

# WORKER CO-OPS

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SUMMER 1985

## Manitoba unveils employment co-operative program

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Doug Davison

*During the past number of months, the Province of Manitoba's Department of Cooperative Development has been analyzing employment and worker co-operatives. The Minister of Cooperative Development, the Hon. Jay Cowan, has released details of an integrated support program to encourage and support employment co-operatives in Manitoba. Mr. Cowan has given Worker Co-ops the feature story on this new initiative, and provided the information for this article.*

Manitoba has a proud history of co-operative activity. From the early pools to the more recent utility co-ops in rural communities, the co-operative sector in Manitoba has played a prominent role in the economic development of that province. Co-ops provide goods and services to more than a quarter of a million Manitobans — nearly 1 in 4 — in scores of communities throughout the province.

"The present New Democratic Party Government strongly believes that co-operatives are, indeed, a strong third force in our provincial economy," Jay Cowan, Minister of Cooperative Development, told **Worker Co-ops**. He commented that the strong tradition of co-operation in the prairie province, coupled with the existing base of co-operators today, provides fertile ground for the further development of the co-operative model for new enterprises. That more new co-operatives were incorporated in Manitoba in the past year, than in any other since government records have been kept, clearly indicates that the co-operative spirit is alive and well there

### The forefront of innovative expansion

The co-operative movement in Manitoba has always been in the forefront of innovative expansion of the co-operative model. For example, the first continuing housing co-op (Willow Park Housing Co-op) was established in Winnipeg in 1961. In the past year, housing co-op unit starts on a per capita basis in Manitoba were the highest among the ten provinces. Innovation continues, with the development of utility co-ops that provide water and sewer services to small rural communities that would otherwise not get services which most of the country take for granted.

Now the Manitoba Government is about to embark upon a major new initiative to stimulate the innovative development of employment co-operatives.

"We're really excited and enthusiastic about the potential for employment co-operatives in Manitoba", Mr. Cowan states. "We believe they can provide significant economic benefits and job creation and retention capabilities to our province."

Mr. Cowan stated that the program announced in June is the outcome of detailed work by his departmental officials and a year-long series of consultations held with members of the co-operative movement, the business community, and the organized labour movement in Manitoba. In preparing for this program, Mr. Cowan and his officials also undertook a series of fact-finding meetings with worker co-ops in various jurisdictions.

### A wide range of supports

The recently announced program of assistance incorporates a wide range of supports which are designed to encourage and assist the development of employment co-operatives. The provincial government sees employment co-ops as an important element of an overall approach to encouraging a healthy economy and stable labour market.

The main objectives of the Manitoba program are to assist in the formation of employment co-operatives in an attempt to demonstrate the economic benefits, stabilizing influence on com-

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munities, job retention, job creation and productivity impacts, of this employment model.

Overall, the employment co-operative initiative is intended to provide assistance to people wishing to form employment co-ops in the province. Specific levels of assistance will be available to finance feasibility studies, development costs associated with forming the co-op, and loans and loan guarantees to assist in capitalization.

The total cost of the program for the current fiscal year is approximately \$1.5 million. Most of the assistance will take the form of contributory loans or loan guarantees to interested groups, portions of which may be forgivable if the project does not succeed.

Assistance under the program generally requires a significant contribution by individual members of the employment co-operative as a condition of provincial participation. The program also encourages employment co-

operatives to seek full funding from other institutions or financial co-operatives prior to the provision of provincial funding.

"Employment co-operatives have provided significant benefits to local economies in other parts of the world. We believe the potential that currently exists in the Manitoba economy for their development is significant. This program is intended to provide both encouragement and support for development of employment co-operatives in Manitoba," the Minister of Cooperative Development stated.

To obtain details of the program, write the Department of Co-operative Development, Manitoba Government, 215 Garry Street, Winnipeg, Manitoba R3C 3P3.

Doug Davison is a consultant with WMC Research Associates Ltd. in Winnipeg. He assisted the Manitoba Department of Co-operative Development in putting together their program.

## Worker Co-operative Resource Group

Cooperative Enterprises is a group which has been meeting regularly since December 1983 to help develop worker co-operatives in the Ottawa area. After defining goals and a membership policy, the six active members of the group have focussed on two enterprises in the past year.

The group recently participated in a major push to help develop a device invented by one of its members. Called Sky Gardens, and covered by a Canadian patent, the product converts apartment balconies to greenhouses and sunrooms. Cooperative Enterprises helped to clarify ideas about the structure of the Sky Gardens organization, and helped write the business plan to solicit financing. This project is now going ahead in a hybrid worker co-op form with one of the original principals, Sunwrights Multinational Inc., an Ottawa-based solar construction company.

Another project was initiated by a member who visited and taped interviews with 13 worker co-ops and three support groups across Canada. She was able to gather first hand stories of the

travails and joys of organizing, financing, decision-making, marketing, dealing with government, community and prima donnas within the co-op, characteristically met by any group with the courage and common sense to form a worker co-op.

Transcripts of the interviews are now being compiled into a book, with funding from the Canada Council. Cooperative Enterprises is studying the feasibility of producing the cassette tapes as educational tools for use by people interested in forming worker co-ops. They are currently doing a survey of potential users.

The group is also developing ideas about educational programs, as well as ideas for a worker co-op to offer accounting, bookkeeping, purchasing, computer and other services to non-profit, private and government agencies.

Cooperative Enterprises is open to new members. For information, contact Constance Mungall, 585 O'Connor, #14, Ottawa K1S 3R2, (613) 235-3617, or Richard Priestman (613) 230-0317. ■

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# Profile:

## Our Times: When labour and co-operatives meet

Steve Schildroth

In 1981 a group of Toronto labour activists decided there was a need for a magazine specifically devoted to the labour movement. Instead of a publication written *about* workers, this one would be written by trade unionists themselves.

"*Our Times*" would address the issues workers faced daily on the shop floor: health and safety, cut-backs, job loss, and the actions of supervisors and management. The magazine would also address larger issues: government regulations, contracts and negotiations, strikes, and the politics of labour. The idea was to create a magazine that would be educational — workers learning from other workers in similar situations.

Armed with this ambitious idea, and scraping together some personal savings and loans from friends, Frank Lento, Katy Pellizzarro and others, along with the help of Wally Majesky (then head of the Labour Council of Metropolitan Toronto) set up *Our Times Magazine*. *Our Times* became a first in Canada — a collectively owned and run labour magazine.

First year was tenuous

The first year of *Our Times* publication was tenuous, as was its funding. They relied upon some government grants to help pay the costs of a few staff. But Frank Lento says they "wanted to be self-sufficient, and didn't want to be caught up in the whole grants dependency syndrome."

Over the next few years the collective (four paid staff and some unpaid collective members) worked extremely hard to become self-sufficient. They expanded the publication's advertising base by soliciting ads from the union movement. The circulation was raised from the hundreds, up to over 5,000, and "*Our Times*" went from being a quarterly to a monthly publication. They pursued a vigorous promotional campaign amongst trade unionists.

Now, less than four years after starting up, *Our Times* has ten paid staff, who have moved from a cramped two room office to a 5,000 square foot warehouse, where they do their own typesetting as well as printing. They recently purchased a sophisticated digital typesetting system and a \$40,000 Heidelberg cord printing press. (The

press is one-third owned by the Labour Council and two-thirds owned by *Our Times*.)

In addition to publishing "*Our Times*," the collective is now branching out. They typeset and print posters, flyers, pamphlets, and other publications for trade unions and other progressive groups.

According to Lento, *Our Times* sees itself as being "political" in its objectives, providing a "communication structure to bring together the labour movement and the larger progressive community." They also want to develop the skills of typesetting, layout, printing, and publishing to "make sure they remain available to the left."

A very pluralistic collective

Happy to take on projects that commercial firms would be unable to and unwilling to do, *Our Times* has reached a stage where they want "to start going out and take on more work." Only now do they feel confident that they have worked out the "bugs" in their typesetting and printing operations and are able to deliver a good finished product. As Lento notes, "If you say you are going to do something, you want to do it right."

But before they can expand either their staff or the level of production, they need to resolve some questions of internal structure and financing. *Our Times* is a very "pluralistic" collective with a wide range of perspectives: feminist, Marxist, N.D.P. and others. Editorial decision-making is open to all collective members and will soon be structured into monthly meetings.

When *Our Times* was started, collective members consisted of staff as well as other non-working members. Now every collective member must work for the collective, thereby guaranteeing that ownership belongs solely to the workers. They also have a system whereby each member of the collective buys one voting share for \$1.00. When members leave, they sell their share back to the collective. But right now they are in the midst of a debate about





the share arrangements.

## Accumulated share system

Because they are "not just a co-op but also a political organization," Lento believes they need to have "safeguards built into the structure." Although the shares cannot be sold or traded, there is a feeling that new members should be committed to being around for a long time. The current members also want to be certain that *Our Times* cannot be taken over by "ten new people who come in and change everything around." Therefore they are in the process of introducing an "accumulative share" which would give members one more voting share for every year they are there.

In ten years a member who was there from the start would have ten votes and a new member would have one. This would serve to protect the structure built up over the years.

Another serious question for debate is the one of internal management: the division of labour, the evaluation of each member's responsibilities, productivity and contributions, and the hiring and firing of members. Up to now, all questions have been discussed and resolved through collective meetings. Stressing that "everyone has to be productive" to work at *Our Times*, Lento says they have not yet developed a formal mechanism for deciding "why something is not done well, and who is responsible." He believes a major question is, "How do you evaluate people? A co-op is not a commune, we are not outside the economy. You can bend certain things, but still you have to deal with the banks, you have to get paid, and you must produce a certain quality of work."

Serious problems with authority and decision making still need to be addressed. Lento thinks the "collective needs the strength to make decisions more quickly than is the case at present." Many of their problems have to do with hiring and firing. Sometimes it takes up to "eight or nine months to make a decision to let someone go."

This raises a series of questions about developing a management structure, and Lento asks, "Where do you get management skills that are sufficient?" There are fears among some members that a management structure will lead to a centralization of power and a loss of control. At the same time, although it would be possible "to have twenty to

twenty-five people working" our *Our Times*, without a viable method of evaluating skills, determining different requirements within a division of labour, and improving communication, an expansion to that number would be unworkable.

## Money constraints

Another constraint on the expansion of *Our Times* is money. Although they have been able to finance themselves almost entirely from internally generated capital, there has never been "enough money to project and plan two years down the road." Thus all planning is generally "short-term" and "day-to-day".

If they want to expand either the publication or their typesetting operation, they would need an infusion of capital from outside the collective. Lento believes that "if we have \$50,000 to \$60,000, we could really make this place work." With the likelihood of a reform Liberal - N.D.P. government in Ontario, there is a possibility that money may become available for small worker enterprises. With that amount, *Our Times* could expand their operations and perhaps hire a few more employees.

