

The Limits of Co-operation

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Ian MacPherson died on 16 November 2013.

At his passing, he was emeritus professor of history, specialist in co-operative studies, and director of the Co-operative Initiative for Peace and Social Inclusion at the Centre for Co-operative and Community-Based Economy at the University of Victoria, Canada.

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Ian MacPherson



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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>

Centre for the Study of Co-operatives

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- to develop and offer university courses that provide an understanding of co-operative theory, principles, developments, structures, and legislation
- to undertake original research into co-operatives
- to publish co-operative research, both that of Centre staff and of other researchers

Our publications are designed to disseminate and encourage the discussion of research conducted at, or under the auspices of, the Centre for the Study of Co-operatives. The views expressed constitute the opinions of the author.

The Limits of Co-operation

During a recent visit to Japan and Korea, I visited the following groups:

- the Seikatsu Club, a consumer co-op federation with some 340,000 family members, and twenty-eight local co-ops (what they call clubs) that had started and overviewed six hundred worker collectives, which can essentially be viewed as worker co-operatives
- several consumer co-ops with deep and extensive involvement with food production and food security — a holistic approach that is inevitably complicated and raises a great many issues not present in the operation of conventional food businesses
- the Green Co-op in Fukukoa, which has developed a used clothing programme that trains street people, youth at risk, and older unemployed in what had become a large business, one that uses much of its profits to help finance a school in Pakistan that gives girls in a Karachi community access to school
- the Guppil Worker Collective (essentially a workers' co-op) in Yokohama, which operates Grandma's House, a drop-in centre for seniors; sponsors another collective that helps seniors continue to live in their own homes; provides, in the same house, a facility for preschool children (and their mothers); and also operates a residential seniors home, managed by another workers' collective

- the iCOOP Federation, which is in the process of adding a large farm operation and a food processing centre — it is already heavily involved in expanding farm-to-consumer food relationships
- the Ansan Medical Co-operative, which offers a wide range of programmes for its members as well as community outreach programmes

As this list makes clear, the co-operative form — perhaps particularly the consumer co-operative form — when given space, has the inherent capacity to morph into many different shapes and to embrace many different purposes. It is difficult to find the limits.

This view was further brought home to me in Korea, where I spent a great deal of time discussing the possibilities offered by the passage, rather suddenly, of a new general co-operatives act. Up until that point, as in Japan, the development of co-operatives has been limited in Korea by the fact that the enabling legislation has been organized, in keeping with American co-operative thought of the 1940s and 1950s, through specific, restrictive legislation designed for consumer, agricultural, fishing, and forestry co-ops.

We in Canada do not sufficiently appreciate the wisdom of our forebears — people like W.A. Waldron and B.N. Arnason in Saskatchewan — who, early in our co-operative history, created general co-operative statutes. We may not always have utilized the possibilities inherent in such legislation as well as we might have, but the benefits in the long run have been incalculable, and the possibilities remain exciting.

The new Korean Act makes it possible for co-operative enthusiasts and community activists to undertake any kind of formal co-operative development they want, as long as they do not encroach on the already established co-operatives. Many people I talked to were, perhaps

too optimistically, projecting that some three thousand co-ops would be created over the next few years (some four hundred had already been formed at the time of writing), many of them in the social services sector. Amid my appreciation for the enthusiasm and visioning that was everywhere apparent, my main concern, which I articulated with some discomfort, was that too much, too soon, could involve considerable risks. Too often in the past, such large-scale development has been fraught with peril. The co-op model is not a cookie cutter to be applied willy-nilly as a carpenter might use a chisel or a saw to shape a piece of wood. Co-operatives are seldom quick-fix solutions. As the lessons of history have shown, going slowly and deliberately has generally been the best way to develop them.

My experiences and discussions in Korea, however, reawakened old and recurring questions: what are the limits for co-operative development? How could and should different types of co-operatives work together? Why do co-ops develop in some locations, but not others? Why do people in some places choose to develop co-ops — or certain kinds of co-ops — while people in others do not (or develop different kinds of co-ops)?

These are not easily answered questions, despite what ideological debates, seductive social science theory, or business school emphases on leadership might suggest to the contrary.

