

member benefits

democratic

community

**Walking Backwards
into the Future**

GEORGE MELNYK

December 2009

education

autonomy

participation



UNIVERSITY OF
SASKATCHEWAN

Centre for the Study
of Co-operatives

Walking Backwards into the Future

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Walking Backwards into the Future

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CO-OPERATIVES



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Centre for the Study of Co-operatives
101 Diefenbaker Place
University of Saskatchewan
Saskatoon SK Canada S7N 5B8
Phone: (306) 966-8509
Fax: (306) 966-8517
E-mail: coop.studies@usask.ca
Website: <http://www.usaskstudies.coop>

George Melnyk is the author of *The Search for Community: From Utopia to a Co-operative Society* (1984). He is an associate professor in the Faculty of Communication and Culture at the University of Calgary.

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For more information, please contact:

Centre for the Study of Co-operatives

101 Diefenbaker Place / University of Saskatchewan

Saskatoon SK S7N 5B8 Canada

Phone: (306) 966-8509 / Fax: (306) 966-8517

E-mail: coop.studies@usask.ca / Website: <http://www.usaskstudies.coop>

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Re-Thinking the Past

THE TWENTY-FIFTH ANNIVERSARY OF THE FOUNDING of the Canadian Association for Studies in Co-operation is a milestone event that makes us reflect on the journey that co-operative studies has taken during the past quarter century. But more important than what has happened to the academic study of co-operation is the question of what has happened to co-operation itself during the same period. Examining the recent history of the co-operative movement in a global context, we can profile the non-academic forces that have shaped the evolution of co-operative studies.

Likewise, anyone who is looking forward, trying to anticipate the future, does so by looking backwards, because we're always much more aware of what has occurred to us than what is lying ahead. Our sense of the present and the future is grounded primarily in our experience of events in the past. So we are always walking backwards into the future. Unfortunately, walking backwards is a problem because it blinds us to where we are going. Yes, we have a general sense of the direction, but we can't see the events that can appear at any time. Being unable to anticipate the obstacle of the unexpected means we may stumble, fall, and hurt ourselves. But we continue doing so because walking backwards gives us a false sense of security. We imagine that what was behind will also be ahead. Of course, we know from experience that this is not the case and yet we continue to have an irrational faith in past experience as a useful guide to the future.

I will use myself as a guinea pig to test how looking backwards can cause errors and failures in understanding about what is and will be. I

would like to deconstruct the confidence and sense of security I had when, twenty-five years ago, I published *The Search for Community: From Utopia to a Co-operative Society*. The book was a combination of historical analysis, co-operative taxonomy, and utopian vision. At the time it seemed to me to be a potent mix. It no longer does. A deconstruction of the book's now twenty-five-year-old reading of what constituted the co-operative past requires an analysis of what existed in its day that would give rise to my reading then. Next, I will need to point out the forces that encouraged the book's utopian hope for the future, and in the process, identify the major, interconnected factors that bear on the evolution of co-operation in general. In other words, I will recreate a reading of *The Search for Community* for today, a period in which my earlier utopianism has been replaced with a sober realism.

The factors that influence the evolution of co-operation as a social process and an ideology operate at three distinct historical levels — multi-century phenomena that have persisted over long periods of time, followed by multi-decade trends or paradigm shifts that affect strategic understanding and direction but have a limited life-span, and then short-term crises or changes that reflect a multi-decade trend but come and go rapidly themselves. For example, capitalist industrialization is a multi-century phenomenon; digitized electronic information systems such as the Internet are a multi-decade reality expressive of a fundamental trend, while the single or limited-use cell phone is a short-term expression of that trend which evolves quickly into new forms such as the smart phone, a platform for a range of visual and textual media.

In 1984, when *The Search for Community* was published, the Soviet Union was a superpower. Today it doesn't exist. The Soviet counter-insurgency war in Afghanistan was in full swing, just as it is now once more thanks to the Americans. Gorbachev's era of *perestroika* had not yet begun and communist ideology seemed firmly entrenched in both the Soviet Union and China as well as other, smaller countries. Communist collective farms and state ownership of industry, finance, and infrastructure was their norm. The world was divided into two competing blocks

— the capitalist democracies and the communist dictatorships. The blocks had been fighting a Cold War for almost forty years by that time, with lots of proxy hot wars in various peripheral localities. From the perspective of 1984, the Cold War looked as if it was going to go on for a very long time.

