



British
Columbia
Co-operative
Association

Humanizing the Economy

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Presentation Themes

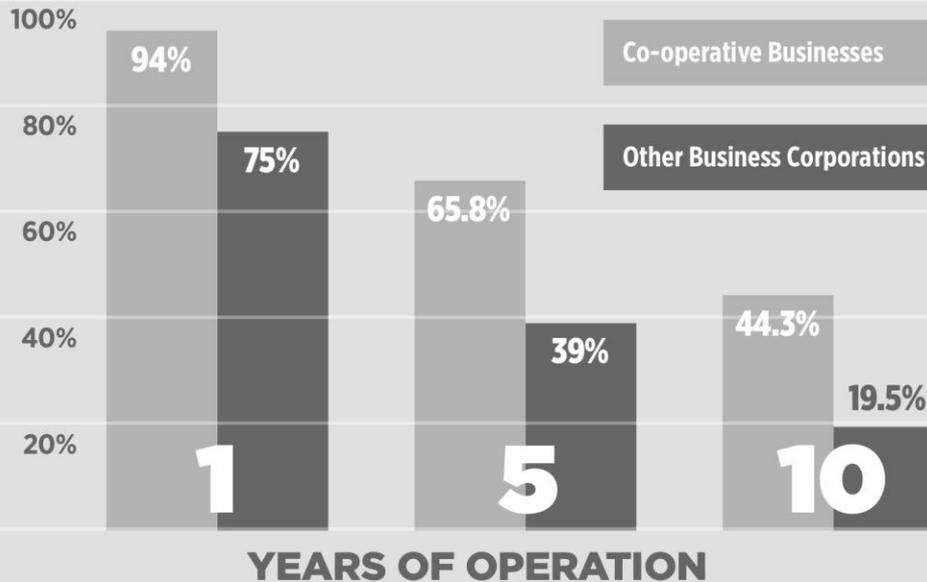
- Some Background
- The Grand Delusion
- The Materialization of Dreams
- The Crisis of Community
- The Future of an Idea

A co-op is any enterprise that is collectively owned and democratically controlled by its members for their mutual benefit.

Co-ops in the world

- First known co-op: 1760; Rochdale 1844
- 800 million members in 84 countries
- Top 300 co-ops employ 20% more people than all the multinationals; over 100 m jobs.
- In US, 30,000 co-ops employ 2 m.
- In 2010, the US 100 largest agriculture co-ops reported near record revenue (\$118 billion).
- Largest memberships: India (236 m), China (180 m)
- High proportions: Canada (1 in 3), Norway (1 in 3), USA (1 in 4)

Co-ops outlive corporations.



Three recent studies demonstrate that co-operative enterprises have significantly higher survival rates than other business corporations. This co-op advantage becomes more prominent over time.

Sources:

- * *Co-op Survival Rates in Alberta*, BC-Alberta Social Economy Research Alliance, August 2011.
- ** *Co-op Survival Rates in British Columbia*, BC-Alberta Social Economy Research Alliance, June 2011.
- *** *Taux de survie des coopératives au Québec*, Ministère du Développement économique, de l'Innovation et de l'Exportation du Québec, Ed. 2008.



In 1900, Dermine & Alphonse Desjardins co-founded North America's first credit union in Quebec. It is still thriving.



Ontario Co-operative Association
ontario.coop





A beginning: Social conditions in 19th-century Britain

□ Mortality rates, Sheffield, 1837-42:

- 0-1 years of age 250 in 1,000
- 0-5 years of age 506 in 1,000

□ Causes of death:

1.	Consumption	13.4%
2.	Convulsions	7.7
3.	Inflammation of Lungs	7.3
4.	Decay of Nature	6.7
5.	Accidents	5.2

(followed by many other infectious diseases: scarlet fever, measles, small pox, whooping cough...)

Life expectancy by region, 1842

	<i>Gentry</i>	<i>Tradesmen</i>	<i>Labourers</i>
□ Rutlandshire	52	41	38
□ Truro	40	33	28
□ Derby	49	38	21
□ Manchester	38	20	17
□ Bethnal Green	45	26	16
□ Liverpool	35	22	15

What was going on?