## Ties with organized labour

One of the main reasons *Our Times* has been so successful is that they have developed a strong relationship with organized labour in Toronto, Ontario, and across Canada. Being a publication for labour, and promoting themselves as a typesetting and printing business for the labour movement, they hope to increase these ties. The collective itself is unionized under the Toronto Typographical Union, Local 91 of the International Typographical Union. Lento says that Doug Grey, President of the T.T.U. is very supportive of *Our Times*, and the workers have a good relationship with the whole union.

However, Lento admits that although many unions are in favour of co-operatives in principle, they are not used to the idea. "It is still part of the agenda of unions to control the workshop, but what does that mean in practice?" he asks. The unions, he claims, have misgivings about "the relationships of the union to workers in a co-op." What role does the union play in terms of wages and layoffs? Lento says

that in certain places such as Northern Breweries, "the workers' part ownership of the company is used as a mechanism to keep wages low."

There are also questions about worker co-ops in regards to risk and longevity. "Are you interested in something that provides jobs over a long period?" Lento believes these and other questions need to be answered before the labour movement is going to become interested in worker ownership.

## Federation of co-ops

Nevertheless, he believes the best approach for worker owned enterprises to expose the unions to worker co-operation would be to form "umbrella organizations" of co-ops that could pool their common expertise and speak directly to the Canadian Labour Congress and affiliated provincial and municipal bodies. Through these means, education about what a worker co-op is and how it works could be carried out in a more systematic fashion. At the same time, "something like a federation of co-operatives would help struggling new co-operatives learn from the experience of others."

Until such a time, the people at *Our Times* will continue dealing with their "unresolved questions" about themselves, their organization, and financing. They will also continue their dialogue with fellow unionists and labour supporters.

Part of that process will involve admitting "we have real problems here and they are very serious." The other part will be just as important, for by insisting that they are a worker co-operative and a strong supporter of the labour movement, *Our Times* will be doing both groups a service. As Lento notes, "part of our commitment is talking about who we are." Given their success, there is no doubt that everyone in labour and co-operative circles will know about them soon — and will be listening.

*Steve Schildroth is a member of the editorial committee of Worker Co-ops*



# Eroski at Mondragon: A model for Canadian consumer co-operators

Christopher S. Axworthy

*Faced with difficulties in maintaining their market position some Canadian consumer co-operatives have pursued innovative organizational models. The direct charge method of organizing a consumer co-operative is an example. This and more traditional ways of motivating consumer members, such as educational campaigns and structural changes, attempt to increase member interest and participation.*

*The other approaches are worth considering. PACE, the Philadelphia Association for Co-operative Enterprise, has shown that traditional supermarkets with less than glorious trading records can be turned into successful worker co-operatives. Eroski, the consumer co-operative component of the successful Mondragon system, is a hybrid structure comprised of both consumer and worker members. This article considers the latter.*

## Eroski

Eroski, which sells a full range of consumer goods including furniture, durables, food and household supplies, is the largest distributor of consumer goods in the Basque region of Spain and the seventh largest in Spain. From its formation as the result of an amalgamation of nine small consumer co-operatives in 1970, Eroski has grown into a continually expanding organization which at present comprises 84 supermarkets and 130 associated shops in smaller communities.

## Organizational structure at Eroski.

Eroski has 130,000 consumer members and 1,200 worker members. They are seen as two equal constituencies. The general assembly, which is the ultimate decision-making body, is comprised of 500 members — 250 are elected by the worker-members and 250 are elected by the consumer-members. The board of directors numbers 12 and is made up of consumer and worker members in the same 50-50 proportion. The president is always a consumer-member.

This organizational structure appears to work well. The commercial success of Eroski certainly cannot be denied. Although the interests of the consumer-members and the worker-members must conflict at times, for example, in fixing salaries (see below), and the introduction of labour saving devices, it appears that at Eroski harmonious and constructive decision-making takes place at both the general assembly and the board of directors.

## Capitalization at Eroski.

One major problem among Canadian consumer co-operatives is lack of capital. Membership from which to generate the required funds is said to be too small and/or unwilling to adequately capitalize their co-operatives. As Eroski is part of the Mondragon system it follows the same capitalization rules, with one exception. The worker-members contribute, or commit themselves to contribute, a sum equal to the annual salary of the lowest paid member in the system at the time they join. In 1984-85 this amounted to almost \$8,000. If not paid upon joining this amount must be paid over two years. It can be borrowed from the Caja Laboral Popular if necessary.

The consumer-members pay less than \$2 for a life membership. It is this consumer membership which constitutes the exception to the normal Mondragon

pattern. So the vast bulk of this capital comes from the worker-members.

## No patronage refunds

The pricing policy at Eroski would appear to be a blend of market and active pricing. There is a total de-emphasis on patronage refunds. The benefits to the consumer-members are seen as lower prices, high quality products, and the opportunity to be involved in the management of the co-operative.

## Surplus distribution

The surplus distribution procedure is the typical Mondragon one. Fifty per cent of the surplus is set aside into general reserves while forty per cent is allocated to the worker-members' capital accounts, i.e., as loans to the co-operative. Ten percent is used for educational purposes primarily for consumer education. Consequently, the worker-members have a considerable financial interest in the success of the Eroski co-operative.

## Adaptation to Canada?

Perhaps the most important practical phenomenon at Eroski is that it is an integral part of the system at Mondragon. With only about 20 of Mondragon's





19,000 worker-members unemployed, and its schemes for retraining and transfer within the system, a very large measure of security is provided to the worker-members at Eroski. If they agree to the introduction of labour saving devices, for example, which could reduce the number of workers needed, Eroski will not leave them unemployed. They will find or be found another place in the Mondragon system.

Also, expansion has been impressive at Eroski, and this would provide other opportunities. One would imagine that this security would have a very positive effect on the decision-making process at Eroski. The worker-members could be more adventuresome in their attitude to decisions than in a less secure environment, where they would tend to be much more conservative.

It is also important to remember that term and conditions of employment and particularly wage levels are fixed by the Mondragon system. Thus, potentially divisive issues are addressed elsewhere, outside of the Eroski co-operative. In addition, as with all Mondragon co-operatives, the relationship between different members' earnings is well established and the highest paid will receive no more than three times the

wages of the lowest paid.

At Mondragon there is an easy acceptance of the notion of worker-member supremacy. At present, the same cannot be said for the Canadian consumer co-operative movement. Perhaps the surprise at Eroski is that it is not totally organized on typical Mondragon lines. A further point centers on the large capital investment of the worker-members at Eroski. However, in Canada, with full support from the credit union movement and with full commitment to this approach to organizing co-operative supermarkets from the co-operative movement (especially from the wholesalers) these two matters could be addressed satisfactorily.

### Why consider a worker-consumer model?

As Alex Laidlaw points out, in *Co-operation in the year 3000*, (CUC, 1981), *Hybrid Co-op Structure: Mixed Worker and Consumer Ownership and Control* (NASCO, 1983), the relationship between employer and employee in consumer co-operatives has been a traditional one.

Consumer co-operatives have not sought imaginative and innovative ways to address the inherent difficulties in the

wage relationship. Thus, though committed to democratic control and economic emancipation, the co-operative movement has been party to alienation at work, and in consumer co-operatives, it has ensured that the surplus value added by the employees has been appropriated by the consumer-members.

In addition to the desirability of ridding co-operatives of worker alienation and exploitation, consideration should be given to the desirability of the contribution which can be made to job satisfaction, with its emancipating and creative effects, and to the role co-operatives can play in training for, and providing experience in, democracy.

A system which joins workers and consumers together in ownership and control can thus serve important social objectives. From the experience at Eroski it is clear that such a system can also give rise to an economically successful, vibrant and expanding consumer co-operative sector. It must be worth trying! For consumer co-operation in Canada there may not be much to lose but much to gain.

*Christopher Axworthy is a professor of the Centre for the Study of Cooperatives, at the University of Saskatchewan in Saskatoon.*

## Worker Ownership Development Foundation

### GOODNEWS/BADNEWS DEPARTMENT

#### Good News

The Worker Ownership Development Foundation is pleased to announce that they have become the first Canadian distributor of the publications of the **Industrial Cooperative Association**. The I.C.A. has been providing technical assistance to worker co-operatives in the northeastern United States since the mid 1970s. Among the publications available are "The Design of Governance Systems for Small Worker Cooperatives" which presents a model for establishing member influence over co-op policies (\$9.75), "The Democratic Corporation: The New Worker Co-operatives Statute in Massachusetts" (\$4.75), "Worker Ownership: Is it a Strategy for Labour?" (\$1.50) and the I.C.A. Model Bylaws for a Worker Cooperative (\$95.00).

Contact the W.O.D.F. at their new offices at 357 College Street, Toronto M5T 1S5, telephone (416) 928-9568 to order the above items or to obtain the complete list of I.C.A. publications.

#### Bad news

The Worker Ownership Development Foundation is sorry to announce a delay in the publication of their booklet: *How to Start a Worker Co-operative in Ontario*. It is now hoped that the finished product will be ready before the middle of July. Those of you who have already placed orders are asked to be patient, and to be assured that your orders will be filled as soon as the volumes arrive. If you have not yet placed your order, you may do so by writing to the above address. The cost is \$3. ■

## Buyouts:

Don Altman

### IBM may sell unit to workers

International Business Machines Corp. says it has tentatively agreed to sell the military computer business of its ROLM unit to a group of ROLM employees for \$97 million (US). There are other bidders but IBM would prefer to sell to the employees. (*Globe & Mail* March 19/85)

### Ontario NDP propose buyout fund

The Ontario New Democratic Party, as part of its election platform, proposed a \$30 million fund to be set up to help employees facing company shut-downs to buy their company.

The Employee and Community Ownership Fund proposal would provide financing support to workers attempting to purchase viable plants. The fund would pay 80 percent of planning costs up to a maximum of \$50,000 and would loan or grant \$1 for every \$2 raised by employees toward the plant purchase. (*Toronto Star*, April 4/85) ■



# Newfoundland sees continued co-op growth

**Robert Thompson**

Interest in the development of worker co-operatives, and other forms of community based co-operatives, has grown in Newfoundland and Labrador in recent years. The Incorporation of the Bell Island Community Development Co-op in January, 1985, is the latest in a string of exciting co-operative experiments that are revitalizing Newfoundland's co-operative system, and providing models for other communities to examine.

Formerly an iron ore mining community, Bell Island has suffered an unemployment rate of about 50 per cent and a considerable drain of population to other areas of the province and the country. The co-operative is dedicated to reversing these trends, and intends to set up a bakery and a senior citizens' home as the first ventures in expanding employment opportunities. Just as important, the co-operative wants to bring about more local control of economic activity so it will not suffer the uncertainty of outside ownership it has experienced in the past.