While researching and writing *The Search for Community*, I identified four traditions that comprised the broad current of co-operation — what I termed the liberal democratic co-ops of capitalist countries, most often referred to as the co-operative movement based on the Rochdale principles of one person, one vote; the Marxist collectives of the communist countries that were imposed on agricultural producers, whose output was then tied to a centrally planned and directed economy; enclaves of voluntary socialist communities; and various forms of religious communalism. Each tradition viewed itself as having a distinct path that was incompatible with the others. This taxonomy arose out of the established and ongoing historical reality as I saw it in the early 1980s. Twenty-five years later, that reality has altered radically.

The world of communism collapsed. The Soviet Union fell apart, China embraced capitalism with a vengeance, and the Cold War ended. The US became, for a time, the world's only hyperpower, while the European Union quickly gobbled up the Soviet Union's former fiefdom of Eastern Europe. A triumphant capitalism went on a globalization spree that swept its command-economy adversary into the dustbin of history. But then came 2008, when American hegemonic practice and capitalist advancement came crashing down and the world went running to governments to save capitalism and its economies from collapse.

The Search for Community would have been a much different book if it had been written ten years later, when the communist model of seventy-five years had collapsed, or twenty years later, when it would have had to deal with a decade of American triumphalism, the hysteria of the post-9/11 war on terrorism, and a socio-economic universe in which only liberal democratic co-ops aligned with the International

Co-operative Alliance were a recognised and legitimate form of co-operation. Co-operation as the diversified organizational and ideological model that I had seen in 1984 has narrowed appreciably. Communist collectives are dead; the communalist tradition is hanging on in scattered religious enclaves and dependent on high birthrates, while the socialist model such as Mondragon has been emulated in modest ways and only within national boundaries.

The one historical constant that has emerged from the ongoing survival and growth of liberal democratic co-ops is their relationship with capitalism. It has been the context of their success. Formed more than 150 years ago in opposition to the capitalist model of undemocratic share ownership, the democratic co-operative form of community ownership has had an impressive record of persistence within a capitalist-dominated universe. In fact, it has done much better under capitalism than under communism, which viewed co-operatives as a secondary form of collective production.

Never able to overthrow capitalist dominance in spite of the dream of a co-operative commonwealth, liberal democratic co-ops have thrived as a “third-way” model of economic organization that seems to work best as an alternative within capitalist systems. Co-ops have fitted themselves to the dominant mode of ownership and production, have learned to be competitive within the capitalist marketplace, and have enjoyed various degrees of tolerance and encouragement. They have thrived globally in different national contexts and to different degrees, depending on the historical and sociological forces that have favoured them, such as religion, economic traumas, development concerns, and state sponsorship. The persistence of liberal democratic co-ops as the currently dominant model of co-operation would have to be taken into account if I were writing *The Search for Community* today. I would have to acknowledge their appeal and widespread application, as well as the fact that they have survived only through adaptation to the dominant economic force of capitalism.

The power of a dominant context to limit the actualization of co-operation beyond a certain minority status, as is the case in the capitalist world, raises the question of what kind of world informs the present-day dynamics of human co-operation. The overarching context is the three intersecting timelines mentioned earlier — the long-term, multi-century realities that can be both in the background and in the foreground; the medium-term, multi-decade trends or paradigm shifts that reinforce the persistence of a long-term, general phenomenon; and the short-term episodes that cause hiccups in the flow of history but are really specific expressions of paradigm shifts.

These three distinct levels can be found in the current situation. First, there is the long-term reality of two foundational systems of human socio-economic ideology that have persisted for hundreds of years. Second, there are four identifiable paradigm shifts in contemporary culture that play an important role in the evolution of liberal democratic co-ops and can be considered medium-term realities taking decades to make their impact. Finally, growing out of the paradigm shifts, there are a variety of macro-economic events with horizons of less than a decade.

In order to avoid walking backwards into the future, the co-operative movement *must ground itself* fundamentally in the long term, i.e., acknowledge the power of two opposing systems of economic and social organization, whichever is dominant in the co-operative's sphere of operation. Second, it *must embrace* the medium-term paradigm shifts that constitute an immediate challenge to its survival and growth, which the long-term realities generally are not. Finally, the co-operative movement *must surf* the short-term macro-trends as they propel us through the paradigm shifts.

