

THE CONTRIBUTION OF CO-OPERATIVES TO COMMUNITY ECONOMIC
DEVELOPMENT: A CASE STUDY OF CRS WORKERS' CO-OPERATIVE

by

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ABSTRACT

Compared to many other places in the world, Canada is a peaceful, safe, economically well-developed haven of democracy. Despite this designation, many Canadians struggle daily to acquire the simplest of necessities. This thesis is about exploring the potential of alternative economic structures to ameliorate some of Canada's economic and social problems. The purpose of this work is to examine the concept of Community Economic Development (CED) and the role of the co-operative model as a CED institution. To illustrate the potential of the worker co-operative as a CED institution, the case of CRS Workers' Co-op is studied.

A review of the literature provides background information on the development of the CED movement in Canada. Academic and community-based publications are examined to provide insight into various CED theories and approaches. Basic co-operative concepts are introduced in a historical review of co-operative development in Canada. The role of co-operatives as CED institutions is examined and a case study of CRS Workers' Co-op is used to explore the potential contributions of an alternative business structure.

Recommendations contained in reports from a federal task force and a provincial advisory group on co-operatives and CED form the basis for conclusions about the roles of government and established co-operatives in fostering and supporting the development of worker co-operatives and CED projects.

TABLE OF CONTENTS

Abstract	ii
Table of Contents.....	iii
Acknowledgement.....	v
Preface	vi
1.0 INTRODUCTION	1
1.1 Purpose	1
1.2 Scope	1
1.3 Rationale	2
1.4 Organization and Methodology	3
2.0 COMMUNITY ECONOMIC DEVELOPMENT	4
2.1 CED as a Movement	6
2.1.1 Reactions to an Economy in Crisis	7
2.1.2 Influences	10
2.2 CED Defined	13
2.2.1 Approaches	14
2.2.2 Principles	23
3.0 CO-OPERATIVES IN CANADA	31
3.1 Co-operative Development	31
3.1.1 History	32
3.1.2 Principles	46
3.2 Co-operatives in Practice	50
3.2.1 Types of Co-operatives	50
3.3 Co-operatives and CED	56
3.3.1 Co-operative Contributions to CED	56

4.0 CRS WORKERS' CO-OPERATIVE	63
4.1 History of CRS	63
4.1.1 Early Days	64
4.1.2 Incorporation in 1976	67
4.1.3 A New Decision-Making Structure in 1982 ...	71
4.1.4 A New Salary Structure in 1991	74
4.1.5 Lessons for CED	76
4.2 Nature of Ownership	77
4.2.1 Role of Profits	78
4.2.2 Democratic Control	81
4.2.3 The Distribution of Surplus	82
4.3 CRS's Contributions to CED	83
4.3.1 Economic Benefits	83
4.3.2 Educational Benefits	85
4.3.3 Co-operative Community	86
4.3.4 Needs of People	87
5.0 SUMMARY AND CONCLUSIONS	89
Appendix	105
Endnotes	110
Bibliography	112

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PREFACE

In May 1991, following the completion of my course work in planning, I took a position in the Administrative Collective at CRS Workers' Co-operative. My two years of experience as a member of the CRS Board of Directors has provided me with insight into the organization that proved useful for the case study section of this thesis.

1.0 INTRODUCTION

1.1 PURPOSE

The general purpose of this thesis is to create awareness for the potential of alternative economic structures to ameliorate economic and social problems in Canada. More specifically, the purpose is to examine the concept of Community Economic Development (CED) and the potential of the co-operative model as a CED institution. Toward this latter objective, the contributions of workers' co-operatives to CED are explored in a case study of a well-established, financially successful co-operative: CRS Workers' Co-operative.

1.2 SCOPE

The main focus of this thesis is narrowly defined as the contribution of co-operatives to CED, with particular emphasis placed on the role of workers' co-operatives. To accomplish the purpose of "creating awareness" about "alternative economic structures" the overall scope of the thesis, at times, becomes quite broad. "Awareness" in this thesis means enhancing the reader's knowledge of the concepts of CED and co-operation by exploring the principles and the development of the two movements in Canada.

