operatives have in accessing existing government programs (federal, provincial and municipal) and the suitability of these programs to the development needs of worker-owned business enterprises. The experiences (positive and negative) of those who have been involved in the formation of worker co-operatives is one of the surest means of identifying the impediments, constraints and problems. Officials, sitting down with a stack of federal or provincial statutes and regulations, and trying to apply theoretical models of a worker co-op to the various criteria, can be expected to waste a lot of time in coming face to face with the problems. With assistance from the co-operative sector, the project should proceed more quickly. Those interested in assisting the provincial and federal governments with this aspect of the project or in supplying comment on the other parts should contact either the CUC, the CCC or their provincial government department responsible for co-operatives.

For more information, contact Albert Chambers, Director of Government Affairs, Co-operative Union of Canada, 237 Metcalfe Street, Ottawa, Canada K2P 1R2; (613) 238-6711. ■

Across the Nation

Laycock elected CASC president

David Laycock, a researcher working on a cross-appointment with the Centre for the Study of Co-operatives in Saskatoon and the Co-operative College of Canada, was elected president of the Canadian Association for Studies in Co-operation at the organization's annual meeting in Winnipeg on June 6, 1986. The meeting, held in conjunction with the Learned Societies, saw Skip Kutz of the College and Skip McCarthy of Carleton University assume the positions of vice-president and executive member, respectively. Murray Gardiner, who recently joined Credit Union Central (Sask.) from York University, was elected secretary-treasurer.

Keynote papers presented by Chris Cornforth of the Open University in Britain, and David Laycock, centred on the movement's links with worker co-operatives and government, as well as the dilemma of "third sector" economic development in Canada.

For more information, contact Chris Axworthy, Centre for the Study of Co-operatives, Diefenbaker Centre, University of Saskatchewan, Saskatoon, Sask. S7N 0W0; (306) 966-8503.

Co-op CEOs study profit-sharing

At the conference of presidents and chief executive officers of co-operatives in Saskatoon this past June, the program featured sessions on profit- and gain-sharing plans, increasing organizational effectiveness, co-operative capital formation, and "re-inventing" the co-operative.

Resource persons included Richard Long (University of

Saskatchewan), George May (UCO), Albert Chambers (CUC) and Gary Rogers (CCCS).

For more information contact Myrna Barclay, Co-operative College of Canada, 510 - 119 4th Avenue S., Saskatoon, Sask. S7K 5X2; (306) 244-3600.■

...

BRITISH COLUMBIA

Dana Weber

CODA

The directors of Vancouver's Common Ownership Development Association have decided to dissolve the organization and will put a resolution to that effect before the society's membership this fall.

Established in late 1983, CODA has served as B.C.'s chief promoter of and, at times, consultant to, worker co-operatives. But apart from 1984, when it had Canada Works funding, CODA has never been able

to put together the necessary resources to maintain consistent services. "We've managed to garner the occasional consulting contract," said a director, "but it hasn't been enough to sustain an entire organization. Without core funding we've felt for some time that we're flogging a dead horse here."

A lack of funding has been the case despite many approaches to government, foundations and the co-op sector. CODA's most recent proposal for a collaborative effort with Vancouver's Inner City Housing Society was turned down by the Inner City board last month. Under the proposal, Inner City would have allocated some staff time and office support to CODA activities. But with a brand new federal co-op housing program to deal with, the Inner City board felt that diversification into worker co-op development was inappropriate "at this time". Unfortunately, any other time proved too late for CODA, which saw the Inner City proposal as a last ditch effort to stay afloat.

WORKER OWNED AND MANAGED

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V5L 2H1
TELEPHONE 254-5635

Across the Nation

SASKATCHEWAN

Lars Apland

A.C.E. in Saskatoon in 1987

A.C.E. members in Saskatchewan will be organizing the 1987 Association of Co-operative Educators symposium. Originally planned for Quebec, the conference has been rescheduled for Saskatoon next June. A.C.E. has members in the training and educational sectors of the Canadian and American co-operative movements. Representatives from national, provincial and local co-operatives will have the opportunity to assist in the planning for next year's event.

New co-operative

HAND-E Workers Co-operative was incorporated through the provincial Department of Co-operation and Co-operative Development in April, 1986. Its charter members originated as participants in a job search committee of the Voice of the Handicapped in last September. The group's efforts were rewarded on August 13 of this year when the non-profit co-operative held its first general meeting.

The "HAND" in HAND-E represents the five facets (or fingers) of this co-operative's mandate:

1. Employment creation
2. Equal opportunity
3. Environmental adjustments
4. Energy from self-help
5. Equity in decision-making and ownership.

HAND-E has a membership comprised of workers, potential workers and committed individuals from the community. The

co-operative's objectives are to overcome the wide range of barriers to employment experienced by both the chronically unemployed and under-employed. Its aim is "to assist individuals or groups in the development of non-sheltered businesses or work situations that enable its employees and trainees to be productive and competitive in the workplace."

With plans for a small-scale production operation, HAND-E seeks to help people to gain skills and confidence in themselves so they may be gainfully employed in meaningful, lasting jobs rather than all-too-common, makeshift operations. In the process, HAND-E co-operative wishes "to demonstrate to other employers the positive benefit of creatively designed employment situations."

HAND-E Workers Co-operative welcomes interest and support. Address correspondence to: HAND-E Workers Co-operative, #173 - 1222 Alberta Avenue, Saskatoon, Saskatchewan S7K 1R4; (306) 665-6950.

Lars Apland may be contacted at the Centre for the Study of Co-operatives, Diefenbaker Cen-

tre, U.of S., Saskatoon, Sask. S7N 0W0; (306) 966-8503.■

...

ONTARIO

Ethan Phillips

Big Carrot grows bigger

One of Toronto's largest worker co-operatives, the Big Carrot Natural Food Market, is expanding to new quarters. The Big Carrot currently has 25 full-time workers, all but three of whom are full or probationary members.

Current expansion plans call for an increase in floor space from 2500 to 7000 sq. ft. The new store will be located in a mall with complementary stores.

The mall (Carrot Common), which will offer 23,000 sq. ft. of retail space, will be a joint venture between the Big Carrot and a partner, with the Big Carrot holding 35 per cent of the equity.