- Urbanization: rural enclosures, urban slums
- Industrialization: factories
- Technology, trade, investment
- “The Great Transformation” (Karl Polanyi):
the *self-regulating market* as a new social
institution
- Globalization

The Grand Delusion

- Homo Economicus
- The Free Market Myth
- The Separation of Society from Economics
- The Triumph of Ideology

The Humane Economy

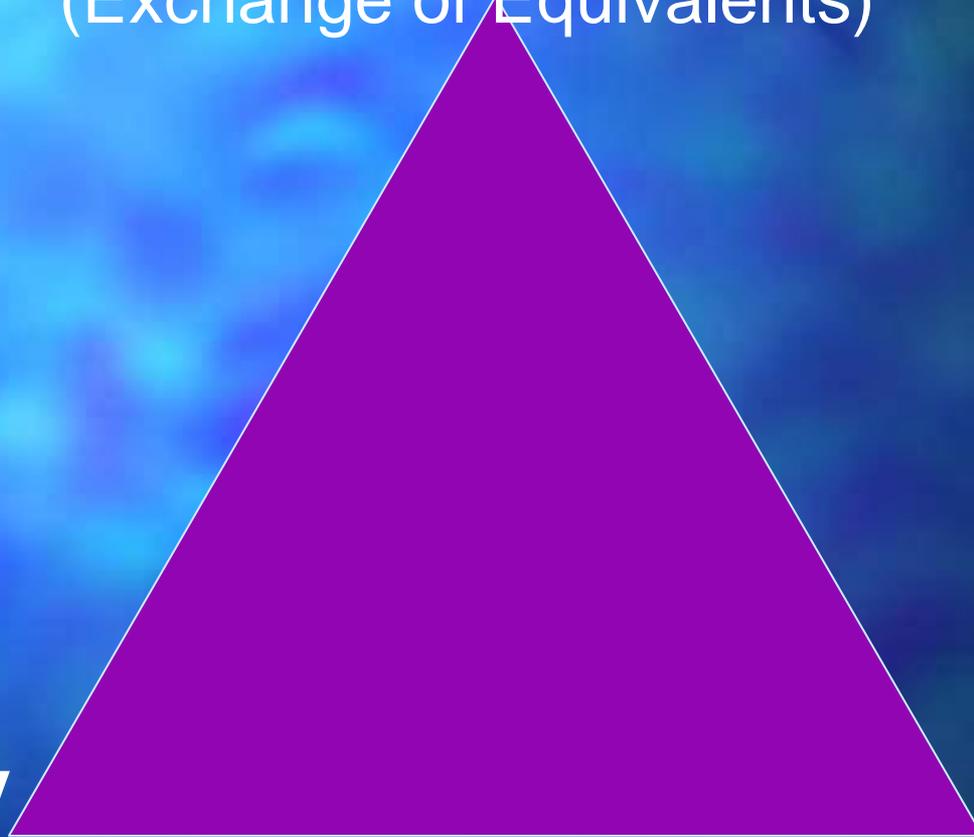
First Principles

- Definition: an economy that serves the collective interests of a society, and allows for the self fulfillment of the individual.
- Reciprocity as a fundamental economic principle, alongside redistribution (the state) and exchange of equivalents (capitalism).

Efficiency
(Exchange of Equivalents)

Equality
(Redistribution)

Solidarity
(Reciprocity)



Emilia Romagna Facts

- ❑ Population is 4 million
- ❑ 1 of 20 regions in Italy
- ❑ Key city = Bologna
- ❑ GDP per capita is 30% over national average
- ❑ #2 economic region of Italy; 10th in Europe



Emilia Romagna Facts

- During the 1990s, people employed by co-operatives rose by 60.1%, against a general average of 9.1%.
- Co-operatives accounted for one quarter of the total rise in employment during the period between the two census years of 1991 – 2001.
- In particular, the 1991 census gave the number of social co-operatives employees as 27,510: by the 2001 census, this figure had risen more than fivefold, to 149,147.



Key Elements

- Emilia Romagna's co-op economy can be conceived as a product of “managed co-operation” working through three interlocking spheres:
 - The co-operative sector & social economy
 - The public sector
 - The private sector

- The key thread that ties all of the elements together is a cultural and political strategy that focuses on collective solutions to the challenges of economic and social development.