The experience of Bell Island is similar to many other communities all over the province. The official unemployment rate for December, 1984, in Newfoundland was 21.5 per cent, but in rural communities the rate was typically higher.

Although these rates are unusually high due to the recent recession, unemployment in Newfoundland is a longstanding problem, and the proportion of jobless has consistently been higher than the national average. This tragedy is not only one of lost economic opportunities, but also a human tragedy where many thousands of people have been excluded from productive work in society. Moreover, not only is unemployment a more commonplace occurrence in recent years, the duration of unemployment is lengthening. In 1981, the average duration of unemployment was 18.5 weeks. By 1983 it had grown to 23.8 weeks.

One of the corollaries of high unemployment is low income. In Newfoundland in 1983 the per capita personal income was \$9,179, which was 68 per cent of the Canadian capita in-

come. The income level in Newfoundland is also associated with a high dependency on government transfer payments to individuals amounting to 30 per cent of all income in 1983, compared to 15 per cent for the country as a whole.

## Community based development can ensure economic stability

Newfoundland has also been deeply affected by the crisis in the Atlantic fishery. Weak demand and low prices in the United States market, as well as high interest rates during 1982 and 1983, caused the major fish processing companies in the province to start closing plants and to start seeking government financial assistance. Many communities throughout the province suffered either total plant closures or curtailed operating seasons.

As well, many processors have been attracted to the lucrative caplin fishery where volumes are so high during the early summer that they are unable to buy cod or other groundfish from fishermen at that time. Cod is the most important species for most fishermen, and it so happens that the highest volume and greatest income from this fishery is also generated in early summer. Therefore, these fishermen face uncertain primary markets at the time of year when it is most urgent for them for markets to be in place.

Industry specific problems like these and the general state of the economy seem to have spurred an interest in community based ownership. Since 1980, the province has witnessed the formation for five fishing co-operatives, two community development co-operatives and two worker co-operatives in the construction trades. Many other groups of people have sought information on co-operation from the Newfoundland and Labrador Federation of Co-operatives (NLFC) and the Department of Rural, Agricultural and Northern Development.

In response to this interest the NLFC and the Newfoundland and Labrador Rural Development Council (NLRDC) sponsored an information conference on worker and producer co-operatives in April, 1984. The conference included

speakers from England and across Canada and was well attended by groups of mainly small rural communities.

## Multi-agency resource group formed

As a follow-up to this conference, a multi-agency resource group was formed called the Co-operatives Research and Development Board (CRAD-B). Combining representatives from the co-operative system, government, Memorial University, the NLRDC, the fishermen's union, Oxfam, the United Church and individual co-operatives, this board intends to initiate worker and producer co-operative development. Unfortunately, CRAD-B has been slow in starting operations and no concrete plans have yet been formed.

Another interesting spin-off from the recent surge of co-operative interest is a committee of the NLFC representing fishing co-operatives. George Lee, spokesman for the committee, says the committee will be involved in lobbying activities for fishing co-operatives, and individual members will be available to other communities who want to see how a fishing co-operative operates.

So far, the committee has presented a submission to the Federal and Provincial Departments of Fisheries regarding the controversial issue of "over-the-side-sales." In order to provide a market to fishermen for cod during the glut season of early summer, the Department of Fisheries and Oceans has occasionally permitted foreign vessels to moor in fishing harbours to buy fish directly from fishermen. This arrangement has usually been mediated by the Canadian Saltfish Corporation and the Fishermen's Union, but the fishing co-operatives see shortcomings in this approach. They would like to see greater co-operative involvement to ensure the market for their members, and also to benefit from the substantial revenues that accrue to the mediators. In this manner, the total benefit generated by the fishermen's catch would stay in the community.

Within the fishing co-op sector, one of the main problems seems to be the lack of co-operative knowledge and



support on the part of government. The Petty Harbour Co-operative has experienced problems in obtaining permission to expand their facilities and obtain freezing capacity, and the Red Bay Co-operative, located on the Coast of Labrador, feels the provincial government has discriminated against it regarding leasing privileges on the government owned plant in their community.

The community development co-operatives are still in their infancy stages, and time will tell whether they offer a model for other communities who want to diversify their economic base by spawning a number of small enterprises. The main constraint with

these co-operatives is the lack of availability of start-up capital. A number of people in the co-op system believe that a support structure which eases the access to capital is needed desperately.

The two worker co-operatives in the construction trades are both located in St. John's and environs. One of these, the Atlantic Employment Co-operative (AEC) had 15 members in 1984 with total sales of \$45,000. Len Jones, president of AEC, says he expects the number of members to double in 1985, with sales more than doubling. He feels that there are many opportunities for worker ownership in Newfoundland,

but that not enough information of this option is being spread around.

In general, the prospects for worker and producer co-operative growth in Newfoundland look excellent over the next few years. It will be the challenge of the co-operative system to enhance the support structures for new co-operatives, and to ensure that government is onside in future development efforts.

*Robert Thompson is the director of research for the Department of Rural Development in Newfoundland and Worker Co-ops contributing editor from that province.*

## Regional Profile: Newfoundland & Labrador

Robert Thompson

*As a new feature, we are presenting a listing of worker co-operatives in each region of the country. Robert Thompson our contributing editor from Newfoundland has been kind enough to start the ball rolling by profiling the worker co-operatives in that province.*

**Torngat Fish Producers Co-op** is essentially a producer co-op, but also draws members from plant and office workers. Membership is 365, and products are arctic char and turbot. Contact: **Mervyn Anderson**, President, P.O. Box 839, Happy Valley, Labrador, A0P 1E0, 896-3992.

**Fogo Island Fish Producers Co-op.** The 1,446 members of this co-op include fishermen, community residents and other interested people. They produce fresh cod fillets, salt cod, and crab products. Contact: **Bernadette Dwyer**, President, P.O. Box 70, Seldom, Fogo Island, Newfoundland, A0G 3Z0, 627-3452.

**Petty Harbour Fishermens Co-op** is a producer co-op whose product is fresh cod. Membership numbers 80, and is open to fishermen only. Contact: **Tom Best**, President, P.O. Box 111, Petty Harbour, Newfoundland, A0A 3H0, 368-0922.

**Red Bay Fish Producers Co-op** is not

yet operational, but has a membership of 94 drawn from residents of Red Bay. Contact: **Gerald Ryan**, President, Red Bay, Labrador, A0K 4K0, 920-2040

**Petite Forte Fish Producers Co-op** has 30 members who are fishermen and plant workers. It is not yet operational. Contact: **Paula Leonard**, Secretary, Petite Forte, Nfld., A0B 2X0.

**Upper Trinity South Fish Producers Co-op** produces codfish, and has 55 members who are drawn from fishermen and plant workers. Contact: **Elwood Newhook**, President, P.O. Box 155, Norman's Cove, Nfld., A0B 2T0, 592-2408

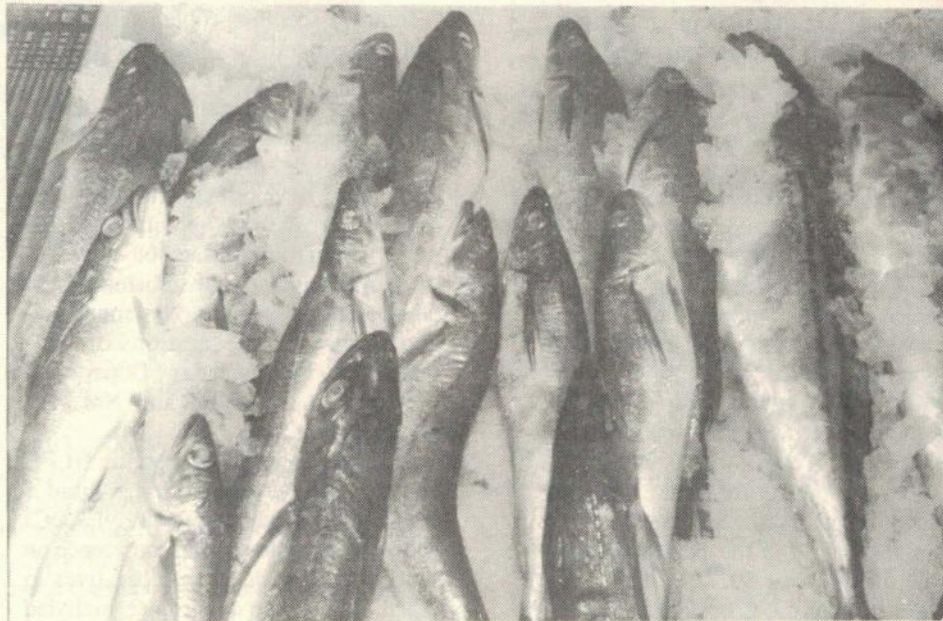
**Bell Island Community Development Co-op** has a membership of 300 drawn from residents of Bell Island. The co-op is not yet operational but expects to

operate a bakery and a senior citizens home. Contact: **Ken Kavanagh**, President, P.O. Box 969, Bell Island, Nfld., A0A 4H0

**Avondale Community Development Co-op** is not yet operational, but has 50 members who are community residents. Contact: **Gerald Kennedy**, Secretary, P.O. Box 59, Avondale, C. Bay, Nfld., A0A 1B0, 229-4201

**Atlantic Employees Co-operative** is a 13-member workers co-op in the construction trades. Contact: **Paul Martin**, President, P.O. Box 4522, St. John's Nfld., A1C 6C8, 722-4210

**Skilled Trades Co-op** is a 50-member workers co-op in the construction trades. Contact: **William Chisholm**, President, P.O. Box 179, Second Floor, Royal Bank Bldg., Kelligrews, Nfld., A0A 2T0





# Victoria plywood plant restructured as a worker co-op

Dana Weber

At least 130 laid-off workers went back to work last month when the former Pacific Forest Products plywood plant in Victoria re-opened as Victoria Plywood Co-op. When Pacific Forest Products, a subsidiary of Canadian Pacific Industries, closed the plant at the end of 1983, negotiations began almost immediately for workers to buy out the operation.

CP and the co-op were not able to agree on a purchase price, however, so the company has agreed to lease the mill to them for ten years at \$27,000 a month. The co-op has the option to purchase the 36-year-old mill at \$2.5 million as well as an option to renew the lease for another five years.

## "Proud to be a co-op"

Co-op chairperson and driving force behind the takeover is former PFP employee Danny MacDonald. MacDonald says the workers could have incorporated as a limited company to make their bid, but "we are proud to be called a co-op" and wanted to adopt a truly co-operative form. (B.C.'s other worker-owned plywood plant, Richmond Plywood, is incorporated under the Companies Act).