More information is available from Mary Lou Morgan, president, Big Carrot, 355 Danforth Ave., Toronto; (416) 466-2129.



Across the Nation

WODF

The Worker Ownership Development Foundation has hired three new staff people under the federal government's Section 38 job-creation program. The project will last until Christmas.

On the political front, the Foundation developed a comprehensive worker co-operative financial-assistance program for presentation to the provincial government in September. Copies of the program are available from the Foundation's office.

In August, the Foundation presented a brief to the provincial Ministry of Treasury and Economics in response to an employee-share-ownership initiative contained in the spring provincial budget. The Foundation argued that the proposal contained insufficient measures encouraging worker control and that, in the final analysis, a worker co-operative financial program would be preferable to an employee-share-ownership program.

The Ontario co-op sector appears to be in substantial agreement on a set of amendments to the provincial Co-operative Corporations Act. The amendments, which include a substantial worker co-operative component, will be presented this fall.

The Foundation's educational program continues in high gear. Several training sessions have been held in the last few months.

Finally, the Foundation is always seeking new members and donations. All donations are tax deductible.

Ethan Phillips is director of the Worker Ownership Development Foundation, 357 College St., Toronto, Ont. M5T 1S5; (416) 928-9568.■

QUÉBEC

Claude Carbonneau

S.D.C.'s future uncertain

A working group established by the Quebec government to review governmental agencies and operations (Comité Gobeil) has recommended that Quebec's primary organization for financing co-operative development, the S.D.C., be integrated with the Société de développement industriel du Québec (S.D.I.). In the same breath, the commission has recommended that the current resources of the S.D.I. be reduced. Whether the government follows these proposals or not, it foretells of problems for co-operative enterprises in Quebec.

Support for S.C.D.

At its 40th annual conference, the Conseil canadien de la coopération (the political arm of the co-operative movement in French Canada) passed a motion of unconditional support for the efforts of the Conseil de la coopération du Québec (C.C.Q.) to convince the Quebec government to maintain the S.D.C. and other governmental agencies assigned to co-operative enterprises.

Worker co-op federation

Following several regional meetings held throughout the province, the Quebec federation of worker co-operatives held an orientation conference September 12-14. Since its founding a year ago, the federation has been primarily concerned with increasing its membership and establishing mechanisms to allow it to work

with various government agencies.

New groupe-conseil

The Quebec government recently authorized the creation of two new groupe-conseils (advisory groups for worker co-operatives). For the first time, an advisory group will specialize in the conversion of existing enterprises to co-operatives. Such conversions have been rare, and expertise is lacking in this area. Under the direction of Paul Vincent, the new resource group will work at developing this expertise.

The second groupe-conseil is linked with the Confédération des syndicats nationaux (C.S.N.), Quebec's largest labour federation. This groupe-conseil, which received a significant grant from the federal government's Innovations program, will promote the co-operative formula as a means for workers to take control of their workplace and to improve their working conditions.

(French translation by Rosemary Oliver).

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

Quebecair employees grounded in buyout attempt

The Quebec government has sold its provincial airline, Quebecair, to Nordair Metro, a Quebec City turboprop airline company, for an estimated \$10 million. Quebecair's employees also bid for the company which had lost \$8.4 million in 1985 and which had cost the taxpayers \$80 million since being taken over by the Quebec government in 1981.■

Benoît Tremblay quitte le MIC

Environ six mois après l'élection du parti libéral au Québec, Monsieur Benoît Tremblay, sous-ministre adjoint aux coopératives, acceptait de remettre sa démission au ministre de l'Industrie et du Commerce, M. Daniel Johnson, le 26 juin dernier.

Son mandat d'une vingtaine de mois aura néanmoins marqué profondément l'attitude de l'état provincial à l'égard du développement des coopératives de travailleurs. Dès son arrivée, à l'automne 1984, il préparait une tournée ministérielle dans toutes les régions du Québec. Cette tournée devait constituer le fer de lance du programme d'encadrement du développement des coopératives de travailleurs. L'année 1985 aura donc été celle de la mise en place des groupes-conseil (GC) et des coopératives de développement régional (CDR) au Québec, un programme qui est maintenant examiné dans plusieurs provinces Canadiennes.

Du mandat de M. Tremblay, on retiendra également l'instauration du Régime d'investissement coopératif et l'aboutissement de plusieurs dossiers importants, notamment dans le secteur forestier.

Officiellement, M. Tremblay reprend son poste de professeur à l'École des Hautes Études Commerciales, Université de Montréal, et de chercheur-associé au Centre de gestion des coopératives qu'il a lui-même contribué à fonder en 1975.

Entre temps, le poste de sous-ministre adjoint aux coopératives ne sera pas comblé. Le gouvernement libéral a confié à M. Marc Jean anciennement de la Société de développement des coopératives (SDC), le mandat de lui proposer des hypothèses de "rationalisation" des activités gouvernementales concernant ce dossier. Une décision devrait être prise avant la fin de l'année.

Quoiqu'il en soit, les nou-

velles orientations proposées devraient affecter sensiblement le réseau d'encadrement mis en place depuis quelques années (SDC, Direction des coopératives, GC, CDR). C'est un dossier à suivre! (J.-C. G.)



M. Benoît Tremblay, ancien sous-ministre adjoint aux coopératives, du ministère de l'Industrie et du Commerce; former associate minister of co-ops, Dept. of Industry & Commerce.

Benoît Tremblay leaves Industry and Commerce

Six months after the election of the Liberal government in Quebec, Benoît Tremblay, associate deputy-minister of co-operatives, agreed to submit his letter of resignation to the minister of Industry and Commerce, Daniel Johnson, June 26.

His 20-month term will nonetheless have profoundly influenced the provincial government's attitude regarding the development of worker co-operatives. Since his arrival in the fall of 1984, he arranged ministerial visits to all regions of Quebec in a move spearheading the establishment of a framework for development of worker co-operatives. The Groupes-conseil (GCs) and the Regional development

co-operatives (RDCs) were to be put into place in 1985. The Quebec program is currently being examined in several other Canadian provinces.