Key factors

- ❑ Socialist and communitarian political tradition
- ❑ Activist government
- ❑ High levels of social capital
- ❑ Flexible technology
- ❑ Entrepreneurial skill
- ❑ Braiding of co-operation and competition

The Co-operative Economy

- ❑ There are 8,000 co-ops in Emilia Romagna
- ❑ Co-ops account for 1/3 of the region's GDP
- ❑ 3 of 4 Bolognese belong to a co-op
- ❑ Highest per capita density of co-operatives in Europe

Key Co-op Federations

- ❑ Lega Cooperative - Socialist tradition
- ❑ Confcooperative - Catholic, Christian Democrat tradition
- ❑ AGCI - Republican tradition

Capitalist Economy

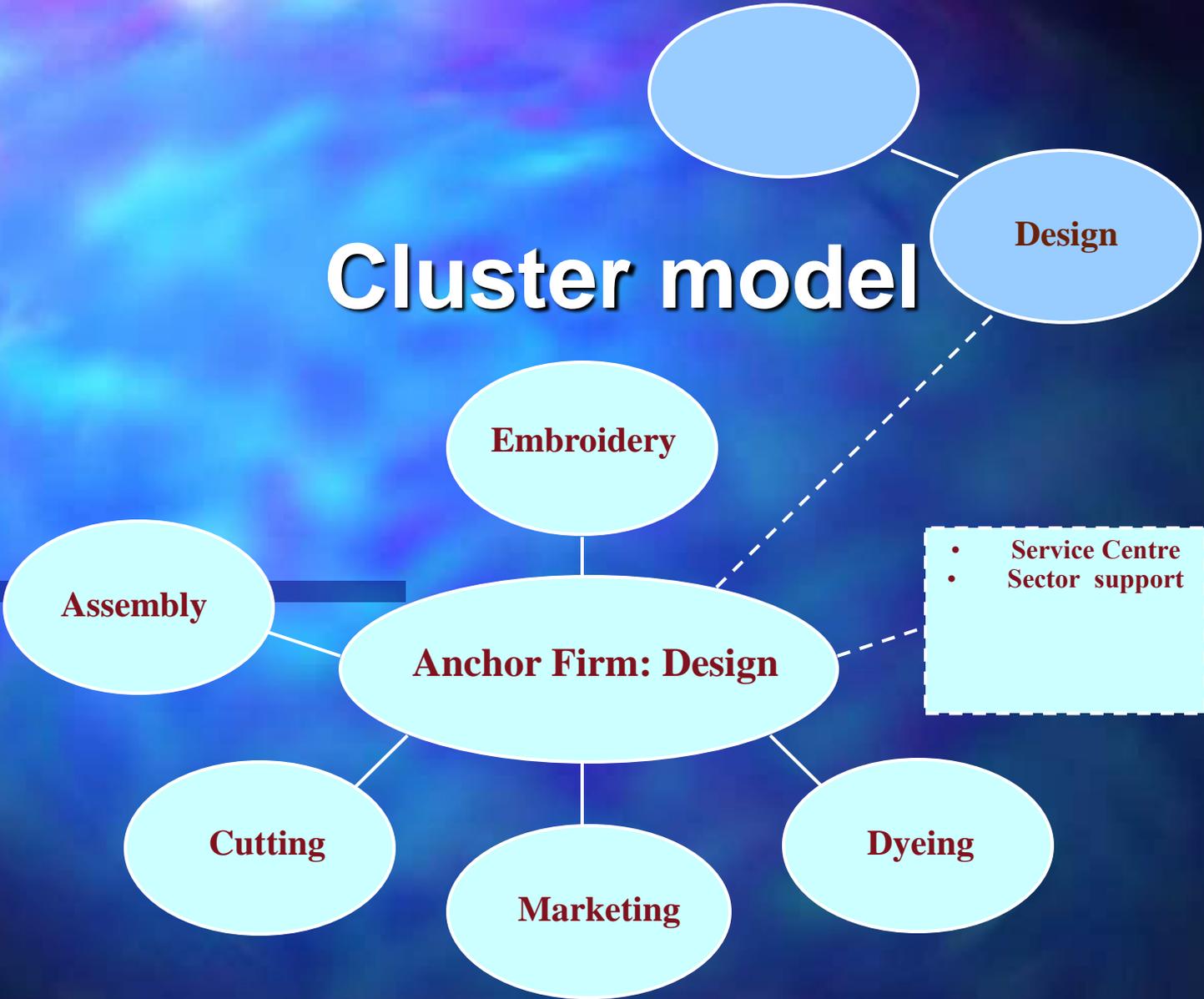
- ❑ Composed of small and medium firms (400,000).
- ❑ Organized along sectoral and geographic lines.
- ❑ Managed through the work of business and trade associations.