Victoria Plywood Co-op now has more than 200 members, and it hopes to be able to employ all of them on three shifts eventually. Each member has made an investment of \$2,500. Although the co-op has elected not to buy the plant, the members investment is still required for working capital.

Other investment has not been easy to arrange. Much of the time between the plant's closure by PFP and its re-opening as a co-op has been spent seeking financing from both government and private sector sources. At press time MacDonald said the co-op has now secured all the necessary letters of commitment to complete its financial package, but he was unable to release the names of funding sources until final arrangements were made.

## Co-op faced union dilemma

The co-op has also had to apply for union decertification as an IWA bargaining unit, since the success of its

business plan depends on paying considerably less than union scale. It intends to pay a base rate of \$8.70 an hour as opposed to the IWA base rate of \$13.48. Skilled trades at Victoria Plywood will be paid more than the base rate, up to a maximum of \$12.36 for the chief engineer.

MacDonald says the co-op is not anti-union, but he feels the IWA has been more concerned with protecting the wage structure of the industry than the jobs of individual workers. It is a difficult trade off. The union has fought long and hard to attain present wage levels, but, says MacDonald a worker faced with a choice between the \$8.70 offered and welfare will take the co-op every time. And, since the workers are also the sole owners of the co-op, wage cuts may be moderated by bonus payments in profitable years. The workers will also be provided with medical insurance and a dental plan.

Although the IWA is not entirely happy with the co-op's takeover, in the end the union did not actively oppose the decertification. Union officials have expressed some concern, however, that

workers may be investing in a losing proposition, given the present state of the plywood market.

They are joined in their skepticism by Richmond Plywood's president, Bill Jones. Interviewed by *Worker Co-ops* last fall, Jones said another B.C. plywood mill would only flood the market with unwanted product and drive down prices for everyone. Jones was also critical of any government assistance for co-ops as unfair to the competition.

MacDonald, however, remains optimistic and determined. He reeled off a list of customers here and abroad with whom he says the co-op has already secured contracts. He says the skeptics "are wrong, and we are going to prove them wrong."

*For more information, contact Danny MacDonald, Victoria Plywood Co-op, P.O. Box 1206, Victoria, B.C. V8W 2V4 (604) 382-8241.*

*Dana Weber is West Coast Editor of Worker Co-ops, and a member of CODA, a Vancouver-based resource group that develops worker co-operatives.*

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## Films:

### Temiscaming

So you think that all of our films come from other countries? Not quite. "Temiscaming" is a National Film Board production about the "worker buyout" at the Tembec Pulp and Paper Mill in Temiscaming, Quebec. Like many other worker buyouts, Tembec is owned and operated by senior management. The film is very informative in that it describes how Temiscaming got behind the takeover in order to survive, the financial structure of the company, and the problems that it faces, including the uneasy relationship between workers and management.

Temiscaming could have used some editing from its 64-minute length. But it is still worthwhile. This film can be borrowed or purchased from the

National Film Board office in your area, or by writing to P.O. Box 6100, Station A, Montreal, Quebec, H3C 3H5

\* \* \* \* \*

### The Treadmill . . . Le Travail Piegé

The National Film Board of Canada is up to it again! This film, published in both English and French, portrays the struggle of a group of Quebec women to overcome the exploitation of doing piece work at home. As a solution they form a worker co-operative. Of interest to both feminists and worker co-operators, "The Treadmill," or "Le Travail Piegé." is available in either 16 mm or video. For information about borrowing or purchasing this powerful 45-minute documentary, contact the National Film Board office in your region or Ms. Terry Richmond, English Marketing, NFB, P.O. Box 6100, Station A, Montreal, Quebec H3C 3H5.

\* \* \* \* \*



# Across the Nation

Jack Quarter  
Karen McMillan

## VANCOUVER

### New worker co-operative

The National Tradesmen Co-operative is an interesting experiment in worker co-operative organization that may have some utility for thousands of unemployed construction workers across Canada. Since its start in July 1984, this company of 30 tradesmen, previously unemployed, has handled 152 contracts. The co-operative is not yet able to pay union rates, but apparently organized labour in British Columbia is accepting of the idea for these workers.

Worker co-operatives in the construction industry are quite numerous in France. Some are also found in Quebec and there is a smattering in other parts of the country. The potential for construction worker co-operatives in Canada would be strengthened, if these companies could service the housing co-operative sector.

For information about the National Tradesmen Co-operative contact Jim Villeneuve or Ross Brown, 2515 Burrard Street, Suite 302A, Vancouver, B.C., V6J 3J6; (604) 733-6913; 733-3466.

### Join CODA

The Common Ownership Development Association, otherwise known as CODA, is in the midst of a membership and fundraising drive that will assist it in developing worker co-operatives on the West Coast. This is an opportunity for co-operators throughout Canada and the world to show some solidarity with CODA.

The annual membership fees are: \$10 for an individual; \$25 for a group; \$5 for the unemployed. For \$500 you can become a member for life.

CODA's year-end report is must reading for anyone interested in the prospects of worker co-operative development in British Columbia.

CODA, 206-33 East Broadway, Vancouver, B.C. V5T 1V4; (604) 872-1128.

### MLA supports worker co-ops

Robin Blencoe, a New Democratic MLA has tabled a private member's bill that features "employee-owned co-operative enterprises" as part of a broad-based approach to the economy. Blencoe's bill would establish a "mechanism for the purchase of existing viable enterprises" and a "long-term-strategy for the creation of co-operative enterprises around new industry".

In his press release, Blencoe alludes to "the now famous Mondragon co-operatives" and the need to remove "roadblocks inhibiting some British Columbians from gaining control of their own destiny."

Mr. Blencoe's impact on British Columbia's legislature is yet-to-be-determined. For details, You can contact **Robin Blencoe** at the Legislative Buildings, Victoria, B.C. V8V 1X4; (604) 387-3079.

\* \* \* \* \*

## SASKATOON

### Co-op College

The Co-op College has decided to assist the worker co-operative movement in developing an educational programme. Doug Holland, Manager of Democratic Studies for the College, has indicated he will help resource groups plan and divide up the necessary tasks. For starters, planning sessions will be piggybacked on to other co-op meetings. But eventually it may be possible to organize a special meeting of reps from the resource groups. Doug emphasizes that he sees the College's co-ordinating role as temporary, until such time as a national worker co-operative organization is developed. However, he would like to create a role for the College once there is a national organization.

The College's initiative at this point in time should be very helpful because several resource groups are developing educational materials. Having the College's assistance should minimize duplication, assist with dissemination and bring some valuable experience to the task.

Also, the Co-operative College has completed a study of member education in 72 co-operatives across the country, including some worker co-operatives. For copies of the report, write to **Doug Holland**, Manager, Democratic Studies, Co-operative College of Canada, 141-105th Street West, Saskatoon, Saskatchewan S7N 1N3; (306) 373-0474.

\* \* \* \* \*

## EDMONTON

### Communitas

Communitas progresses steadily with its worker co-operative resource program. Development models have been created which identify the base factors an enterprise requires to function effectively as a worker co-operative, regardless of legal form of organization.

Throughout the summer, these models will be tested on three enterprises. The testing will be done on either a diversity of enterprises or it will be industry specific. If the choice is made to be industry specific, Communitas will likely take a synergistic approach and concentrate on one aspect of its existing housing activities — the construction and building industry.

Implementation plans will be developed from this, as well as information materials and general concept promotion.

More details can be obtained from **John McGourty** at Communitas, 10551-123 Street, Edmonton, T5N 1N9 or 1-403-482-5467.

\* \* \* \* \*

## MANITOBA

### Consulting work

Co-operative Work of Toronto has undertaken a study for the Department of Co-operatives to investigate the legal barriers and impediments to the development of worker co-operatives in Manitoba. This will be the basis for a supportive legislative framework for worker co-operatives. The Department has also completed a study of taxation issues.



# Across the Nation

For more details, contact **Vic Hrysko**, Director of the Co-operative

Development Branch, Department of Co-operatives, 800-215 Garry Street, Winnipeg, R3C 3P3.

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## TORONTO

### New worker co-op

Seventeen Salvadoran refugees have formed Toronto's newest worker co-operative. **Lanto** is its name and industrial and household cleaning is its service. Part of Lanto's marketing plan is to service the co-operative sector. If you or your co-operative are interested, contact **José Daniel Cubias**, 848 Dovercourt Road, Toronto, M6H 2X3; (416) 534-5194.

### Big Carrot

In what may be a precedent for a worker co-operative in this part of the country, the Bank of Montreal has granted the Big Carrot "joint and limited liability" for its bank loan. This means that each member of the co-operative shares equally in possible liabilities that may be incurred and each member's liability is limited to his or her share of the total loan.

Previously, the Bank of Montreal would only accept members of the co-operative with personal assets as guarantors of its loan, and each could be held responsible for the total loan. This presented problems for the Big Carrot's co-operative structure because some members were more at risk than others. Other worker co-operatives may find it useful to draw on this precedent should they have to negotiate a bank loan. For information, contact **Mary Lou Morgan**, 355 Danforth Avenue, Toronto, M6K 1N7; (416) 466-2129.

### Section 38 a hit with resource groups

The Worker Ownership Development Foundation is the recipient of a Section 38 grant which has permitted it to maintain a staff of three. Like its brothers and sisters in CODA on the West Coast, the members of this Toronto-based Foundation are

unabashedly soliciting donations to further their educational programme about worker co-operatives. A member's handbook that tells you everything there is to know about starting a worker co-operative is soon-to-be-completed and courses for the public are being planned for the fall.

All donations are tax deductible. For information, contact **Ethan Phillips**, 357 College St., Suite 200, Toronto M5T 1S5; (416) 928-9568.

### Bridging the trade gap

OXFAM has taken over the old BRIDGEHEAD TRADING partnership to create BRIDGEHEAD INC. as a wholly-owned subsidiary. You may be familiar with BRIDGEHEAD'S products of coffee, tea, cashew nuts and cashew butter at your local food co-operative.

Established to help farmers and food producers in Third World countries break their dependency on the multinationals for processing and marketing, BRIDGEHEAD'S originators were committed to co-operators, worker co-operatives and community based groups wherever possible.

OXFAM is considering developing more initiatives in this direction although no policy decisions have yet been made. Also, the retention of profits in their country of origin will be considered by encouraging more processing and packaging enterprises.

If you are interested in any of their products from Nicaragua, Tanzania, Sri Lanka and Madagascar, contact **Alan Hahn** or **Bruce McWilliams** at 1-416-924-6354.

\* \* \* \* \*

## GRINDSTONE

### Co-op conference

Scenic Grindstone Island, in eastern Ontario, will be the site for the 6th annual "Co-op Movement Strategy Conference", August 11-16. Topics include: the future of worker co-ops; co-ops and unions; the housing sector; co-ops and government. And if that isn't enough, there is volleyball, canoeing, swimming and other stimulating events.