Other legacies of Tremblay's term include the establishment of the Régime d'investissement coopératif (a program encouraging investment in co-operatives), and the realization of several important projects, notably in the forestry sector.

Mr. Tremblay will reassume his positions as professor at the École des Hautes Études Commerciales (University of Montreal) and as associate researcher at the Centre de gestion des coopératives, a centre which he helped to found in 1975.

Meanwhile, the position of associate deputy-minister of co-operatives will not be filled. The Liberal government has entrusted Mr. Marc Jean, formerly of the Société de développement des coopératives (SDC), with the task of proposing options for the "rationalization" of governmental activities in this area. A decision on rationalization strategy is expected before the end of the year.

Whatever the outcome, the new orientations proposed will affect significantly the development network (SDC, Direction des coopératives, GCs, RDCs) established over the last few years. It is a case worth following. ■

Across the Nation

L'Avenir de la S.D.C.

Un groupe de travail, mis sur pied par le gouvernement du Québec pour réviser les fonctions et les organismes gouvernementaux (Comité Gobeil), recommande que la S.D.C. soit intégrée à la Société de développement industriel du Québec (S.D.I.). Dans le même souffle, le Comité recommande que les ressources actuelles de la S.D.I. soient réduites. Si ces recommandations devaient être mises en application par le gouvernement, cela ne laisserait donc présager rien de bon pour les entreprises coopératives du Québec.

Vote d'appui du C.C.C.

Lors de son quarantième congrès annuel, le Conseil canadien de la coopération (C.C.C.) a voté un appui inconditionnel aux démarches entreprises par le Conseil de la coopération du Québec (C.C.Q.) auprès du gouvernement du Québec pour le maintien de la S.C.C. et des autres structures gouvernementales spécifiquement destinées aux entreprises coopératives.

Congrès d'orientation des coopératives de travail

Les 12, 13 et 14 septembre, la Fédération québécoise des coopératives de travail a tenu un congrès d'orientation. Depuis sa fondation, en septembre dernier, la Fédération s'est prioritairement occupé d'augmenter le nombre de ses membres et de mettre en place certains mécanismes lui permettant d'intervenir auprès des diverses institutions gouvernementales. Ce congrès d'orientation de la Fédération fait suite à plusieurs assemblées

régionales tenues dans les différentes régions du Québec.

Deux nouveaux groupes-conseils

Le gouvernement du Québec vient d'autoriser la mise sur pied de deux nouveaux groupes-conseils. Il s'agit, dans un premier temps, d'un groupe-conseil spécialisé dans la transformation d'entreprises en coopératives. Ces transformations n'ont pas été très nombreuses auparavant, de sorte que l'expertise est faible à ce niveau. Un tel groupe pourra travailler à développer cette expertise.

Le second groupe-conseil est relié à la Confédération des syndicats nationaux (C.S.N.). Ce regroupement syndical entend ainsi mettre de l'avant la formule coopérative comme étant un moyen pour les travailleurs de s'approprier leur milieu de travail et d'améliorer ainsi leurs conditions de vie au travail. Il faut noter que ce groupe-conseil a reçu une aide financière importante de la part du gouvernement fédéral.

MARITIMES

Grant MacDonald

Worker co-op resource group

The recently formed Community Development Co-operative of Nova Scotia, a co-op support agency, has received a major boost from a three-year grant of \$500,000 through the Innovations Program of Employment and Immigration Canada to St. Francis Xavier University. The grant will enable researchers to study how best to foster worker co-operatives in economically hard-pressed areas.

The grant means that the University's Extension Department can hire some full-time staff whose work will complement the efforts of the new Community Development Co-operative. As well as studying the potential of worker co-operatives in the province, a full-time coordinator and research assistant will produce a resource package for existing and new co-ops.

The Community Development

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Co-Operative Work is committed to the creation and preservation of local jobs, local control over economic development and democracy in the workplace. Although these values are not exclusive to worker co-operatives, we believe they are accommodated best in this type of business structure.

Across the Nation

Co-operative is a joint creation of labour, co-operative and educational bodies in the province. One of its main roles in developing worker co-operatives is to provide loan capital not available from other sources.

Glance Bay pop buyout

Twelve employees of MacKinlay and Sons, a small, independent soft-drink producer, have incorporated the 'Glance Bay Workers Co-operative Ltd.' in a last-ditch effort to save the financially-troubled company from going under. The proposed takeover is reported in a front page story of the *Atlantic Co-operator* (September edition).

The takeover will depend on the worker co-operative "gaining access to Co-op Atlantic as a new market". The matter is currently under consideration by the larger consumer co-operatives.

With the Co-op Atlantic market, it is estimated that the Glance Bay Workers Co-operative could provide jobs for 20 to 25 members.

Glance Bay has lost all of its major industries in recent years, and the determined effort to save this small soft-drink company, which has been operating since 1904, reflects the concern of local leaders about the future of their community.

The buyout of MacKinlay and Sons by the worker co-operative is being co-ordinated by Ed Frenette of nearby Sydney and has proceeded with the assistance of Fred Pierce, Nova Scotia's inspector of co-operatives.

More information is available from Fred Pierce, P.O. Box 612,

Truro, Nova Scotia B2N 5E5; (902) 895-1442.

Native workers' co-op

Ek^wpahak Enterprises, the craft co-operative initiated by the New Brunswick Native Indian Women's Council, begins production this September after a year of careful planning and training. Sam Woodhouse, Interim General Manager of the co-op, reports that 40 workers are now ready to start production of various leather goods. The number of workers is expected to reach 100 by March of 1987.

With the assistance of Co-op Atlantic in developing its long-term business plan, the co-operative is optimistic about the success of this new cottage industry. In addition to providing a source of income to aboriginal people in New Brunswick, it will also help re-establish many traditional craft skills. Over 300 products in the leather goods area alone have been identified as having market potential, including some highly decorative items aimed for selective sales to corporations and art collectors.

Woodhouse reports that Ek^wpahak is in the process of formal incorporation as a co-operative with workers expected to contribute membership equity of \$200 each. Members will control the co-operative which will hire management personnel to look after production, marketing and raw material purchases. A lot of emphasis will be put on quality control at the management level. Consistency will be important if the co-op is to establish a good reputation in the marketplace.