1.3 RATIONALE

Part of the rationale for this thesis comes from the observation that it does not make sense that a country as economically well-developed as Canada should have so many people struggling to make it through life every day.

It is not necessarily that current approaches to economic and community development are not working but that they do not seem to be doing enough. We are living in difficult times with complicated economic and social problems; a wide range of approaches to development must be explored and supported.

Another part of the rationale for this thesis comes from the belief that change must happen at the community level and that individual actions can make a difference in how the world works. Co-operatives offer opportunities for small changes to occur and for people to have a larger impact on their own economic destinies.

This thesis is also prompted by a desire to broaden my knowledge and perspective as a (future) planner. By blending the theoretical aspects of CED with a historical review of co-operative development and the practical observations of a case study, this thesis provides me with a base for approaching future development work.

1.4 ORGANIZATION & METHODOLOGY

The thesis consists of five chapters. Chapter two contains a literature review of CED development and theory. Its purpose is to create a greater understanding of the CED approach by exploring the ideas, beliefs, strategies, and aims of the movement.

Chapter three introduces co-operative concepts and provides a historical review of co-operative development in Canada. Comparisons between the co-operative and the CED movements are drawn and the potential of the co-operative model to contribute as a CED institution is examined.

Chapter four is a case study of CRS Workers' Co-operative. A historical review of the organization and my insights as a member of CRS provide the background for the study. The purpose of this chapter is to breathe life into the theoretical and historical material of chapters two and three by studying the contributions of a well-established, successful workers' co-operative currently operating in British Columbia.

Chapter five contains a summary of the principal points brought forward in the preceding chapters and offers some conclusions about the future development of the CED and the co-operative movements. Implications for the role of established co-operatives, the role of government, and the role of planners in fostering further development are outlined and possibilities for future research are considered.

2.0 COMMUNITY ECONOMIC DEVELOPMENT

Compared to many other places in the world, Canada is a peaceful, safe, economically well-developed haven of democracy. Our problems pale in comparison to those of the war-torn former Yugoslavia or the economically crippled Russia, but we do have problems.

There are people living on the streets in every major Canadian city. We have food banks and prisons strained to capacity. We have shelters to care for neglected children and to protect women against violence. We have a culture that is driven by mass media generated consumerism and a fixation on material wealth. We have racism, addiction, alienation, isolation, and despair. We have too many Canadians who are willing and able to work who cannot find jobs and too many others who are employed in work that is far below their abilities or aspirations. We have the livelihood of entire communities threatened by decisions made half-way across the country, half-way around the world or just across the border.

These are complicated problems. There are no simple answers in these difficult times but it is puzzling that a country with so much wealth should have so many people struggling to get through life every day.

One place we could start looking for answers is in our business and economic structures, as J.T. Webb puts it in his report, Workers' Co-operatives: A People Centered Approach to Regional Development:

Our economic institutions which supposedly exist to serve us and provide us with the goods and services to live social, cultural, political and religious lives --to live whole lives -- have taken on a life of their own which in many aspects seems to be at war with the rest of our lives. These structures encourage confrontation, competition, aggressive behaviour, self-seeking and at worst encourage social irresponsibility. ...Business is structured in such a way that there is only one bottom line -- profits. (Webb 1987, 11)

At present, we have evolved an economy that often does not meet basic human needs and does not always consider the environmental impacts of its "economically viable" decisions. There are people in communities across Canada who have become frustrated with the lack of control they have over their own economic destinies and have begun to look at new ways to organize economic life.

The purpose of this chapter is to introduce a movement that has been gaining ground in Canada, particularly over the past ten years. It is a movement that offers an alternative approach to some of the problems our communities are facing, a holistic approach that attempts to integrate economic, social, cultural and environmental issues. This approach is called community economic development (CED).

CED is not a panacea; it cannot address all the complicated problems facing our country, but it is a place to start. It is an organizational concept in which individuals can come together in small ways to begin to make a difference in their communities.