Long-Term Ideological Frameworks

THE TWO FOUNDATIONAL FRAMEWORKS, BROADLY defined, are capitalism and socialism. Capitalism has had a four-hundred-year history; socialism, two hundred. In regard to co-operation and capitalism in the present context, we first have to understand the role of co-operation in mitigating the neo-liberal, hyper capitalism promoted and actualized in the past quarter century, and then we need to be sensitive to the impact on co-operation of a re-emerging state sector. The demise of communist socio-economic practice (the command economy) during the past quarter-century suggested to many observers that the socialist option had lost its viability. The question remains whether this is the end of the two foundational forces of the twentieth century or whether the failings of capitalism will generate an oppositional force. The age of capitalist excess that came crashing down in 2008 and required overwhelming state intervention to save the system has resulted in a reaction. If capitalism is temporarily chastened, co-operation may be viewed more favourably and so receive a boost. However, the re-emergence of state-sponsored and -supported capitalism can absorb the resources of the public sector as it struggles to save the private sector, and this could lessen support for the co-operative sector. It can go either way and it is too early in the process (2009) to see if this is a new age of opportunity for co-operative expansion or a period of retrenchment. My own general sense is that in regard to capitalism, the global recession of 2008 has provided the co-op movement with a window of opportunity to expand in specific sectors such as finance, production, and consumption. The propagation of co-operative ideology as a democratic alternative to capitalist excess has a receptive public on the one hand, but also an atmosphere of risk-aversion that could negatively impact co-op creation.

The window is not long. The recession has a multi-year rather than multi-decade timespan, and once capitalism returns to a bull market, the co-operative alternative could fall by the wayside.

In regard to co-operation and socialism, the image is murkier. Socialism as state ownership or as co-operative communities is a diminishing phenomenon. With the end of the major communist systems, liberal democratic co-operatives can appear as vehicles of collective self-help, but the two communist powers of Russia and China have not shown any significant interest in using co-operatives as a balance to their new-found capitalism. In Russia, an oligarchic economic structure directed by an authoritarian state's consolidating power is unproductive, corrupt, and unstable. Such a state only welcomes liberal democratic co-operative development in nonstrategic areas. The democratic implications of co-operative organisation are also a problem. As for China, the Communist Party remains the ruling elite and its promotion of capitalism relegates co-operative development to a tertiary role behind the state and large corporate entities.

If we are to contextualize co-operation within socialism as we contextualized it within capitalism, then we need to visualize popular forms of socialism rather than state forms. The future of co-operation as an expression of popular power needs articulation as an antidote to global capitalism and state power. State intervention has received a great deal of positive media of late because it has been seen as the only counterforce to capitalist hubris and failure. Could liberal democratic co-ops position themselves as an equally powerful counterforce? Not likely, because they lack control over the instruments of fiscal power, key internationally traded commodities such as oil and gas, and sector linkages. Their philosophy of grassroots membership is incompatible with either the state's or capitalism's drive to expand, exploit, and dominate. Nor do co-ops appear on most politicians' radar as a viable macro-tool of change. The long-term socio-economic frameworks of the twentieth century are now in transition and this unstable reality will challenge the liberal democratic co-op movement.

Medium-Term Paradigm Shifts

BESIDES THESE TWO IDEOLOGICAL FRAMEWORKS in which the co-op movement has operated, there are four major paradigm shifts that play a significant role in the future of co-operation. First, climate change is a key driver forcing a paradigm shift on the world's economic consciousness. Second, computer-driven technological practice has made the Internet the prime focus of human communication and influence. Third, the global re-alignment of the three main economic sectors (by which I mean primary, secondary, and tertiary, not public, private, and social) has set specific limits on the growth of co-operation. The re-alignment of sectors includes the rise of the service sector as the main driver of most first-world economies, while the migratory nature of contemporary manufacturing, in spite of its temporary hiatus in China, has reconfigured formerly third-world-level economies into second-world growth. Natural resource production is highly industrialized, as is agriculture, and its importance is felt across a variety of economic levels from first- to fourth-world economies. Fourth, the changing face of ideological challenges to capitalism encourages future utopian or dystopian scenarios.

A 2009 version of *The Search for Community* would need to address how these four fundamental shifts in consciousness and practice will effect the future of co-operation in this century. If capitalism is deeply wounded, what will it mean for its co-operative partner of 160 years in Europe and North America? If environmentalism becomes the new ideological truism of our time, will that help or hinder co-operation as an economic model? If India and China and the satellite states around them

like Bangladesh or Vietnam consolidate their roles in global industrial production, will co-operation play a role in their narratives of innovation and success? If Tata Motors of India replaces GM as a global player, what will the Indians be applauding as the vehicle of their importance? Capitalism? The state or co-operative entrepreneurship? The answer is capitalism. And should the Chinese be the first to land a human being on Mars in 2020, who will the Chinese people be praising? No doubt their state. Finally, what do cyberspace and virtual reality mean for co-operatives as they fundamentally reorganise human relations in every corner of the globe?