For more information, contact Sam Woodhouse, Interim General Manager, Ek^wpahak Enterprise, Native Indian Women's Council Inc., 95 Brunswick St., Fredericton, N.B. E3B 1G5.

Conference on economic democracy

Popular participation in the economic development of the Atlantic region was the subject of a two-day conference held in Halifax October 2 to 4. Organized by the Canadian Centre for Policy Alternatives and the Gorsebrook Research Institute for Atlantic Canada Studies, the conference brought together academics and community-development activists for an exchange of information and perspectives on how to achieve greater economic democracy in the region.

The conference topics included: third-sector alternatives; increasing worker and community control through a revitalized co-operative sector, community-development corporations; and new approaches to public enterprise. The potential of worker co-operatives in the Atlantic region shared much of the spotlight.

For information on this conference and a brief report of proceedings, write the Gorsebrook Institute, Saint Mary's University, Halifax, N.S. B3H 3C3.

Grant MacDonald is an adult educator at Henson College, Dalhousie University, Halifax, Nova Scotia B3H 3J5; (902) 424-2526. ■

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Across the Nation

PRINCE EDWARD ISLAND

Gilles Michaud

Culture Craft Co-op celebrated Canada Day this year by officially opening its new craft shop. This followed a five-month training and production program, sponsored by the "Job Development Program" of the Federal Department of Employment and Immigration.

During this training period, Culture Craft had its products judged and accepted by the P.E.I. Craft Council. It also showed its products in shopping malls, at the Charlottetown Farmers Market and at exhibitions in Halifax and Moncton.

Its craft shop will permit the co-operative to retail its crafts and carvings, while continuing to build a wholesale market.

More information is available from Gilles Michaud, Culture Craft Co-op, P.O. Box 1647, Summerside, P.E.I. C1N 2V5; (902) 436-2727.



Official opening of Culture Craft Co-op, July 1. (L-R): Gilles Michaud, manager; Ann McIsaac, worker-member/chairperson; Joan Auld, Manager of craft development for Minister of Industry; Blaine Martin, worker-member.

P.E.I. potato chip co-op is a community effort

Emile Gallant

A new potato chip company will soon be opening its doors. The P.E.I. Potato Chip Co-operative will be producing and distributing potato chips for most of P.E.I. as well as New Brunswick. By the end of its second year, the co-op expects to have all the Maritimes covered.

More than 500,000 pounds of potato chips will be produced in the first year alone. These will be packaged in 40 and 200 gram bags and will be available in

regular, bar-b-que and ripple.

The company will provide jobs for 16 people in the Evangeline area.

The 5,000-square-foot plant in Urbainville, P.E.I., is near completion. Using some of the most up-to-date equipment in potato chip production and packing, the plant will produce an estimated 6,000 bags of chips a day in the first year of production.

The idea of a potato chip plant originated a year ago with the Evangeline Co-operative

Council in the Acadian part of P.E.I. Several plants were visited in Philadelphia and a market study of the maritime potato chip industry was done before work on the project was undertaken.

The potato chips will be made entirely of natural products, using P.E.I.'s best potatoes and top-grade cotton-seed oil. They also will be free of preservatives.

Alcide Bernard (manager) and Emile Gallant (marketing manager) are currently working full-time to help prepare the co-

Une première au pays: un projet de croustille

operative for its opening.

Total financing for the project is \$775,000 from the following sources: Ministry of Regional and Industrial Expansion grant (\$148,000); P.E.I. Development Agency grant (\$21,000); P.E.I. Development Agency loan (\$450,000); Member investments (\$70,000); Baie Acadienne Venture Capital Group (\$51,000); Caisse Populaire Evangeline (\$35,000). In addition, the Caisse Populaire Evangeline is providing an interim-financing grant of \$255,000.

The co-op will market its chips under the brand name *Olde Barrel*. The name suggests an image of the old-time general store which sold good quality natural products directly from the barrel.

For more information, contact **Emile Gallant, Marketing Director, Potato Chip Co-operative of P.E.I., Urbainville, Box 85, Wellington, P.E.I. C0B 2E0.**

En novembre 1986, la première coopérative de travailleurs de l'Île-du-Prince-Édouard deviendra opérationnelle. Il s'agit d'une usine de croustille, projet de \$800,000 qui fournira de l'emploi à 16 personnes dans un premier temps. Un bureau de direction de six employés sera élu pour voir à la bonne opération de la coopérative.

L'initiative remonte à novembre 1985 où le Groupe Capital Risque de la Baie Acadienne et le Conseil de la Coopération de l'I-P-E cherchaient une activité manufacturière qui se prêtait bien à la formule coopérative. On sait que la structure d'emplois de l'Île, qui repose avant tout sur la pêche et le tourisme, se caractérise surtout par le travail saisonnier, ce qui laisse une proportion alarmante de chômeurs une bonne partie de l'année. C'est donc après avoir visité deux usines semblables à Philadelphie, qu'on a entrepris l'étude de marché qui devait conduire au choix des croustilles.

Construite à Urbainville, l'usine de 6,000 pieds carrés

contiendra une ligne de production de 115 pieds, un entrepôt, deux bureaux, une salle de réception et une salle de rencontre.

Au niveau du financement, les seize membres ont dû souscrire \$5,000 chacun en part sociale de qualification. Le reste provient de la Caisse populaire Evangéline, du Groupe Capital Risque, du P.E.I. Development Agency et du ministre de l'Expansion industrielle régionale.