All of this for a modest \$225 (\$205

for those with limited income). Children under 6 are free and children 6-12 are half price.

For information, contact **Grindstone Co-operative Ltd.**, P.O. Box 564, Station P, Toronto, Ontario, M5S 2T1; (416) 923-4215.

\* \* \* \* \*

## OTTAWA

### Government plans

Here is one of those hot rumours: A discussion paper is floating about the Federal Department of Employment and Immigration that lists worker co-operatives as one of six priorities for job creation. Nothing may come of it; but then again, something may. We shall soon know!

### Co-ops and daycare

An exciting endeavour by Communitiworks, in conjunction with the Federation of Daycare Co-operatives and the CUPE Local for Daycare Workers involves a grant, a new building and the potential for worker co-operatives in the delivery of daycare services.

Communitiworks, a community based venture capital foundation, has obtained a grant from Canada Works to undertake a feasibility and market study for the Federation. In the meantime, a site has been purchased by Communitiworks, for \$287,000 to purpose-build for the Federation a project which will help service the surrounding low-income neighbourhood with daycare.

A joint financing package includes interim financing by Communitiworks and some capital fund contributions by the Federation. Ultimately the building will be owned by Communitiworks and a long-term lease held by the Federation.

The Federation is contemplating conversions of existing direct service and parent run co-operatives to worker co-operatives and is hoping the new project will be a prototype for this.

For further information, contact **Peter Trotscha** at 1-613-238-5141 or 200 Isabella, Second Floor, Ottawa, K1S 1V7.



# Across the Nation:

## NDP policy

Back in the 1950s, federal cabinet minister C.D. Howe referred to the C.C.F. (forerunners to the NDP) as "Liberals in a hurry" because many of the CCF's ideas were subsequently adopted by the government, albeit at a leisurely pace. Let's hope that Howe's adage can be generalized to the current relationship between the NDP and the Conservative Government, particularly as it applies to worker co-operatives.

Here's the story. The Federal NDP has just released a major policy statement 'Canada Unlimited', which states that "one new source of job expansion is community and worker-owned co-operatives and community development."

Specifically recommended for co-operatives is financing, business assistance, reduced taxation, marketing and management assistance, giving employees and communities the right of first refusal to purchase the assets of viable companies that are being shut-down or moved, and placing federal government financial deposits and business with credit unions and caisses populaires which are prepared to finance community development initiatives.

May the spirit of C.D. Howe — or at least part of it — permeate the House of Commons.

Copies of the *Canada Unlimited* may be obtained by writing the N.D.P. Caucus, Parliament Buildings, Ottawa.

## Announcement expected

Rumours that the federal government is about to announce a major programme to support worker co-operatives have been fuelled by Charles Mayer's speech to the Co-operative Union of Canada's annual meeting.

Mr. Mayer, who is the Federal Minister responsible for Co-operatives, stated:

"Employment and Immigration Minister Flora MacDonald met with representatives from the Co-op Union this past winter, and I know that Laird Hunter is in frequent communication with her office. She recognizes the job creation possibilities of employment co-ops and is very enthusiastic about their potential. She has made sure that the new federal employment strategy includes greater opportunities for worker co-ops. Part of that strategy includes an innovation fund being initiated by Miss MacDonald. \$100 million will be available to those groups which have ideas for job development. The co-op sector has been invited to submit proposals and we are eager to hear your ideas."

A specific program announcement is expected soon.

## Hunter on the move

Our flying ambassador of goodwill, **Laird Hunter**, is making the supreme effort to interest the leadership of the co-operative movement and the Canadian Labour Congress in worker co-operatives. After shepherding some

leaders of the co-operative movement through a whirlwind tour of Mondragon and England, Laird — as an encore — is off to Philadelphia with leaders of the Canadian Labour Congress, where they will meet with Sherman Kreiner of PACE and discuss the role that organized labour had in the conversion of the A & P supermarkets to worker co-operatives.

\* \* \* \* \*

## WELLINGTON

### Acadian co-ops in P.E.I.

The Conseil de la Coopération de l'Île-du-Prince-Édouard is very interested in establishing worker co-ops in the French Acadian communities of Prince Edward Island. The Conseil has hired Edgar Arsenaux to study prospects for worker co-operatives in the Evangeline region, a small rural community with a population of 2,400.

For information, contact **Yvette Arsenaux**, Managing Director, Conseil Coop de l'I.-P.-E., Wellington, Prince Edward Island C0B 2E0, (902) 854-2595.

\* \* \* \* \*

### Worker co-operatives hit the big time

May was a good month for national media coverage of the worker co-operative movement. First, CBC TV's *Venture* series featured the efforts of workers at Canadian Porcelain in Hamilton to purchase the remnants of their former workplace and convert it to a co-operative. (Through the miracles of modern technology, copies of this programme are rumoured to be in circulation. Discreet inquiries are advised.)

And if that wasn't enough Peter Gzowski of CBC radio's *Morningside* show hosted **Laird Hunter**, worker co-ops flying ambassador, **Benoit Tremblay**, Quebec's Assistant Deputy Minister of Industry and Commerce, and **Gail Cryer** of CRS Worker Co-operative in Vancouver.

The next week Gzowski followed with a special programme on Canadian Porcelain in Hamilton. Prior to this, Gzowski had interviewed Bruce Thorndarson, Executive Director of the Co-operative Union of Canada.

Is there a life after Gzowski? We shall soon find out.



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# Around the World

## LONDON ENGLAND

### Co-ops create jobs

As a tourist attraction, worker co-operatives in London are still not up there with Buckingham Palace, Hyde Park or Karl Marx's tomb, but their presence is being noticed. 'ICA News '85' reports that 1,000 jobs have been created through worker co-operatives for residents of Britain's capital. Much of this success is due to the \$5.95 million investment of the Greater London Enterprise Board during the past two years.

As a reflection of their strength, worker co-operators in London organized the second international trade fair on April 2-3 of this year. This idea could be applied in Canada, once there is an increased concentration of worker co-operatives in various parts of the country. For information about the London trade fair, contact **Margaret Davis**, Greater London Enterprise Board, 63-67 Newington Causeway, London, SE1 6BD; (01)-403-0300

## SOMERVILLE MASSACHUSETTS

### Industrial Co-operative Association

The year-end report of this impressive resource group reflects how far worker co-operatives have advanced in the United States during this past year. Several areas of the reports are noteworthy: The ICA is assisting 10 other regionally-based resource groups in the U.S. to provide consulting services for worker co-operatives; the ICA revolving loan fund helped to finance 7 worker co-operatives with 230 jobs during 1984; the loan fund helped to leverage about \$3 million in other financing for these co-operatives; a fund-raising drive is underway to expand the loan fund's capital to \$3 million by 1986; the ICA is successfully shaping public policy about worker co-operatives through its work with organizations such as the United States Roman Catholic Bishops; the ICA, which has 11 staff persons, increased its fee-for-service income to more than 40 per cent of expenses.

For information about this dynamic organization, contact the **Industrial Co-operative Association**, 249 Elm Street, Somerville, MA 02144; (617) 728-7330.

## UNITED STATES

### Catholic Bishops

In the publication, 'Christianity and Crisis', (January 1985), theologian Gregory Baum discusses some of the philosophic differences between the Catholic Bishops' statements in United States and Canada. Like their Canadian counterparts, the American Bishops have endorsed "co-operative ownership" and the bringing of "democratic ideals into the workplace."

But in the view of Baum, the American document is "reformist" and the Canadian statement is "radical". The American Bishops downplay the concept of "alienated labour" that could open the way for a dialogue with Marxism and they don't emphasize "political struggle" as much as the Canadian Bishops.

Catholic theology has a particular significance for worker co-operative development because of the relative strength of worker co-operatives in Catholic countries such as Italy, Spain, France, Poland and Hungary. It is probably more than a coincidence that Quebec, with its predominantly Catholic heritage, is the only part of Canada with significant worker co-operative development. For this reason there is much to be learned from this article and the book by Baum and Cameron, *Ethics and Economics*, Toronto: James Lorimer, 1984.

## VICTORIA AUSTRALIA

### The view from down under

It is a long way from Australia to Canada, but the publication *The Co-operator* can help to bridge that distance. The news about worker co-operatives is encouraging. The government of Victoria is investing in excess of \$1 million this year in worker co-operative development — including funds for start-ups, conversions and educational resources. Seeing similar issues discussed in Australia and

Canada gives credence to the view that worker co-operatives are part of a broad movement for social change.

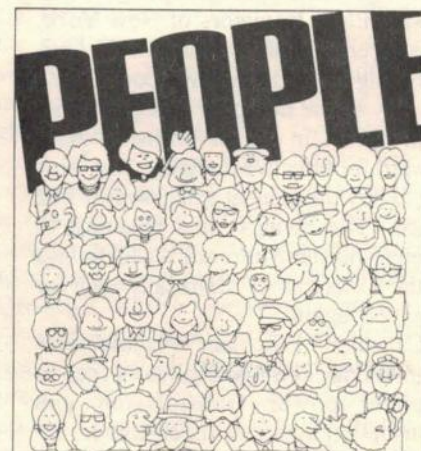
Should you wish to keep in touch with the news from down under — Victoria at least — a sub to *The Co-operator* is \$11, payable to **Gay Publications Co-op Ltd.**, P.O. Box 21, Carlton South 3053, Victoria, Australia.

## ZIMBABWE

### Freedom fighters form co-ops

Following its bitter struggle for independence, Zimbabwe was faced with the problem of finding employment for those who were on the front lines. Through the assistance of the Zimbabwe Project (ZP), an organization originally established by a group of exiles during the war, about 12,000 former fighters have been organized into producer co-operatives — including farms and small businesses such as print shops and garment centres. Two hundred and fifty of these co-operatives now belong to a self-supporting organization, The Organization of Collective Co-operatives in Zimbabwe.

With the assistance of CUSO and CIDA, the Zimbabwe project is also providing education — technical and literacy — for other ex-combatants who may form co-operatives. The staff of this exciting project is anxious to establish links with "local development agencies" and "worker-managed small industries" in other countries. The address is: **Zimbabwe Project**, Box 1590, Harare, Zimbabwe. ■



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# Canadian Porcelain worker buyout thwarted

Bob Schutte

There is a company in Hamilton, Ontario that was founded in 1912 and easily weathered the Great Depression. Its product is not obsolete today. It is now Canada's only major manufacturer of this product in a domestic market worth over \$20 million annually. Its skilled workers average 15 years experience on the shop floor. In December 1984 the plant was shut down.