Climate change, digital practices, economic-sector shifts, and the future place of capitalism are medium-term issues; that is, they have a time horizon of decades, not centuries like the two fundamental frameworks of capitalism and socialism. Climate change affects all aspects of life, human and nonhuman, and its impact is accelerating. This rapid evolution of the natural world, brought on by human activity, is generating a counter-response, such as the green movement, that changes the orientation and emphasis of co-operation. Since co-operation is a popularly based movement, its engagement with climate change will follow the level of awareness in the general population, an awareness that is subject to the ebb and flow of public discourse and those who control it. The state and private enterprise, with their strong links to the media, are key players in determining the level of public awareness and its demands. The co-operative movement is a secondary player because it doesn't have the mandate for climate change initiatives unless directed by a specific membership. In the case of this paradigm shift, it is more reactive than proactive.

The second paradigm shift is digital practice and Internet realities — the all-encompassing universe of the screen and the digital image. In 1996, an American investment banker wrote a book titled *Bold New World*. It was written in a spirit of unbridled enthusiasm for the world of tomorrow, which today is already behind us. He emphasized the importance of placelessness in the next century — a fourth dimension that we

would inhabit, now commonly known as cyberspace or virtual reality, the digitally mediated universe with which more and more of humanity is engaged on a daily basis. The fourth dimension is an extension of the other three spatial and temporal dimensions in which we live. We relate to it through our bodies. While the banker called for us to discard “old concepts,” i.e., pre-digital modes of being rooted in physicality, and asked us to embrace “new paradigms” of a borderless, cerebral world, he was forgetting that the fundamentals of human communication and interaction, even when digitally mediated, are sensory and physical. We have seen how instant communication and global finance 24/7 creates a mindset of invincibility among brokers and traders sitting in front of their computer screens or reading their Blackberries. Their hubris ended up being downloaded to millions of laid-off workers in a crashing economy. While co-ops tend to keep up with technological advancement, they are not in its forefront. They go with the flow of mainstream change but ordinarily are not cutting edge. If co-operatives are to retain a close relationship with the digital age, they must reside where its members reside, and if they reside on Internet social networking or online shopping sites, then co-ops need to be there.

The third paradigm shift is concerned with how basic economic sectors such as resources, manufacturing, and the service sector are aligned in the twenty-first century. Since co-operatives are engaged in basic human production and consumption, and fundamental needs such as food, housing, and employment, the relative rise and fall of these sectors as part of national and international economies depends on what kinds of industries, modes of production, and resources are located in particular places. As economic sectors get re-placed or re-configured in national economies and within global trends, they gather new power in new places. The mobility of these sectors as they migrate out of and into national economies becomes a key factor in the evolution of the co-operative movement. Nevertheless, the overall paradigm shift has been towards a decrease in human involvement in the primary resource sector and an increase in the tertiary service sector, with the secondary manu-

facturing sector, now usually organised on a capitalist basis, finding itself in continual re-location. It is in the manufacturing sector that the liberal democratic co-ops are weakest, while their traditional strength has been in the primary resource sector (i.e., agriculture) and in the retail or tertiary sector. But as the primary sector attracts less and less human capital, which is the cornerstone of co-operation, the nature of the co-op movement is transformed primarily into the consumer-oriented tertiary service sector.

The fourth paradigm shift involves understanding the challenges to capitalism resulting from the earlier impact of globalization and the present great recession. There has been an increase in nationalization and efforts to promote state socialism, especially, of late, in Latin America. These counter-capitalist trends, which strengthen state structures and variations of state socialism, will continue because of such immediate crises as the current recession. Co-operatives as a form of popularly driven and democratically controlled socialization of production and consumption will need to open up a new ideological dialogue with the state that will encourage their own expansion and growth in the context of these anticapitalist nationalist projects. Putting co-operation on the socio-economic agendas of anticapitalist states is one way of embracing a paradigm shift.

Surfing Macro-Economic Realities

IN ADDITION TO RECOGNIZING THESE FOUR PARADIGM SHIFTS, a 2009 version of *The Search for Community* would need to address certain macro-economic realities. I would need to discuss deviant forms or heretical versions of postcommunist capitalism such as the state-sponsored oligarchic capitalism of Russia and the one-party rule of capitalism in China. Second, I would have to provide a reading of the

current state of liberal democratic co-ops — their ups and downs and how they are faring globally and in national economies. Third, I would need to understand what influence the current recession has on popular movements for economic change and community control. During the Great Depression of the 1930s, all sorts of new forces were unleashed in the turmoil of the times. We may see several fundamental changes happening as well that will modify the co-operative environment and challenge it in ways it hasn't been challenged for decades. Some argue that any sudden economic collapse of the magnitude we are experiencing may be a golden opportunity for the co-op movement. That is not necessarily the case because there are other factors that balance that trajectory, some of which I've alluded to already, such as resurgent state capitalism and state socialism.