This chapter is divided into two sections. The first section, CED as a Movement, is concerned with the origin of the movement and how it has developed in Canada. The second section, CED Defined,

provides an introduction to the broad field of CED activity by outlining three distinct conceptual approaches to this form of development and by presenting a brief overview of the principles of CED.

2.1 CED AS A MOVEMENT

The Canadian experience with CED is captured in the literature in two waves. The first wave marks the beginning of CED as a movement that developed in reaction to the "crisis of the welfare state" during the late 1970s and early 1980s.¹ The second wave has been evolving since the late 1980s and early 1990s as concerns regarding the impacts of "globalization" and the state of the natural environment began to become more prominent in the literature.²

CED as a movement has been influenced by a number of forces. The ideas put forth by E.F. Schumacher in Small is Beautiful: A Study of Economics as if People Mattered published in 1974 and built upon further in George McRobie's 1981 follow up, Small is Possible, form a chord of theory that reverberates throughout the literature. Roots of CED are also found firmly planted in the experiences of the Canadian Co-operative Movement. These influences combined with grassroots activities in a number of other realms continue to shape the development of CED as a movement.

2.1.1 Reactions to an Economy in Crisis

A. The Decline of the Welfare State

In the post World War II era of sustained growth, the welfare state, led by private sector enterprise and assisted by selective government programs and policies, provided for "unprecedented increases in material prosperity and social security" (Hunsley 1986, ix).

In the early 1970s large scale economic growth began to slow down, unemployment increased and optimism about continued affluence deteriorated. In 1973, the oil crisis marked not only the beginning of a serious downturn in the world economy but it also brought home to many Canadians the full extent to which the Canadian economy was influenced by outside sources (Campfens 1983,4).

This is when the "crisis of the welfare state" began in Canada. The foundation for the proper functioning of the welfare state is full employment. The surplus wealth generated by the post war growth economy fuelled Canada's publicly assisted social and economic programs. As unemployment rose, however, surplus wealth in the economy declined and demands on social and economic programs increased. Governments at all levels were squeezed for funds and began the process of limiting their involvement in the provision of a number of services.

By the early 1980s the welfare state was in serious financial difficulty. Unemployment remained a problem and economic recovery was hampered by rising inflation and high interest rates. More and

more communities were feeling the effects of decisions made "elsewhere," decisions made by national or multinational corporations to close a plant or lay people off, decisions made by government to reduce funding for services or to cut programs altogether.

In the early 1980s there was a flurry of CED activity across Canada as communities³ began to look for ways to increase local control and decrease dependency on outside forces, whether those forces be "big business" or "big government." Most local initiatives began as reactions against the failure of top-down regional development policies, as reactions against the failure of the traditional market system to provide sufficient quality employment opportunities in the community or as reactions against the neglect of social and community services.

CED took on the attributes of a movement during the early 1980s when activists and academics began to document local initiatives and to foster its development through a multitude of conferences, papers, articles, and books.⁴ Many of the proceedings and publications that came out at this time focused on creating a more homogeneous body of CED theory by attempting to define standard principles and outline consistent strategies for development.

B. Globalization and the State of the Natural Environment

Concerns regarding unemployment, economic stability, community control and the provision of social services provided the impetus for the CED movement to continue growing throughout the 1980s. The movement picked up further momentum in the early 1990s as problems associated with the impacts of "globalization" and degradation of the natural environment began to surface more regularly in the CED literature.⁵ In a report of a provincial consultation on CED in 1992, the B.C. Working Group on Community Economic Development states that:

CED has emerged as an alternative to conventional approaches to economic development. It is founded on the belief that problems facing communities - unemployment, poverty, job loss, economic instability, environmental degradation and loss of community control - need to be addressed in a holistic and participatory way. (BC Working Group 1993, 2)

The authors of Co-operatives and Community Development: Economics in Social Perspective believe that the challenge for communities in the 1990s comes from "globalization and economic restructuring: free trade and trading blocs; transnational corporations; international competition; and loss of local or regional autonomy and flexibility" (Fairbairn et al. 1993, 8).