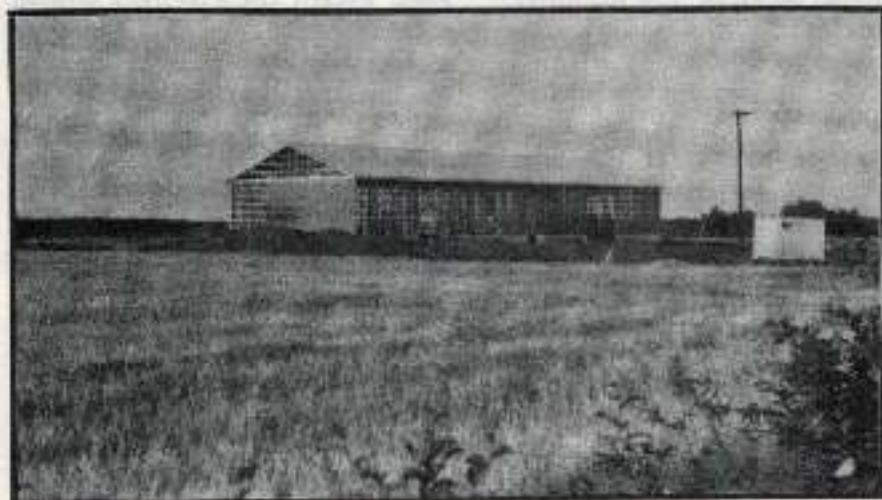
Les croustilles seront faites de produits entièrement naturels, donc sans agent de conservation, et à partir de pommes de terre de première qualité de l'I-P-E.

D'abord, la coopérative ne mettra en marché que trois variétés en sac de 200 et 40 grammes, soit régulier, Bar-B-Q et ondulé. D'autres saveurs seront ajoutées ultérieurement, dont de nouvelles saveurs à gout local.

Le produit sera d'abord distribué à l'Île-du-Prince-Édouard ainsi qu'au Nouveau-Brunswick. Après deux années d'opération, nous prévoyons couvrir les trois provinces maritimes.

Suite à une longue recherche, nous avons choisi une marque de commerce qui cadre bien avec notre stratégie de marketing et avec le segment de marché que nous visons. Nous sommes d'avis que le nom *Olde Barrel* est approprié, étant donné qu'il s'agit d'un produit naturel sans agent de conservation. Aussi il cadre dans notre conception des anciens magasins généraux du temps passé qui ne vendraient que des produits naturels de bonne qualité et en baril.

Emile Gallant, Directeur de marketing, Coopérative de Croustilles, Urbainville, C.P. 85, Wellington, I.-P.-E. C0B 2E0.



*P.E.I. Potato Chip Co-operative plant under construction.
Usine de la Coopérative de croustille en l'I-P-E.*

Celibec: a high-tech worker co-operative

Michel Lambert

Twenty-four hours a day, light filters under Celibec's door. The 20 members of this young worker co-operative in Trois-Rivières work steadily at computer systems and services. And all of them, whether they are engineers, programmer-analysts or technicians, possess the same commitment and enthusiasm.

"The big difference between the co-operative and any other enterprise," according to Jean l'Écuyer, president and general manager of Celibec since its second year of operation, "is the involvement of its employees; its members develop a sense of responsibility toward their enterprise."

The history of Celibec

But how did Celibec come into being? It is in fact the happy ending of a story that was in the midst of turning out badly.

In June, 1981, Selin, an enterprise producing computer hardware and software and owned by four engineers, found itself in financial difficulty.

La Société de développement des coopératives (SDC) proposed to two of Selin's ex-employees that they convert the company to a worker co-operative. Besides offering administrative support, the SDC offered long-term financing in the form of a loan at 10 per cent interest. Very quickly, 13 former employees, caught up by the idea of a worker co-operative, each invested \$5,000. Their combined capital represented 22 per cent of the total amount of the loan authorized by the SDC.

The new co-operative, Celibec, took over the contracts, activities and clientele of the defunct company.

Today, after three years, Celibec is in very good shape. From \$600,000 in 1981-82, Celibec's total sales have passed the \$2 million mark.

A business in full evolution

Computer services, which initially constituted 80 per cent of the business of the co-operative, today represent only 55 per cent of its business. The co-op hopes this will stabilize within a few years around the 35 or 40 per cent mark. Production of software and hardware has risen from just under 20 per cent to more than 30 per cent of Celibec's business. Research and development use about one or two per cent of the co-op's time and account for 15 per cent of its business. Celibec anticipates that its R & D earnings will rise to 30 per cent within a few years because of the re-investment of surplus funds into this aspect of its business.

Over its brief history, Celibec has evolved from a service enterprise to a manufacturing concern that invests significantly in the development of its products. It started by offering low-capital services, and acquired expertise which it was then able to apply in its production efforts.

Celibec assembles computer equipment from parts which it produces or buys. It develops and acquires software packages. And, finally, it offers engineering, maintenance and repair, and advisory services in control and processes.

The systems offered by Celibec are very flexible and are adapted to the needs of the client. They are assembled around a mini-computer capable of accommodating simultaneously several different users and applications. Among the applications

are account management, word processing, manufacturing management, teaching and computer assisted design.

A varied clientele

Thanks to its wide spectrum of activities, Celibec has been able to attract a varied clientele. Celibec sold to CIP a system that calculates the dry and humid weight of pallets of paper and a forestry-inventory system employing stereoscopy. For CGE, it created a variable speed drive for motors. The tool and die company MG purchased an electronic and optical control for counting parts on a conveyor, and UGTR bought a device which utilizes optical detection for metal fatigue.

Several high schools are among Celibec's clients for teaching-computers. As well, for Radio-Québec, Celibec developed a switch used in shunting signals to various regions served by a communications satellite network. It has sold its computer-assisted design (CAD) software to eight clients, including CS Systems, a company which operates a robotized factory in the United States. And, except for a system sold to a Hong Kong company, Celibec's technicians have gone on site for the installation of the equipment.

The majority of Celibec's clients are, however, enterprises from Quebec. Ninety per cent of them are small businesses which purchase production-management systems.

Over the course of the next few years, Celibec will concentrate its activities in the area of computer-assisted design. The target clientele are small- to medium-sized manufacturers, and in particular those which already use a computer system. Celibec would then add the CAD cap-

abilities.

"A computer-assisted design capability normally costs \$150,000," says Serge Brissaud, marketing director of Celibec. "We can produce one for \$60,000. Eventually, once our research costs have been amortized, this price might even be reduced by a half or two-thirds. Generally, the price of our systems varies from \$20,000 to \$40,000."