In a 2009 *Search for Community*, I would also need to ask myself if the second half of the original book — the proposal for a social co-operative structure that would be a Mondragon-like co-operative community established in western Canada — would make any sense to me. And I would have to say that it would not. That concept was driven in 1984 by a certain western Canadian regionalist ideology that I espoused, and that regionalism is no longer a pressing historical factor for change, just as Quebec independence is no longer a determining factor, which does not mean this will always be the case. In addition, the ideological underpinnings of the social co-operative idea came from indigenous forms of socialism favoured by national liberation movements, which are likewise things of the past. If it were to have credibility, the social co-op idea would have to be linked to the paradigm shifts of climate change, the green movement, the discrediting of globalization and finance capitalism, and the desire to live in a community in which the placelessness of cyberspace is tangible. Since there is no community without language, it would be the language of the Internet universe that would have to define this co-operative reality.

Walking Forward into the Future

RETHINKING *THE SEARCH FOR COMMUNITY* IN 2009, I remain mindful of the crucial fact that co-operation as a democratically controlled and popularly initiated structure will always have to relate to another more powerful structure, polity, or ideology. This is to its advantage. The dream of a dominant co-operative commonwealth, that Holy Grail of co-operation, has not been embodied in history, perhaps to its credit. One might even speculate with some justification that in today's conditions, with the two foundational frameworks of capitalism and socialism, four paradigm shifts, and a variety of short-term macro-trends such as the global recession, *The Search for Community* would never be written. What would its motivation be, since the context is so different? The current ideological and socio-economic forces do not favour the construction of co-operative communities, which is what the book argued for in 1984. And the period in which it was conceived proved to be as unfavourable as the present moment, because the movement never materialized in the years after the book came out. Reality was on another tack.

The book belongs to a specific moment in history, to a specific location and ideological circumstance. Whether it would be re-written today or simply remain an artefact of the past is not the real issue. What is fundamental is our understanding that the search for community is an ongoing concept that is integral to the intellectual history of co-operation. The question of a just community — its construction, realization, and continuance — is essentially a quest, and questing continues; it is never over. The answers that *The Search for Community* provided twenty-five

years ago are co-terminal with that period. They are historical, transitory, and incomplete, and eventually irrelevant to the present. The answer of social co-ops no longer matters. Like all answers, it has suffered a reality check. But the question that stimulated that stillborn answer continues unabated and gives rise to new answers, new understandings, and new hopes.

I cannot say whether we are headed into a postcapitalist or postsocialist world, or both. Eventually these two ideologies will morph into something else, but when that might happen is anyone's guess. If these foundational systems disappear, will that mean we have entered a post-co-operative world or its opposite — a co-operative-dominated system. I don't know, but I do know that co-ops need to start understanding these two foundational systems in relation to the current historical moment. Will the paradigm shifts that engage us now be here a few decades down the road, or will new shifts appear? It is likely that both current shifts and new ones will be in play. The answers on how to deal with them will not spring from the heads of intellectuals but from popular practice responding in a creative way to age-old questions of human betterment. What is really wonderful to behold is how there is no closure to the fundamental questions of co-operation and community. They are simply too rich and complex to be exhausted by any one answer. And any answer that attempts to bring closure to the question with a perfect solution kills the question by answering it for all time.

What I have learned in the twenty-five years since the publication of *The Search for Community* is that answers are ephemeral, including my own. They are of the moment and for the moment, but the questions surrounding co-operation are timeless, forming an ongoing quest that renews itself with new answers that are in turn always partial, contingent, limited. Answers are useful and practical. When they get applied, they tend to be short-lived. Questions are beautiful, problematic, and have been with us for a long time. Co-operative studies is about questions more than it is about answers or solutions. That is its strength. If we place those fundamental questions on our backs and carry them

proudly rather than regarding co-operative studies as a source of solutions that we carry in our hands to give to others, then I believe we will have stopped walking backwards into the future. We need to free our hands of the burden of the past that formed those answers, put that burden on our shoulders where it belongs as a question, not an answer. This will leave our hands free and in motion, open to embrace whatever the future puts in our path.