I first started to think about such questions a long time ago. Writing largely about the co-operatives of English-speaking Canada at that time, I divided them into three strains: utopian, occupational, and liberal. Doing so helped me understand the motivation of the co-operators from the past. It helped explain why and how co-ops developed. It suggested, at least in part, where their limits of development might be.

I placed a lot of explanatory power on the perspectives of the people who were organizing and dominating the co-operatives that were formed. “Utopian” referred to those who envisioned the creation of a Co-operative Commonwealth, in which the economy and many social

organizations would be operated on a co-operative basis. They saw few, if any, limits. There were never many utopians, but their impact was significant, largely because of their willingness to sacrifice much for the cause. “Occupational” reflected the power of workplace modes of thought, associations, and activism. It was most prominent in rural areas, where agrarian thought and loyalties were powerful and challenging issues were abundantly evident. To a much more limited extent, it could be found in the cities, as in some places in Europe, in neighbourhoods where working class solidarity was strong. The working classes were vital forces in the creation of many co-operative organizations and associated movements in the first half of the twentieth century. “Liberal” refers not to party politics necessarily, but to the idea that co-operatives were essentially vehicles that made sense if they provided useful individual member benefits, especially financial benefits; in other words, they did not emphasize (perhaps did not even see) the collective benefits. They preferred reciprocity to mutualism as the underlying value of co-operative development.

This three-pronged approach echoed what I thought I saw as I worked on the history of co-operatives in English-Canada. It seemed to make sense. To some extent, it still does for me, though if I were to tackle it again, I would alter it in some ways. It also fitted ways of knowing prominent in the 1960s and spoke particularly to me because as a historian I have been largely interested in trying to understand what people in the past have thought and why they thought as they did. Or, to use an old justification for history that has long since lost its popularity (in fact, is typically scorned by professional historians), the notion that through history we can seek philosophy through example. Our intellectual and moral canvas can be enlarged and enriched by trying to understand what other people in other times have known, or thought they knew — though one should never assume that the transfer of ideas and attitudes across generations is easily done. It isn't, not even in such a continuous and historical a phenomenon as the co-operative movement.

By the early 1970s, I was becoming involved as an elected person in various co-operatives. The present was intruding, always an uncomfortable circumstance for someone preoccupied with roots that lie in the past. In any event, it was becoming clear to me that my historical understanding was helpful but hardly sufficient.

Then, on a warm and sunny day in the spring of 1973, I found myself in a car with my friend and mentor, Alex Laidlaw, going from Halifax to Antigonish. I was driving. In my experience, Alex always wanted someone else to drive, so he could take notes — notes for something he was working on, perhaps notes from any conversation that was taking place. Sometimes, he would even sit in the back seat so he could spread his notes around.

During that trip, we started to talk about the varieties of co-operative enterprise. Alex told me that, over several years, he had been keeping a list of the different kinds of co-operatives he had seen. At that time, it was up to about 296. He showed me that list when we stopped for coffee. Unfortunately, it did not survive in the body of papers that was donated to Library and Archives Canada after his death.

It was a short jump from talking about the variety of co-operatives to the question of limits and we spent the last half of the trip talking about it in a general way. To my list of three, we added Marxist theories of class analysis, which already played some part in my tripartite division for understanding co-operative motivation. Perhaps most importantly, we talked extensively about the sector theory of co-operation as developed by Georges Fauquet of the International Labour Organization in Geneva. Alex had spent much of his time as general secretary of the Co-operative Union of Canada promoting that view, though he seldom dragged Fauquet's name into the discussions. That would have tended to cast a complicating theoretical blanket over what could be presented as a simple idea: co-operatives are particularly useful in serving needs in sectors of the economy where there are obvious advantages to utilizing the benefits of democratic practice and

mobilizing community resources. Thought of another way, co-operatives are key parts of a mixed economy, offering benefits that neither government nor private enterprise can provide. The questions that flowed were not inconsiderable: for example, what parts? what benefits?