A worker co-operative

Like all worker co-operatives, Celibec is collectively owned by its members who are, of course, also its workers. Members are evaluated for their degree of participation in the co-operative after a probationary period of six months. Members can also include resource personnel who possess expertise which might benefit the enterprise.

All the members participate in general meetings (one member, one vote) regardless of the amount of money invested or the position held. (Benefits also are distributed equally or pro-rated according to the hours worked). But their status as co-owners does not accord members the right to decide everything all the time. They must delegate a part of their responsibilities to an executive committee, elected at the annual general meeting. A general meeting may, however, be called any time. The membership entrusts the executive committee with a mandate, and, if necessary, elects a new executive.

There are inconveniences: coming to a consensus on an important question can be a long process. But there are advantages as well: once a decision has been made, it is understood and accepted by everyone and its implementation is facilitated.

Worker co-operatives must often combat a negative perception which, according to Robert Bérlau, (management advisor at Charette, Fortier, Haway in Quebec), is attributable "to a misunderstanding of the co-operative model and to the fact that co-operatives have traditionally functioned in marginal sectors".

"The statistics (Financial statistics for co-operatives in Quebec, Co-operatives Branch, 1985)," he continues, "show that they experience low returns, that their capitalization is weak and, consequently, that they often pay exorbitant interest charges. Often, many workers start up a co-operative because they do not have, at the outset, sufficient capital. Worker co-operatives pay lower salaries and have more employees than do comparable

traditional enterprises."

Jean L'Écuyer, the president and general manager of Celibec, emphasizes the fact that Celibec now runs like all companies: "The first year, the salaries were lower, that's normal. But now they are the same as anywhere else. And, as for our financial position, we have no reason to envy anyone!"

This article first appeared in Revue Commerce, October, 1985, p. 144-148. It was translated from French by Jo-Anne Andre.

Celibec was recently nominated for an award by Quebec's Chamber of Commerce. For more information about this co-operative, contact Serge Brissaud, Celibec, 307-A Rue St.-Georges, Trois Rivières, Quebec G9A 2K4; (819) 373-2367. ■



Celibec technicians at work.

Un programme original d'encadrement du développement: les groupes-conseil québécois

Jacques La Rue

Au Québec, comme dans plusieurs pays occidentaux, nous assistons présentement à une phase d'accélération du développement de coopératives de travailleurs. En effet, depuis 1980, le nombre de ces dernières a plus que doublé, passant de 176 à environ 300.

En vue d'appuyer cette nouvelle forme d'entrepreneurship, la Direction des coopératives du Ministère de l'Industrie et du Commerce a adopté plusieurs mesures dont la mise en place, en décembre 1984, du Programme d'aide à la création de coopératives de jeunes travailleurs, mieux connu sous le nom de "Programme des groupes-conseil".

Répartis sur l'ensemble du territoire québécois, les groupes-conseil régionaux c'est une quarantaine d'agents de développement dont les salaires et les frais de déplacement sont assumés par l'Etat en vertu du programme. Ceux-ci ont pour mandat de fournir aux promoteurs de coopératives de travail une assistance professionnelle et technique appropriée et ce, gratuitement.

Cette assistance commence généralement par l'analyse du projet présenté par les promoteurs et se poursuit jusqu'aux premiers mois d'opération de l'entreprise, le groupe-conseil travaillant toujours dans l'optique de permettre aux entreprises d'assumer eux-mêmes la gestion de leur entreprise, et ce, le plus rapidement possible.

Ainsi, le groupe-conseil doit porter le dossier des groupes-promoteurs tout au cours des étapes suivantes:

- accueil (analyse de l'idée de départ);

- phase de pré-faisabilité;
- phase de faisabilité (démarches légales; étude de faisabilité, recherche du financement);
- opérationnalisation du projet;
- suivi (l'assistance doit diminuer progressivement après le début des opérations de la coopérative).

Conscient également de ne pas pouvoir apporter seul tous les services d'assistance technique nécessaires à la réussite du projet, le groupe-conseil met fréquemment en contact la coopérative avec d'autres organismes pourvoyeurs d'aide technique ou financière tout en coordonnant l'action des différents agents de développement économique impliqués dans le dossier.

Depuis peu, les groupes-conseil sont parrainés par des Coopératives de développement régional, ce qui renforce consi-

dérablement le potentiel de concertation entre les différents agents socio-économiques intéressés par le développement de coopératives de travailleurs dans leur région.

Le budget d'un groupe-conseil varie d'une région à l'autre. L'étendue du territoire à couvrir, la population à desservir, le nombre de projets en voie de réalisation sont autant de facteurs qui influencent la répartition régionale du budget des groupes-conseils. Ainsi, si l'on compte un employé pour la Côte-Nord, on en compte huit pour la région de Québec.

Toutefois, généralement un groupe-conseil regroupe trois ou quatre employés, soit un coordinateur, un ou deux agents de développement et une secrétaire. Diplômé universitaire en administration, le coordonnateur d'un



Les services du Groupe conseil s'adressent à tout groupe promoteur d'un projet de création, de consolidation, d'expansion ou de relance de coopératives de travailleurs. ■ Groupe conseil advisory services are available to groups involved in starting, consolidating or expanding worker co-ops.

groupe-conseil a une solide expérience (quatre ou cinq ans) en mise sur pied et développement d'entreprises et gestion du personnel. Il a également une bonne connaissance des coopératives, du milieu économique régional et de ses différents intervenants. Dans quelques régions, le coordonnateur du groupe-conseil est également le directeur général de la coopérative de développement régional. Quant aux agents de développement, ils ont également, en très grande majorité, une formation universitaire en administration. Plusieurs de ceux-ci en sont à leur premier emploi professionnel.

Le salaire du personnel des groupes-conseil varie d'une région à l'autre, selon la politique salariale de l'organisme-parrain et l'expérience de chacun des employés. De plus en plus, toutefois, les organismes-parrain des groupes-conseil tendent à payer leur personnel à des salaires comparables à ceux du marché pour des emplois équivalents.

Groupes-conseil spécialisés

De par leur nature même et leurs effectifs restreints, les groupes-conseil régionaux ne peuvent fournir à chacun des groupes-promoteurs des services spécialisés selon leurs secteurs d'activité. En vue de remédier en partie à ce problème, des groupes-conseil spécialisés ont été mis en place au cours de l'année 1985-86.