After years of milking by American conglomerates, recent mismanagement by Canadian owners and systematic dumping of cut-rate product by Japanese and U. S. competitors, prospects did not look good for Canadian Porcelain Company and its 72 unionized workers. The workers know their product, electrical porcelain insulators, and they know there is a stable market for it. Almost from the day of the shut down, the members of the Aluminum Brick & Glass Workers Union, local 249, have struggled against long odds to restart the company under new ownership, worker ownership.

Today they are the members of Canadian Porcelain Co-operative Ltd., and there is only one problem. The receiver has decided to ignore their efforts, bolstered by community support, to buy the plant, and has opted to sell it to an American competitor. The buyer, Lapp Insulators of New York, was recently found by the federal Anti-dumping Tribunal to have contributed heavily to the dumping that put Canadian Porcelain out of business. As a reward for effective dumping, they now get to buy the plant at a bankruptcy sale price. This brings dire meaning to Prime Minister Mulroney's glad tidings to the Americans, "Canada is open for business again."

Canadian Porcelain manufactures high voltage ceramic insulators used in electric power transmission and distribution systems. Its customers include generating utilities, distributors and power equipment manufacturers. During and after the last war, the company built up extensive foreign markets and an international reputation for its products. It sent shiploads of insulators to help rebuild Europe's electrical systems under the Marshall Plan. It sold large quantities for third-world rural

electrification projects under the Colombo Plan. In those days, it had over 140 workers on the shop floor alone.

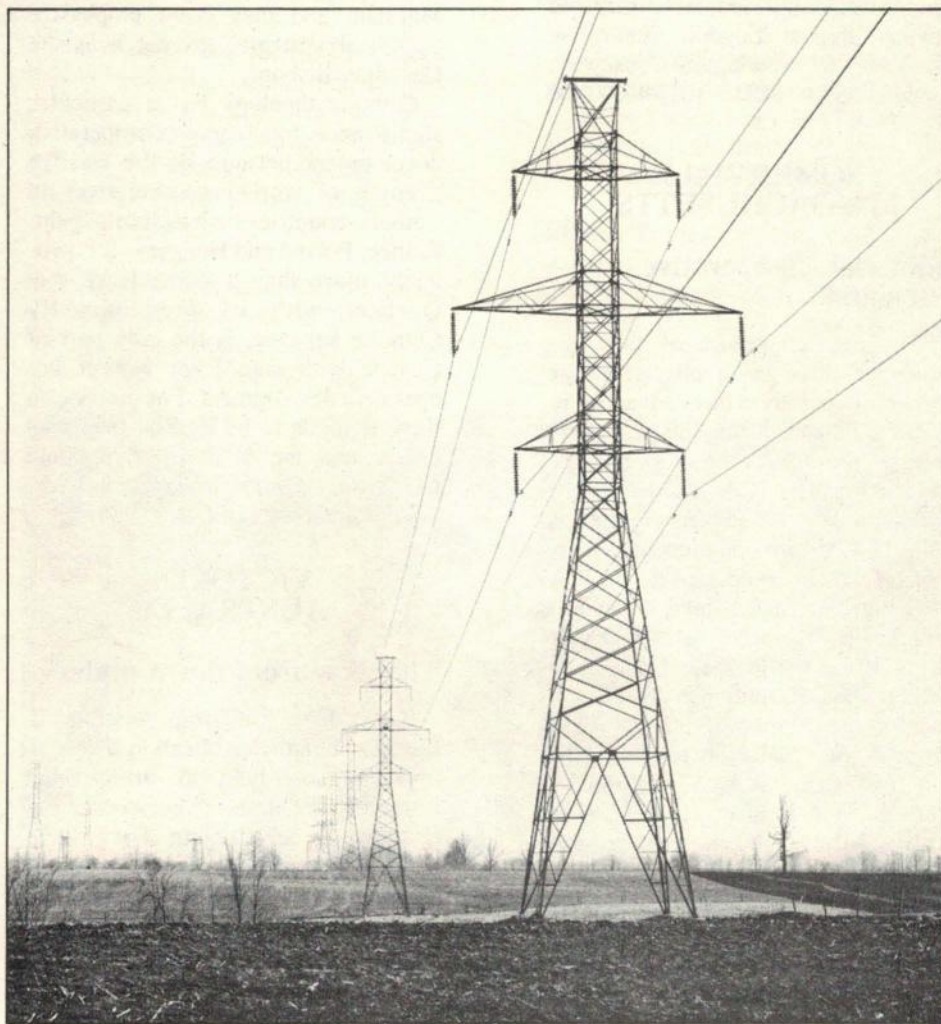
Canadian ownership of the company ended in 1958 when it was sold to ITE Circuit Breaker Company of the U.S.A. For the next 18 years, Canadian Porcelain remained a closely controlled subsidiary, while the U.S. parent company evolved into a multinational conglomerate called ITE Imperial Corporation. During this period, Canadian Porcelain was denied access to the foreign markets it had built up before 1958 and was frequently called upon to sell insulator products to the parent corporation at a loss.

In 1976, Gould Inc., a billion dollar American manufacturing conglomerate, gobbled up ITE and its subsidiaries, including Canadian Porcelain. Gould followed ITE's example of not putting

any money into new plant and equipment at the company. Preventive maintenance was unheard of. From time to time, pieces of machinery were removed to other companies owned by Gould.

Gould Inc. entered upon a major 'asset redeployment' phase in 1979. By December 1984, it had flushed away \$900 million worth of electrical and industrial products companies to finance its acquisition of more profitable high-tech electronics firms. However, by that time, it had already sold Canadian Porcelain. In December 1981, a one-shareholder investment company called Cinvest Ltd. of Montreal took over the company.

The return to Canadian ownership was unhappily timed. By mid 1982, Canada was in the grip of a recession. Utility companies deferred major pro-





jects, revised energy demand forecasts downward and reduced inventories. Insulator sales fell sharply. At the same time, NGK Insulators of Japan and several U.S. competitors experienced similar conditions and began dumping cut-rate insulators on the Canadian market. Canadian Porcelain was the only company that stood between them and complete control of the domestic market for insulators. They knew it was financially weak and could possibly be knocked out for good. Underbidding Canadian Porcelain by as much as 30 per cent, NGK and U.S. competitors increased their share of the insulator market in Canada from about 13 per cent in 1980 to 74 per cent in 1984.

Canadian Porcelain workers could see they were on a fast track to unemployment. Toward the end of 1982, they petitioned the federal Anti-dumping Tribunal to assist management in its action against dumping in the Canadian market. The union also followed up by obtaining a unanimous resolution of support from Hamilton Wentworth Regional Council for protection from unfair competition by NGK and U.S. based insulator suppliers. Meanwhile, Canadian Porcelain's situation continued to worsen. In February 1984, the company unwisely paid \$1.2 million for the equipment of a defunct Canadian competitor, none of which had been put into service when the company was shut down. Desperate for sales in late 1984, unprofitable orders for short run special designs were accepted and hurried through the plant. Scrap rates soared and cash flow deteriorated. On December 11, the Royal Bank called in its loan and placed the company in receivership.

Just before the axe fell on Canadian Porcelain, the company made a pitch to its workers to buy the plant. The workers had little confidence in the current management, but they had every confidence in their work and their product. After the plant shut down, they started to investigate a buyout. Two series of events now unfolded to give the workers some hope. The Anti-dumping Tribunal finally began hearing Canadian Porcelain's complaint, and a local, ecumenical church group called Christians for a Co-operative Society (CCS) began to take an interest in direct action on unemployment.

The Anti-dumping Tribunal began public hearings in Ottawa on December 17, 1984. Lawyers for NGK Insulators of Japan, importer Mitsubishi Corpora-

tion, and Locke Insulators (a joint venture of NGK and General Electric) in the U.S., argued that the recession, undercapitalization and mismanagement, not dumping, were the cause of Canadian Porcelain's closure. To support this argument, they called as witness an employee of Ontario Hydro, who testified very negatively about Canadian Porcelain's product and performance as a supplier. Oddly, it was largely provincial utilities that stood to lose from higher import prices if the only major Canadian manufacturer of porcelain insulators was knocked out of the market. Despite these arguments and testimony the Tribunal found that "the evidence of injury due to price suppression and price erosion is, however, clear and persuasive," and further, that "dumping contributed significantly to the eventual inability of the company to sell its product or meet its contract commitments" (ADT-14-84). A tariff is now in place.



Soon after the plant closed in December, Richard Allen, New Democratic Party MPP for Hamilton West, carried news of the worker buyout possibility at Canadian Porcelain to Christians for a Co-operative Society. The CCS was organized by Phillip Newell, a Presbyterian minister and ecumenical chaplain at McMaster University, after last summer's federal election. Originally conceived as a think tank on social affairs, CCS was founded by representatives from six church denominations and others active in the community, including MPP Richard Allen. With many layoffs and plant closings eroding the stability of community life in the industrial city of Hamilton, CCS was looking for a practical way to combat unemployment. They found it in the Canadian Porcelain project. Reverend Newell emphasizes the group is an expression of Christian responsibility. The unemployed he says

"belong to us, and their problem is our problem." Moreover, he insists, "It is absolute nonsense for the church to claim it loves the unemployed if this statement has no content, if we are not struggling with them to create jobs."

In January this year, the receiver for the company entertained inquiries from at least three U.S. insulator manufacturers supposedly interested in buying the bankrupt company. One of them, Lapp Insulator of New York, had contributed to the dumping which helped drive Canadian Porcelain out of business and was rumoured to want to use the plant only as a semi-finishing warehouse for U. S. product to get around the new tariff. Meanwhile, CCS met with the unionized workers to explain the worker co-operative option. A screening of the BBC documentary on the Mondragon industrial co-ops was viewed with considerable enthusiasm by about 40 of the workers. An organizing committee was struck, and Bill Thompson, recording secretary of the union, became its spokesman and prime mover.

In mid February, CCS launched the Fund for Workers Enterprise to raise capital from business, labour, church and other community groups to assist in a worker buyout. Seven prominent citizens were recruited to the board of the trust fund. A brochure was designed and mailed to over 240 Christian churches throughout the city. Organizations like the Kiwanis Club and the Chamber of Commerce helped with mailings. Soon after, the union hired a Toronto lawyer to incorporate a worker co-operative and bid for the company. It also opened negotiations with the local community credit union to line up personal loans of up to \$5,000 for each member as a capital stake.