We spent a lot of time trying to think of answers to those questions — questions that to some extent simply raised the limits issue in a different way. For various reasons, we were already thinking about the issue and it was shaping much of our work then and subsequently. In Alex's case, it was evident in a remarkable seminar he gave in Missouri the next year (the outline of which survives), as well, most obviously, in his report titled *Co-operatives in the Year 2000*,¹ prepared for the International Co-operative Alliance (ICA) and its 1980 Congress in Moscow. It was the last important task he had time to accomplish.

In my case, it can be seen in several publications that came out in the following years and in work I did with others in developing the Statement on the Co-operative Identity for the ICA during the 1990s.² That process and the lingering questions on limits also contributed significantly to my growing recognition of the importance of co-operative studies as a legitimate field of enquiry, one that should exist in its own right, with concentrated resources, distributed over several locations; a systematic, extensive, diverse, and accessible resource base; a clear agenda of research, cumulative, widely distributed; accessible teaching and training programmes; and a shared, identifiable publication venture. Ultimately, I suspect, the limits question will only be answered with any degree of satisfaction when the field of co-operative studies is well established and many people have considered co-opera-

1. Alexander Fraser Laidlaw, *Co-operatives in the Year 2000: A Paper Prepared for the 27th Congress of the International Co-operative Alliance, Moscow, October 1980*. Vol. 15, Studies and Reports (Geneva: International Co-operative Alliance, 1980).
2. Ian MacPherson, *Co-operative Principles for the 21st Century* (Geneva: International Co-operative Alliance, 1995).

tives on their own terms. Then we can judge them from the perspective of their own considered bodies of thought. We will have recognized that adhering to distinct values and principles creates (or should create) different kinds of organizations. We will have fully understood that co-operatives have their own dynamics — their own forms of entrepreneurship, if you wish — and their own ways of defining limits.

It is simply not appropriate to use the lens of other kinds of organizations, bodies of thought, or perspectives, to evaluate co-operatives and to define the limits of co-operative enterprise, co-operative movements, and especially co-operation. As Daniel Côté likes to say about co-operative management, such an approach does not give co-operatives and the movement the respect they deserve.³ It also tends to mean that others (experts on for-profit enterprise, lawyers, and public servants), not co-operators, define the limits of co-operatives and co-operative movements. It is one of the best arguments — though only one of many — for the serious establishment of the field of co-operative studies.

Early in this century, the limit question came up in another way. Roughly coterminous with the development of the organized co-operative movement in Europe, the idea of the social economy arose. The social economy is a body of thought, in some ways a movement, concerned with organizations rooted in social conditions and dealing with social issues. Typically, it includes co-operatives, mutuals, and charitable organizations (and most recently, foundations supporting them), and it relies heavily upon volunteers as well as social networks for its effectiveness. These organizations usually have different capital structures, different uses for surpluses or profits, different forms of accountability and governance, and different regulatory frameworks

3. Daniel Côté, “Co-operatives in the New Millennium: The Emergence of a New Paradigm,” in *Canadian Co-operatives in the Year 2000: Memory, Mutual Aid, and the Millennium*, ed. Brett Fairbairn, Ian MacPherson, and Nora Russell (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2000).

from capitalist or investor-determined firms. The fact that there are a multiplicity of organizational types raises in a somewhat different way other considerations for the setting of co-operative limits.

The Social Sciences and Humanities Research Council of Canada, recognizing the significance of the social economy in Europe and Québec, funded a large national project, to which the Centre for the Study of Co-operatives made a remarkable contribution, to try to understand how the social economy applied — or could apply — to all parts of Canada.

One of the issues that emerged from the project is that, in contrast to Québec, where the idea of the social economy is widely accepted, in the US and most of English-speaking Canada, the idea is generally unknown and actually resisted by some. The resistance comes largely from those who would divide the economy into just two spheres — the market economy and the volunteer sector. The academic perspective that particularly supports this view comes from Johns Hopkins University, though one might argue that its fundamental home lies in mainstream economic thinking.