Ces derniers ont essentiellement pour mandat d'aider les groupes-conseil régionaux à faire cheminer des dossiers nécessitant une expertise spécialisée dans certains secteurs d'activité considérés comme stratégiques. Malheureusement, dû à des compres-

sions budgétaires pour l'année 1985-86, il a été décidé que cet aspect des groupes-conseil spécialisés serait abandonné. Certains de ces groupes-conseil continuent toutefois d'opérer pour une certaine période de temps. Ce sont les groupes-conseil spécialisés dans les domaines de la forêt; les services commerciaux; la transformation d'entreprises patronales en coopératives de travailleurs; la reprise d'entreprises en difficulté selon la formule coopérative de travailleurs.

L'objectif du programme est de créer 3,000 emplois permanent en trois ans. Depuis leur mise en place, les groupes-conseil ont contribué à la création de 798 emplois et au maintien de 129 autres. Ces résultats sont très encourageants, compte tenu du fait que la première année a été consacré à la mise en place du réseau des C.D.R. et G.C.

Les groupes-conseil ont donc permis le démarrage de 77 projets, dont la majorité (50 sur 77) sont des créations de nouvelles coopératives, auxquelles s'ajoutent neuf projets de succession d'entreprises, et 11 projets de reprise d'entreprises en difficulté.

Les groupes-conseil ont également permis à sept coopératives de travailleurs déjà existantes de se consolider et de prendre de l'expansion.

Les projets appuyés se retrouvent dans des secteurs très différents: 15 dans le secteur primaire, 22 dans le domaine de la fabrication, 37 dans le secteur des services et trois dans le commerce. Le groupe-conseil de Québec a appuyé la création de deux ateliers de couture (48 emplois créés), une agence de sécurité et une coopérative de services à domicile (55 emplois créés).

Avec la mise en place de coopératives de développement régional et de groupes-conseil dans toutes les régions du Québec, il est à prévoir que la progression du mouvement devienne de plus en plus irréversible.

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Why Quebec is so successful in developing worker co-operatives

Jacques La Rue

Quebec, like many other western societies, is experiencing an acceleration in the development of worker co-operatives. Since 1980, the number of worker co-ops has almost doubled, from 176 to about 300.

In an attempt to support this new form of entrepreneurship, the Co-operatives branch of the Quebec Ministry of Industry and Commerce has adopted various measures, including the establishment, in December 1984, of the program to aid the creation of worker co-operatives for young workers, better known as the Programme des groupes-conseil (advisory group program).

Spread out over Quebec, the regional groupes-conseil employ about 40 development officers who provide professional and technical assistance to worker co-operators, at no charge.

The assistance usually begins with an analysis of a project proposal and continues through the first few months of the enterprise, with the groupe conseil always working from the perspective of enabling the enterprise to become fully self-managing as rapidly as possible. The groupe-conseil sees each project through the following steps:

- preliminary analysis;
- pre-feasibility phase;
- feasibility study (including research of legal and financial aspects);
- start-up of the project;
- project follow-up.

Conscious of their inability to provide all the technical assistance necessary to the success of a project, the groupes-conseil frequently refer co-operatives to other agencies which can provide specialized technical or financial aid. However, the groupe-conseil still co-ordinates the project.

The budget of a groupe-conseil varies from one region to another, depending on the territory and amount of population it serves, and on the number of projects "in the works". For example, the North Coast groupe-conseil has one employee, while the Quebec City group employs eight.

Nevertheless, a groupe-conseil usually consists of three or four employees -- a co-ordinator, one or two development officers and a secretary. The co-ordinators of the groupes-conseil are university graduates in administration with solid experience (four or five years) in setting up enterprises and in personnel management. Co-ordinators must also have a good knowledge of co-operatives, of the regional economic climate and of development players. Most of the other development officers also have a university education in business administration.

To increase the potential for co-ordinated regional development, the groupes-conseil have had sponsoring organizations called Regional Development Co-operatives. These Regional Development Co-operatives work with the groupes-conseil and also participate in formulating salary policies. Salaries of development officers vary from region to region, but in general they are based on equivalent positions in the marketplace.

Because of their limited resources, regional groupes-conseil are not able to provide each of their worker-co-operative projects with specialized services according to their market sector. In an attempt to remedy this problem, specialized groupes-conseil were established during 1985-86.

These specialized groups assist the regional groupes-conseil with projects requiring special-

ized expertise in certain sectors considered strategic (e.g. forestry, commercial services, conversions). Unfortunately, because of budget cutbacks for 1985-86, it has been necessary to phase out the specialized groupes-conseil.

The objective of the program is to create 3,000 permanent jobs in three years. Since their establishment, the groupes-conseil have contributed to the creation of 798 jobs and in the maintenance of 129 others. Projects already on the drawing board promise jobs for 256 more. These results are very encouraging, considering that the first year of the program was spent primarily in establishing the network of regional development co-operatives and groupes-conseil.

The groupes-conseil have been involved in the start-up of 77 projects, the majority (50 out of 77) of which were new co-operatives, with nine takeovers, and 11 "rescue" co-operatives. The groupes-conseil have also assisted seven existing worker co-operatives to consolidate or expand.

The projects supported by the groupes-conseil are in many different sectors: 15 in the primary sector, 22 in manufacturing, 37 in the service sector and three in financial services. They include forestry, sewing, security and household services co-operatives.

With the establishment of regional development co-operatives and the groupes-conseil in all the regions of Quebec, one can assume that the worker co-operative movement is here to stay.

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Book Reviews



MONDRAGON CO-OPERATIVES

MYTH OR MODEL?

Conference proceedings, edited by the Co-operative Research Unit, Open University, Walton Hall, Milton Keynes, United Kingdom MK7 6AA, 122 pp.

Reviewed by Rudolph Cujes

In 1981, some British academics and practitioners came together in an attempt to answer these questions: What accounts for the success of Mondragon? What are the most important ingredients which could be transplanted or developed in Britain?