In a paper written for the Journal of Planning Education and Research in 1993, Boothroyd and Davis suggest that:

Through the 1980s and into the 1990s awareness has grown that both local and national economies are increasingly threatened (if not already impacted) by the depletion and degrading of natural resource bases, telecommunication innovations that allow investment decisions to be handled more remotely and capital moved more quickly, unmanaged trade, and fiscal crises caused by the systemic incapacity to make do with less. (Boothroyd & Davis 1993, 234)

Similar points are emphasized by Marcia Nozick in a 1990 City Magazine article:

The Western world's over-consumption and over-production have resulted in global environmental destruction [and that] through a process of corporate take-overs, the international free flow of capital, and concentration of production into the hands of an ever shrinking almighty few, there has been a noticeable and systematic elimination of diversity from the face of the earth. (Nozick 1990, 17)

The CED movement in Canada developed in response to the "crisis of the welfare state", as an alternative to the "big business" or "big government" responses of traditional approaches to economic development. It continues to evolve as a legitimate movement today as the quality and quantity of employment opportunities in Canada become more desperate, as concerns over the adequate provision of social services become more serious, as natural resource problems become more complicated and as the impacts of a changing global economy become more devastating for communities.

2.1.2 Influences

The appropriate technology movement, the co-operative movement and grassroots activism have all had a major influence on the development of CED in Canada.

A. Appropriate Technology

In 1973, E.F. Schumacher, an economic advisor on third world development, was concerned that Western technologies were

aggravating the problems of city growth and rural decay in poor countries. He believed that "if you want to be a good shoemaker, it is not good enough to make good shoes and to know all about making good shoes, you also have to know a lot about feet. Because the aim of the shoe is to fit the foot" (Schumacher 1977). In other words, Schumacher believed that the technology used in development must be appropriate to the situation.

Schumacher believed that we should question not only the ecological implications of technology but also the impact of that technology from a human point of view, from the perspective of the worker. He believed that "you could make efficient technologies that were small and simple, saving capital and energy, doing minimum damage to the environment, and using people's skills instead of bypassing them" (McRobie 1986, 57).

Schumacher was not the only person at this time who questioned how development should be approached. As he says, there was a "great ground-swell of people" who were also asking themselves:

Well really, the purpose of our existence on this earth cannot be to destroy it. The purpose of our existence can't be to work ourselves silly and to end up in a lunatic asylum. Let's reconsider it. (Schumacher 1977, 7).

These are the people for whom Schumacher's perspective made perfect sense. They began the CED movement in Canada by echoing his ideas throughout the literature.⁶

B. Canadian Co-operative Movement

The Canadian experience with CED concepts is rooted in the development of the co-operative movement.⁷ Just like the CED practitioners of today, the

early co-operators found their communities being threatened by increasing corporate concentration, and by the export of local resources to remote metropolitan centres. They were convinced that the key to withstanding the onslaught of the 20th century lay in strengthening the cultural, political and economic fabric of local communities. (Wisner & Pell 1981, 1)

Canada's earliest co-operatives were far more than just economic institutions. They gave equal emphasis to social, cultural and economic initiatives. It is this social philosophy and the integration of economic and community development that permeates conceptions of CED in Canada today (Newman 1986, 56).

C. Grassroots Activism

In 1984, the Social Planning and Review Council of British Columbia published a report on Community Economic Development in B.C. In this report they found that CED projects in B.C. share some commonalities in the process of their development:

A number of people find they have a common concern, frequently about the severe unemployment problem in their community. A group meets and agrees to expand its membership across the entire community of those who share this special interest. Ideas for local action are generated. A society is formed.... (Clague 1985, 5)

The process outlined above by Clague and reiterated by Stewart Perry (1984, 9) is basic grassroots activism, a group of people organizing themselves around a common concern. The history of

the CED movement is bursting with grassroots activity of one sort or another.

There have been many experiments in collective enterprise and self-sufficient community development, also known as intentional communities.⁸ There have also been groups within Canadian society - including Quebecois, native and metis people, members of the environmental movement, and residents of communities in the hinterlands of the North, the West, and the Atlantic region - that have taken a grassroots approach to solving issues in their communities and gaining more control over their own lives (Wismer & Pell 1983, 68).