Put simply, the assumption is that the economy (especially before the advent of the idea of social entrepreneurship) can be best understood by dividing it into the market and the volunteer sector. These two groupings tend to be quite distinctive from each other. It also means, with limited exceptions, that co-operatives are assigned to the market sector. As a result, unless one understands the distinctive qualities of co-operatives — unless one has somehow grasped what co-operative studies should particularly address — co-ops are restricted essentially to the purely economic activities they undertake. Their community engagement is reduced in importance or, put another way, the ICA's Seventh Principle is largely ignored. Their distinct control and governance structures are generally overlooked. Their unique distribution of surpluses or profits is unacknowledged, and their broad and distinctive traditions of entrepreneurship are devalued. Perhaps

most ironically, the assumption ignores the remarkable social dimensions of several kinds of US co-operatives such as community credit unions, housing co-ops, alternative food co-ops, social co-ops, some agricultural co-operatives, and some worker co-ops, within which social priorities are crucially important and, to a significant extent, undetermined by the market considerations central to the operations of mainline business.

One can find similar attitudes within Canada and within the English-Canadian movement, meaning that part of the co-operative distinctiveness is undervalued — and its limits seriously curtailed.

There is another circumstance that abundantly demonstrates why co-operative studies needs to be more seriously engaged. The answer to the Johns Hopkins position and what might be called mainstream economic views lies in deepening our understanding of the distinctive features of co-operative thought, structures, and practices — in thinking through their possibilities more fully. In other words, comprehending the possibilities before deciding on the limits.

If the idea of the social economy raises questions in North America about the interface between co-operatives and investor-owned firms, it also raises some issues with regard to relationships with other organizations in the social economy. The irony is that the discussion quickly becomes reversed: co-operatives typically have to point out a number of truths to others in the social economy:

- they are normally conditioned by the market and must compete within it
- they emphasize self-help and self-government among their memberships so they must work within whatever restraints that relationship creates
- they are not sources of unending funds (if they are financial co-operatives) and they have a fiduciary responsibility to administer their funds responsibly

- they are driven by their own internal institutional dynamics as well as by external forces

The point is that if they are true to their identity, co-operatives carry within them commitments and responsibilities to their members and their communities. They are responsible for both the economic and social dimensions of their identity; in fact, they cannot always (perhaps never should) be perceived as separate dimensions. An argument can be made that the two should be connected, that the social should normally emerge out of the economic, and that they should be seen as complimentary rather than fellow travellers. It is an idea with profound implications for the limits of activity available to any given co-operative.

There are other limiting factors in how co-operatives relate to other organizations in the social economy, a topic that we have time to consider only briefly. The social economy in Canada functions within our much-strained welfare state. It can be understood only by taking into account dissimilarities emanating from regional and provincial circumstances, by understanding how cultural differences influence how given societies provide for those facing difficulties beyond their capacity to cope. There is a plethora of organizations and activities involved in the social economy. On the one hand, this is a tribute to Canada's social conscience and a mark of the basic decency of many Canadians. On the other hand, the world of the social economy can be characterized as having too many organizations, institutional agendas, and personal ambitions. It is typically and increasingly underfunded, meaning that the competition among organizations and individuals can be intense, arguably sometimes counterproductive. Co-operatives, because most of them function in the marketplace and generate funds — or they disappear — have an advantage others do not possess. The situation is rife for possibilities of strained relationships and the loss of over-all objectives amid debates and tensions that divert attention from the vast amount of work to be done.

What does all of this mean for our questions about limits? I may need another lifetime to figure that out. Nevertheless, a few things are clear.

- The limits are substantially determined by the vision, the imagination, and the competence of the people involved — elected leaders, managers, employees, and members.
- The most important determinant is knowledge, what has been reliably compiled, what is widely known. In the end, the co-operative movement is about knowledge, not just about meeting established needs, important as that is. And that was true long before it was fashionable to talk about the knowledge economy (what, in fact, should probably be called the skilled society, given what is usually meant). One cannot envision, one cannot build, what one does not comprehend.
- Limits should be defined by co-operators aware of their movement's thought and effective practice — not by people who delimit co-operative possibilities by imposing what they think they know from other kinds of organizations and bodies of knowledge.
- Despite all that has been done or is being done, co-operators should know that the horizons remain distant; the journey has but begun. The limits of co-operative action are virtually without boundaries. Any limits that exist are essentially the ones co-operators themselves, for whatever reasons — personal, institutional, situational — impose. Fortunately, those most responsible for defining restrictive or narrow limits can easily be located and identified — they are to be found in our mirrors.

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