In a short review it is impossible to do justice to the many points of view expressed by conference speakers and participants. Only a few comments will be noted here as these are relevant to the ongoing debate about Mondragon.

Roger Spear emphasized that it is impossible to understand the Mondragon phenomenon from one perspective. Without explicitly mentioning it, he uses P.A. Sorokin's concept of "sociological trinity": to understand social reality one must take into account personalities and culture (values) as well as social structures.

Keith Bradley found better industrial relations and greater efficiency in Mondragon co-operatives than in a control group of similar industries. (This claim is contradicted by Jack Eaton, pp 95-96.) Regarding transferability of the Mondragon model to other places, Bradley discusses three barriers: ethnicity, employee mobility and screening of new



members. According to him, ethnicity is not as important as most assume.

On the question of ethnicity, however, Bradley contradicts himself: "In the [Mondragon] co-operatives the real distinction is between those who have integrated themselves with the local community and those who have not." His argument is weakened further by Jack Eaton, who points out that selection procedures for the Mondragon co-operatives give 15 points out of 100 to those who speak Basque.

Social stability and close ties with the local community also reinforce the connection between the Mondragon co-ops and the Basque culture. Nor are the Mondragon co-ops unique in this respect: ethnicity has been important in other successful co-operative movements, such as the French Catholics in Quebec and the Slovenes.

Jack Eaton (University of Wales) was critical of Mondragon. He commented that the Mondragon literature neglects "the attitudes of the non-managerial members of the co-operatives" (p. 79). Mondragon's management has an upper hand and, according to Eaton, "the cleavage between scientific management and their ostensibly democratic structures and ideology. . . is most unlikely

to be resolved by the revamped social councils which are transparently a kind of functionalised social technology at the disposal of an oligarchy of experts" (p.95). "Working conditions, including job regulation and health and safety, are not appreciably better and frequently poorer than in capitalist enterprises engaged in similar production" (p.96).

On the other hand, Eaton concludes that Mondragon co-ops are successful because they create employment opportunities; while individual co-ops "possess considerable autonomy in producing and selling their products on the open market. . . in fact the whole system of workers' co-operatives is extremely centralised with the C.L.P. (Caja Laboral Popular) virtual overlord of the operation" (p. 91). "Some now perceive the bank and the co-operatives as growth points for indigenous Basque economic development and bastions against multinational capitalist development in Spain." (p.93)

Anyone who is interested in the Mondragon phenomenon will find this booklet of conference proceedings most worthwhile.

Rudolph Cujes teaches sociology of co-operative organizations at St. Francis Xavier University in Antigonish, N.S. ■

A NEW EARTH

By

Monica Frolander - Ulf
Frank Lindenfeld

The Jamaica Sugar Workers' Co-operatives, 1975-1981, University Press of America, London, New York, 1984, 225 pp.

Reviewed by Alan Etherington

In late 1974, two years after the election of Michael Manley and the People's National Party (PNP), 5,000 workers became owners and members of three sugar-growing co-operatives in Jamaica. These co-operatives survived for seven years until the Jamaica Labour Party, under Edward Seaga, disbanded them and contracted their management to a multi-national agricultural company.

Drawing upon interviews with sugar workers and others and also making use of their limited access to records, the authors of *A New Earth* describe the history of the co-operatives and discuss what was learned from this experience.

The relatively easy transfer of power to the co-operatives in 1974 arose from the run-down condition of the estates, with out-of-date equipment and a substantial labour surplus. They could be profitable only with mechanization and a politically unacceptable discharge of labour.

Once established, the co-operatives became the subject of an intensive struggle between officials from the department of co-operatives (whose concept of the co-operatives was one of

worker participation under their control) and the workers, supported by the Social Action Centre (a Jesuit-founded group of activists). Another influential group was the estate staff which continued to wield substantial influence over the affairs of the co-operatives by their control of daily management and by their protection of traditional privileges.

Weak start

Because the worker-owners each contributed only a minimal amount of equity, the co-operatives started with extensive debt capital and as such required commercial loans. Their position was further weakened by a period of declining world prices for sugar, the legacy of traditional plantation society, a disease-prone variety of sugar cane and the estate staff which regularly attempted to undermine the co-operatives and their leadership.

In their favour, the co-operatives had the government's limited support, international support including training in Canada and the continuing support of the Social Action Centre through the publication of a newspaper, worker education and international fund-raising.

Despite the forces against them, the co-operatives made significant gains: costs were cut; some farms made profits; there was significant diversification into non-sugar agriculture (supported by CUSO among others); there were substantial improvements in non-wage benefits and worker security; and some members gained knowledge and information about their business. Perhaps most significantly, the social relations of production between farm managers and workers shifted from favouritism and patronage to one in which the

workers had some measure of basic rights and dignity.

Education a problem

The difference in co-operative ideology between the official department and the more activist Social Action Centre was clearly demonstrated in the approach to education. With volunteer teachers in each estate, the department officials organized a central curriculum based on what they thought worker-owners should know. Because of the low level of literacy among the workers and the long time it took for materials to be developed, many of the classes in the first year used materials produced by the national literacy program. Only 10 per cent of the workers participated.

By contrast, the Social Action Centre used a more experiential approach that involved a process of examining estate budgets in mass meetings with the workers and others to identify sources of financial loss and management problems. Through this process the workers came to see the need to know about management and accounting while examining concrete problems affecting them.

Frolander-Ulf and Lindenfeld have produced an account that is sympathetic to the workers while not refraining from identifying either their inadequacies or the cause of these inadequacies. These co-operatives were an important example of an attempt to introduce agricultural co-operatives in the Third World, and this book will help ensure that the lessons from this experience are not lost.

Alan Etherington is a consultant in adult education and social research. He is writing a thesis at the Ontario Institute for Studies in Education on education for worker self-management. ■



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We are taking part in a joint project on worker co-operatives involving the co-operative sector, as well as dominion and provincial levels of government. The project seeks, among other things, to identify problems worker co-operatives have in accessing existing government programs. The suitability of these programs to the development needs of worker-owned enterprises is another area of interest.

We are convinced that input from people with first-hand experience is the quickest and surest way to bring us face-to-face with the real issues. If you or your group can help, or would like more information, please contact:

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