Initial efforts focussed on the need for a feasibility study to demonstrate the viability of the plant and attract additional support. Members of CCS and the buyout organizing committee appealed to Ontario Industry and Trade Minister Andy Brandt on February 21st. Although the ministry normally does not consider assisting a feasibility study until at least \$300,000 of up-front equity capital is in place, the minister was sufficiently impressed by the community effort to promise "very quick action" on whether to support a study. The buyout organizing committee meanwhile was putting together a fund-raising plan to sell 50,000 insulators left over from a cancelled Libyan order for \$5 each as 'pet insulators'. On March



12. the logjam broke and the ministry decided to match a \$7,500 interest free loan from Hamilton Wentworth Regional Council to finance a \$15,000 feasibility study. The same day, Hamilton City council voted to begin negotiations to buy 5 acres of surplus land around the plant which would aid the buyout by eliminating \$200,000 in back taxes owed by the bankrupt company.

With a feasibility study underway by a major chartered accountancy, Deloitte Haskins and Sells, the workers fully expected a positive outcome. The buyout organizing committee turned its attention to organizing the co-operative and preparing an offer. Two weeks later, when the preliminary study was released, they were very disappointed. The study was extremely negative. Business projections were very poor under its assumptions, and the workers did not accept much of the information and market projections contained in the study. No mention or account was taken of the results of the Anti-dumping Tribunal decision and the probable effect of the new tariff on the market and Canadian Porcelain's likely share. Oddly, however, negative testimony given by the Ontario Hydro witness called by lawyers for the companies accused of dumping was referred to in the study. The negative study had the opposite effect to what was possibly intended: the workers decided to proceed with an offer to purchase the plant.

The first offer was made in early April. The co-operative bid \$1.1 million and put down a \$25,000 deposit which came from the CCS Fund for Worker Enterprise. The receiver rejected the offer, asking for \$1.5 million and a \$50,000 deposit. The buyout organizing committee huddled to consider their next move. They knew much of the equipment that went with the plant was useless or inoperative and ought not to be paid for as anything but scrap. They decided to raise another \$25,000 jointly through a community credit union loan for an increased deposit and stick to their offer of \$1.1 million. By April 11, MPP Richard Allen had confirmed orders for the company from Ontario Hydro and secured a letter from Manitoba Hydro indicating they were willing to deal with Canadian Porcelain on the same basis as other suppliers. This contradicted a claim made earlier in the feasibility study. The workers now had to come up with a business plan showing the company was viable in order to get a

loan for the balance of the purchase price for the plant. The lender of choice had already been identified as a syndicate including the Credit Union Central of Ontario, Cumis and The Co-operators Insurance companies with Hamilton Wentworth Credit Union as the lead lender. On April 15, the newly incorporated Canadian Porcelain Co-op held its founding meeting and Bill Thompson was elected president.

In mid-April the worker buyout organizing committee contracted with Co-op Work, a Toronto based resource group for worker co-op development, to write a business plan. Members of Co-op Work had already been assisting informally in various ways for several months. At the end of the first week, Co-op Work consultants were able to predict the company would break even within nine months after start-up and be profitable after that. On the strength of this preliminary finding, the buyout organizing committee proceeded to make another offer of \$1.1 million with a deposit raised to \$50,000.

The consultants worked long days the following week. With correct market data and trimming unprofitable products and some unnecessary supervisory personnel, the business plan that emerged for a worker-owned Canadian Porcelain showed a rather viable business. During the week, the receiver again rejected the offer of \$1.1 million as too low. A meeting of the receiver, Peat Marwick Ltd., and the buyout group took place on Wednesday April 24. The receiver indicated that they had the equipment appraised at \$600,000. The workers said they thought it was not worth anything near that amount. They were invited to go through the plant with equipment appraisers and try to convince them. At no time did the receiver indicate they had another offer on the table. On Thursday, representatives of Lapp Insulator of New York walked into the receiver with a letter of intent to purchase the plant for about \$1.25 million. By the end of the day, the Royal Bank had accepted the offer. The buyout committee for Canadian Porcelain Co-operative were neither informed of the bid nor given the opportunity to respond to it. They were surprised and angry. Bill Thompson, President of Canadian Porcelain Co-operative announced, "We are going to meet with our members and map out a response. If the Canadian Government has any guts, they'll step in and stop this sale. We have the resources to do the job but we have not been given the

opportunity."

The co-operative voted over the weekend to raise its offer to \$1.3 million, and on Monday picketed the office of the Royal Bank. At the moment, the Bank appears determined to pursue the Lapp offer but the workers are looking to FIRA to stop the sale. In 1975, FIRA did stop the sale of Canadian Porcelain to an American owned porcelain company operating in Canada. A takeover by this company, now defunct Canadian Ohio Brass, would have meant the elimination of competition between the two major high voltage insulator manufacturers in Canada, reason enough to disallow the takeover. The sale of the last major insulator manufacturer in Canada to an American competitor can hardly be expected to produce more competition in the Canadian market.

A decision on whether to disallow the takeover bid by Lapp Insulator has to be made under the existing Foreign Investment Review Act by the Conservative cabinet. The buyout organizing committee for Canadian Porcelain workers now has all its financing for the purchase lined up. The Credit Union Central of Ontario decided on May 2 to support their bid with a \$1.1 million loan. All they want now is justice.

*Bob Schutte is a member of the editorial committee of Worker Co-ops. ■*





# Atlantic Report

## Worker buyout

Fifteen of the 20 employees of Quality Containers, a manufacturer of plastic containers in Truro, Nova Scotia, have formed a co-operative with a view to acquiring the business.

The co-operative, named QC Co-operative Limited, has submitted a letter of intent to purchase Eastern Services Limited, a holding company of which Quality Containers is a subsidiary.

Louis Frizzell, manager of Quality Containers' shipping department, is president of the 10-member board of the worker co-operative. He said they are currently negotiating for the financing and for management services. Co-op Atlantic, he added, had expressed interest in providing the latter.

The co-operative has engaged veteran co-operator Leonard Oya of Antigonish as consultant and negotiator, while the St. Francis Xavier University Extension Department is being brought in as adviser to the employees on their role in the venture.

Provincial registrar of co-operatives Fred Pierce said the 15 employees had committed themselves to investing the equivalent of 50 per cent of their current annual wages in shares on completion of the purchase negotiations. They will do that by taking out individual loans, which will be repaid through payroll deductions.

Mr. Pierce says the business has a good existing market and considerable development potential. The dairy industry in the region buys about 80 per cent of present production.

Mr. Pierce expects the transfer of the approximately \$1.5 million assets to be completed by the end of June.

*(Submitted by Paddy Moran, editor of the Atlantic Co-operator).*

*For information about QC Co-operative Ltd., contact Louis Frizzell, 69 Wood St., Truro, Nova Scotia B2N 4T4; (902) 895-9271.*

## New appointment

The Newfoundland and Labrador Federation of Co-operatives has recently appointed Glen Fitzpatrick as Managing Director. Mr. Fitzpatrick formerly worked with the Newfoundland and Labrador Rural Development Council, and has experience in community development work. These characteristics match well with the Federation's recent thrust to encourage the start-up of new worker and producer co-operatives in rural communities. Mr. Fitzpatrick replaces Richard Hayes who has moved to the Department of Fisheries and Oceans.

# Quebec Report

Claude Carbonneau

**Société des Alcools du Québec:**

*Three judgements favourable to co-op creation, but the union appeals.*

The objections, made by the Union of Stores and Office Workers of the Société des Alcools du Québec (S.A.Q.), in opposition to the proposal to sell some branches of the corporation to worker co-ops, have been thrown out by the courts. Two judges of the Labour Board, and one from the Supreme Court, have concluded that the union's fears, as presented in court, are not justified.

Judge Paul-Etienne Bernier of the Supreme Court of Quebec, who had to rule on an application for a permanent injunction, concluded that: "the corporation has the right to proceed with the privatization of the distribution network for its products and to entrust (parts of such distribution) to some co-ops thus formed by those of its current employees who want to change their status by ceasing to be employees of the corporation (. . .)."

It seems the union has decided to appeal this decision, thereby putting a stop to the S.A.Q.'s bid to establish some co-ops.

\* \* \* \* \*

## Improving the S.D.C. programmes

The Québec government has approved a modification to its financial aid programme for co-operative enterprises. The first of these modifications would not permit the S.D.C. to offer loan guarantees in the form of a credit margin. In effect, this programme guarantees repayment of two thirds of the loss on a loan granted in the form of a credit margin. This form of aid will be, however, unusual. It is intended for those co-ops that operate under special conditions, such as the co-ops of Nouveau-Québec (northern Arctic Québec) and forestry co-ops.

Another modification constitutes an extension of the aid programme by guaranteeing a capitalization loan. The law now authorizes the S.D.C. to offer this type of aid to worker co-ops to enable them to buy the shares of a business. Under article 225 of the Co-op Law, these co-ops can undertake this type of transaction if this would permit their members to work in the business of which the co-operative is owner. In such cases, a 50 percent maximum, to which the S.D.C. is limited in providing aid, will be calculated as a function of the value of the project of the corporation in which the co-op invests.

\* \* \* \* \*

WORKER OWNED AND MANAGED



**CRS FOODS (WHOLESALE)**  
1239 ODLUM DRIVE,  
VANCOUVER, B.C.  
V5L 3L8  
TELEPHONE 251-1585

**UPRISING BREADS BAKERY**  
1697 VENABLES STREET  
VANCOUVER, B.C.  
V5L 2H1  
TELEPHONE 254-5635



## Consulting groups: the network organizes

The network of consulting groups established by the Ministry of Industry and Commerce to assist groups wanting to form worker co-ops has spread across almost the whole province of Québec. Recall that the government had authorized a budget of \$6 million to finance the establishment of the consulting groups in each of Québec's regions.

By the middle of April, more than three regions had set up their pilot groups, and two other regions (Montreal and the lower Saint-Lawrence-Gaspé) had set up their consulting groups. In all the other regions consulting groups were to be in operation by the beginning of May 1985.

As for regional development co-ops, which have development budgets of about \$2 million, the regions of the l'Estrie and Québec have already been given such a development tool. In the region of l'Outaouais (Hull), a similar organization has existed for several years.

\* \* \* \* \*

## Québec: regional forums on worker co-ops

The Ministry of Industry and Commerce has organized about twenty regional forums throughout Québec to inform youths about the services available to assist those who want to take on the creation of their own jobs. Under the theme "Young Entrepreneurs", these regional meetings will play a large role in the creation of worker co-ops for youths.

The youths assisted by these forums are shown how the co-operative model offers a number of possibilities for those wanting to create their own businesses and, at the same time, to better control their work environment. As well, they are getting all the necessary information about technical services and finances that are available to support them in taking the big step.

\* \* \* \* \*

*French translation by Joanne Lindsay.*

# Ottawa Report

## Albert Chambers

### The feds and worker co-operatives

Signs continue to be positive that worker co-operatives are very much on the new government's economic development agenda. In speeches to the annual meetings of both Co-op Atlantic and the Co-operators, Charles Mayer, the federal minister responsible for co-operatives, stated that the government is "enthusiastic about the potential for co-operatives in job creation and training." The initiatives announced by the Minister of Employment and Immigration "open several avenues for worker co-ops" which are being pursued in discussion with that department. And, activity in Fisheries and Oceans also suggests a high level of awareness and interest in this model of ownership and development, particularly in connection with the future of the East Coast fishery.