The Emilian Model

Key Features:

- ❑ Small firms co-operating in production networks
- ❑ Diversified “cluster” model in industrial districts operating through small firms in a mixed economy
- ❑ Broad based supportive infrastructure

Cluster model



Regional Government

- Historically, a key player in promotion of co-operative solutions to economic and social issues
- Creation of service centres to support small firms in private sector.
- Implementation of legislation & programs supporting co-operative, non-state solutions to social needs.

Cross-sectoral co-operation

- ❑ Co-operation has been the key strategy for managing region-wide labour relations between firms, labour unions, and the state.
- ❑ Labour, co-ops, capitalist firms, and government have collaborated at sectoral and geographic levels to build the regional economy by supporting local enterprise.

The Co-op Effect

- In 2000, a study was conducted comparing the effects of employment in co-operatives on the communities in which they were situated.
- Three towns in Northern Italy were compared – Imola, which has 25 per cent of its workforce employed in co-operatives, Faenza, also in Emilia Romagna, which has 16 per cent, and Sassuolo in Tuscany, which has no co-operatives.
- The study concluded that health, education, crime and social participation were all better in the towns in which a larger proportion of the population is employed in co-operatives.

The Co-op Effect

- The best way to build community, to raise the stock of social capital, and to increase social cohesion by reducing inequality is to promote co-operation.
- Most importantly, this can be done without sacrificing prosperity through the use of co-operatives as a model for both commercial and social enterprises.

The Future of an Idea

- What is the role of co-ops in the age of Capital?
- What is the essential nature of our current crisis?
- What is the nature of our response?

The essential nature of our crisis is that economics has become antisocial.

This a result of the absence of democracy in our economies.

Co-ops & Globalization

- The globalization of capital today replicates the rise of capital in the industrial revolution during the 1800s.
- Like then, traditional forms of work (small-scale, village-based), and the operation of markets within a social framework, are being disrupted - economic power is being centralized in the hands of unaccountable corporations.

Co-ops & Globalization

- During the 1960s and '70s, co-ops were used by governments as a means of implementing state plans for economic and social development.
- Today, co-ops are re-emerging as a social defence against the damaging effects of uncontrolled capital and the free market system.

Co-ops & Globalization

- Key means of protecting local economies (e.g. fair trade, economic diversification)
- Key means of addressing problems of managing common goods & resources (water, pollution, fishing)
- Key model for the reform of trade practices through the reform of governance (IMF, WTO).
- Most viable alternative to “free market” model of economics and the enterprise – absolutely crucial for both sustainability and social justice.

The Co-op Challenge

The challenge for co-op movements today is how to address four key questions:

- a) to protect the viability of local economies and cultures.
- b) to create global systems that promote fairness in trade and sustainability in economic development.
- c) to democratize economies at local, regional and national levels.
- d) to find new ways to serve members and to respond to their changing needs while maintaining their co-op identity.

Co-op system opportunities

Many people, especially youth, looking for real, viable alternatives to corporate capitalism - Occupy Movement



I'm a Union Ironworker
I Vote,
I Work,
I Pay Taxes,
I'm Pissed,
So I'm Here!
ALL The Way from L.A!
and yes I'm cold!

**WE
ARE
THE
99%**



Co-op system opportunities

- Bank Transfer Day: In the U.S. 1 million people transferred their accounts between Sept. & Nov. 2011.
- Today, 3 times as many people have joined credit unions as the same time last year.
- Co-op values connect to changing values & demands of consumers (ethical consumption, corporate social responsibility, etc.).

Co-op system opportunities

- ❑ Co-ops provide a model for mobilizing the broader society around common issues - e.g. social services.
- ❑ Co-ops provide new strategies for small businesses to survive in a global economy.
- ❑ Community empowerment - co-ops offer strategies to meet the challenges of globalization.
- ❑ Co-ops provide a way for people to connect to community; to become *proactive* citizens.

Co-operation and the Slow Movement

- ❑ Co-ops have been key actors in the rise of the Slow Movement in northern Italy.
- ❑ Preservation of the social & cultural meaning of food.
- ❑ Agriculture and consumer co-ops linking producers to consumers.
- ❑ Co-operation reinforces the connections among people.
- ❑ Co-operation builds and expands social capital.
- ❑ Co-ops socialize markets to serve communal needs.
- ❑ Co-ops re-orient enterprise to address social as well as commercial purposes.

The Main Point...

The co-op model shows a way to *humanize* our economy by re-connecting social values to the marketplace.

Thank You

Please visit our web site:
bccca.coop

Special thanks to these organizations for their sponsorship of John Restakis' presentation at the Slow Living Summit, 2012.