### National economic conference

To the television viewer with an interest in worker co-operatives or community-based economic development, March's National Economic Conference was a bust. Given the agendas of the two main groups that had organized the event (big business and big labour) and given the structure of the conference itself, it is not surprising that little attention was paid to these forms of development during the televised sessions. However, reports from participants suggest that the workshops did air some of the opportunities and problems associated with the alternatives and that when they were off-camera some participants, especially from the unions, were most positive about the potential role of worker co-operatives.

### CUC activity

As part of the CUC's worker co-operative program a study group of senior sector leaders, involving Ray Siemens, CUC president, John Nicholson, CCCS chairman, Gordon Sinclair, Co-operator's President,

Norm Bromberger, now CEO of both Saskatchewan Central and CCCS, visited worker co-operatives in England and Spain in late April.

\* \* \* \* \*

Considerable attention was focussed on the role of worker co-operatives at the CUC policy conference on the role of co-operatives in the Canadian economy on May 9, 1985. This conference, which was part of the CUC's annual meeting in Ottawa, zeroed in on two areas: 1) job creation and economic development and; 2) the challenge of capitalizing growth in the co-operative sector. As one of the priority areas for new development, worker co-operatives were discussed along with the opportunities for growth in the existing areas such as agriculture and retailing.

*Albert Chambers handles inter-governmental affairs for the Co-operative Union of Canada.*

# Winnipeg Report

## Doug Davison

### Manitoba government commissions legal and taxation studies'

The Manitoba Department of Cooperative Development recently commissioned two studies related to employment co-operatives. The first addresses taxation issues affecting worker co-ops, including personal income tax and tax on profits. The objective of the study is to identify current federal and provincial taxation provisions which hinder the development, or promote the success of worker co-operatives.

The second study examines other legislative and legal issues with respect to worker co-operatives in Manitoba. Model legislation from other countries and other provinces is being studied. Such legislation includes labour law, the Manitoba Cooperatives Act, and others. Any potential implications for Manitoba statutes or regulations are to be highlighted.



Both studies are expected to be completed by June. Inquiries may be addressed to **Keith Michaelson**, Manitoba Department of Cooperative Development, 215 - 800 Garry St., Winnipeg, Manitoba R3C 3P3.

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### Community economic development and co-ops

Neil Loughran of Winnipeg has prepared an interesting study of the comparative effectiveness of co-operatives and community development corporations (CDCs). The study explores the use of co-ops and CDCs as organizational vehicles for effective broad-based development and contains a useful discussion of organizational pitfalls and ingredients for success. Neil has also included an analysis of case studies of community ownership, primarily in Manitoba.

While Neil's study is not aimed specifically at worker co-ops, he has put together a useful background document for future development. We look forward to hearing more — and we probably will. Neil is going to join Jeremy Hall and Doug Davison from WMC Research in contributing news to **Worker Co-ops**.

By the way, Neil's study "Community Development Corporations and Cooperatives: A Study of the Effectiveness of Two Vehicles for Broad Based Community Economic Development" can be obtained from Neil Loughran, 11 - 156 Lilac Street, Winnipeg, Manitoba R3M 2T1. There is a \$15 charge to cover production costs. ■

# Profile of Fred A. Pierce

## Bob Briscoe

Co-operators in Nova Scotia are indeed fortunate to have an enthusiast like Fred Pierce as provincial registrar of co-operatives. The small Co-operatives Section of the Nova Scotia Department of Agriculture and Marketing puts out a range of practical publications which is attracting the attention of co-operators across the country. Recent additions include manuals for boards of directors and a booklet on employment co-ops. Most of these resource materials have been either written or edited by Fred A. Pierce.

Fred is a native of Glace Bay and a graduate of the Nova Scotia Agricultural College at Truro, and the MacDonald Agricultural College of McGill University. After graduation, he worked for United Co-operatives of Ontario and spent many years managing agricultural co-ops, most recently as United Co-operatives' Sales Manager for southwestern Ontario.

He returned to Nova Scotia in 1972, to take up his present job as the province's Inspector of Co-ops.

Over the years, he has actively fostered sound business practices and management excellence in co-ops of all kinds. He has helped new groups develop viable businesses and has provided training and new perspectives for boards and managers of long-established co-ops.

Fred has also had an impact on the international scene. Two years ago, he visited Latin America on a CIDA project and put together a co-operative

development strategy for Nicaragua.

Back home in Nova Scotia, Fred Pierce works hard at encouraging co-operation between co-ops of all kinds. "If we want new generations of worker co-ops to prosper," he argues, "we've got to find ways of pooling the resources and expertise of all sectors of the movement." A case in point is QC Co-operative, the province's newest worker co-op, which plans to take over and operate a business producing plastic containers for Eastern Canada's dairy co-ops.

For a copy of *Employment Co-operatives* by Fred Pierce write to Co-operatives Section, Nova Scotia Dept. of Agriculture and Marketing P.O. Box 550, Truro, N.S. B2N 5E3 (902) 895-3850.

*Bob Briscoe teaches organizational behavior in the Department of Management and Administration, University College of Cape Breton ■*

# Letters

## Constance Mungall

I am a member of "Cooperative Enterprises," a resource group to help establish and work in worker cooperatives in Ottawa. We have been meeting since December 1983, and have already been engaged in several projects.

From April to December 1984, I crossed Canada on a peace education mission for Canadian Quakers. In conjunction with my visits to all the major and many smaller cities, I searched out and interviewed at worker cooperatives wherever I could find them. This project was a good complement to my peace work; a challenge to a hierarchical system. I brought back to my own group about 25 hours of taped interviews with 13 different worker cooperatives and several advisory groups. The material is roughly described in the attached survey.



## MID ISLAND CONSUMER SERVICES CO-OPERATIVE

"BEST WISHES TO CANADA'S WORKER CO-OPS FROM THE MID-ISLAND CONSUMER SERVICES CO-OP, A SERVICE FEE CO-OPERATIVE THAT HAS PROVIDED OVER 235 MILLION DOLLARS WORTH OF MERCHANDISE TO ITS 11,000 MEMBERS SINCE INCORPORATION"

2517 BOWEN ROAD, NANAIMO, B.C. V9T 3L2



I and others in my group — Cooperative Enterprises — recognized the value of this material for other groups who are starting up — or who are already underway — and are facing the same problems. Often these problems have been faced creatively and positively by other groups; sometimes they have been their downfall.

Since my return, I have been given a Canada Council grant to edit the transcripts of the tapes, and turn them into a book. And Cooperative Enterprises has undertaken to turn the original tapes into educational tools, for the use of groups, individuals and workshops. A cost of about \$10.00 per tape would cover the expenses of producing and distributing them as cassettes. Of course, the larger the demand, the cheaper the cassettes. We are engaged in a market survey to see the kind of response we might expect.

I would be happy to hear from your readers any reaction to this project: to the book, for which I am now searching a publisher, and to the educational tapes. If you could possibly reproduce the material enclosed, Worker Co-op readers would clip and return the survey to me, with their comments.

Thank you for your help in this and other worker co-op projects.

**Constance Mungall**

*Unfortunately, space limitations prevented our printing the survey.*

*For copies of the survey, and a list of the co-ops interviewed, write Constance Mungall at 585 O'Connor, #14, Ottawa, K1S 3K2.*

## **George Melnyk**

Several articles in the spring 1985 issue of the newsletter raise two issues for worker co-ops in Canada — government involvement and provincialization. Claude Carbonneau's article on the Quebec government's role and Jack Quarter's report on the Saskatoon conference clearly indicate where the action is. Now that the worker co-op movement has attracted the attention of provincial governments, this may very well be the time for the movement to scrutinize developments and evaluate

the kind of role it wants government to have.

Because the increasing role of provincial governments has not yet been matched by the feds, who may very well decide to work through the provinces on this matter, there is a danger of the provincialization of worker co-op programs. Dana Weber pointed out in his article on worker co-ops in Europe that there are distinct national models in each country he visited. This would suggest that Canada will develop its own model as well. But if provincial authorities go in different directions on the question of worker co-ops we may

get a fragmented community of interests that is difficult to bind together in a powerful voice.

To prevent this happening and to prepare for federal government involvement, it would be useful for the various resource groups and interested nongovernment agencies working in this field to meet nationally to discuss issues and to hammer out a national strategy for successful Canadian worker co-op model.

*George Melnyk  
Advisory Committee on Worker Co-ops  
Communitas Inc.  
Edmonton, Alberta*

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# **Student worker co-op in Saskatoon**

## **Bernadine Rudichuk**

The Saskatchewan Co-operative Youth Program will be initiating a worker co-operative this summer, with a minimum of six high school students as working members.

This business adventure is based on "Instant Muscle," which originated in Surrey, England, in October 1981. Four Surrey teenagers pooled their talents to set up a domestic odd job service with the guidance of Peter Raynes, a businessperson and father of one of the boys. Once they started, the phone never stopped ringing. Within three weeks, they were employing 30 other teenagers, and soon there were seven local groups.

Within three years, 34 groups were operating from Scotland to Cornwall and another 30 were being set up. Now the project is recognized as one of the greatest ever job creation schemes for unskilled young workers in Britain.

Instant Muscle now has a national office in Oxbridge, Middlesex, headed by Raynes. This office provides advisors for groups wishing to start up, along with a Starter Pack which contains an abundance of valuable information.

With the help of the Starter Pack and advice from Steven Murgatroid, a former advisor of Instant Muscle residing in Saskatoon until June, 1985, the Saskatchewan Co-operative Youth program is well on its way.

Because high school students will only be available for work in July and August, two young people have been hired through government grants to begin preliminary work and assist the co-operative, once it is incorporated.

A market survey is being conducted through interviews with householders and businesses to determine what services people need and how much they will pay. While the co-operative will advertise the provision of unskilled odd jobs, the market survey will help to determine demand areas which will be of assistance when the members determine their training needs.

Saskatoon high school students are being encouraged to join the worker co-operative through a series of meetings. A representative of the Saskatchewan Department of Co-operation and Co-operative Development is drafting sample by-laws to assist in guiding the members.

This pilot project will be evaluated to help determine the future of such endeavours for the Saskatchewan Co-operative Youth Program and other interested Saskatchewan organizations.

*For more information, contact: Bernadine J. Rudichuk, Manager, Saskatchewan Co-operative Youth Program 141 - 105th Street West, Saskatoon, Saskatchewan. S7N 1N3 Telephone: 373-0474*