Grassroots initiatives are products of the people but without the support of Canadian job creation programs such as LIP (Local Initiatives Program), LEAP (Local Employment Assistance Program), and OFY (Opportunities for Youths) many Canadian experiments with CED could not have been maintained long enough to initiate significant change (Wismer & Pell 1983, 68).

2.2 CED DEFINED

The field of CED is broad, both in theory and in practice. There are many definitions of CED in the literature involving an assortment of approaches and principles. Boothroyd and Davis devised a typology of approaches to CED that provides an excellent perspective on the wide range of activity in this field.⁹ Using this typology, the first part of the following section outlines three common approaches to CED: growth promotion, structural change

and communalization. The second part of this section provides an overview of the principles that are common to current working definitions of CED.

2.2.1 Approaches

The general objective of any CED activity is to take some measure of control of the local economy back from the market and the state. The approach used to reach this objective will fall under one of three categories depending on what concepts of economy and community are used to guide the initiative and according to what the primary goals of the initiative are and what strategies are used to achieve these goals (Boothroyd & Davis 1993, 230).

For the purposes of the typology, Boothroyd and Davis define community, economy, and development in terms that are general enough to encompass all three approaches.¹⁰ Their definition of community focuses on member involvement as the essential characteristic of community and includes geographically defined communities as well as communities based on common interests. Economy is defined to include concepts of both market and non-market activities by describing economy as: "a system of human activity directed to meeting human wants that is determined by deliberate allocations of scarce resources, including human time" (Boothroyd & Davis 1993, 230). Their definition of development emphasizes planned change, "deliberate quantitative or qualitative change of a system" as opposed to "change resulting from good luck

or aggregated individual efforts to maximize personal gain" (Boothroyd & Davis 1993, 230).

A. Growth Promotion Approach (cEd)

Under the cEd approach to economic development the concept of economy is narrowly defined in terms of monetary transactions. Community is recognized in terms of its location on a map. The primary purpose of any initiative is to promote growth in jobs, income and business activity. The primary strategy used to achieve this growth is to increase monetary inflows (Boothroyd and Davis 1993, 7).

In this type of approach there is generally not enough thought put into questioning what kinds of jobs are created, how the income growth is distributed, what type of business activity is generated or whether money actually stays in the community.

Smokestack Chasing

In the traditional form of growth promotion, also referred to as "smokestack chasing", the source of growth is assumed to lie in attracting major employers to the locality. The type of development to be attracted is typically a factory but could just as well be a mine, a railway, a tourist attraction, a prison, a college or a government agency (Boothroyd & Davis 1993, 231).

The competitive nature of this approach forces communities to battle against one another in an attempt to "lure the economic equivalent of a knight in shining armour" only to find that the

benefits they expected might never be realized (Boothroyd & Davis 1993, 231). A number of communities have found after successfully attracting a large corporate branch plant, a megaproject, or a government infrastructure expansion that the effects on existing businesses can sometimes be quite negative. Other communities have found that their natural resource base has been seriously depleted with no real long term economic benefits to show for it. Still other communities find themselves held ransom for better subsidies or larger tax breaks when demands are made through veiled threats to shut down or move an operation.

Although this type of "smokestack chasing" may not be as common today as it was in the late 1970s and early 1980s, elements of it still exist. In fact there is a modern variant of this approach called "growth planning" which is still followed by many communities today. It is a more sophisticated version of growth promotion where the same narrow concepts of economy and community are applied to the same goals of increasing jobs and income but where the strategies employed to achieve these goals are more complicated.

Growth Planning

The emphasis with this approach is on the type of comprehensive planning that attempts to involve all relevant private and public actors in setting targets, surveying opportunities and developing a wide range of strategies. In addition to chasing outside investors/employers, this approach

includes other strategies such as increasing the productivity of existing firms and promoting the establishment of new firms by local entrepreneurs. Efforts are focused on assisting firms in increasing community exports, making better use of resources, developing new products and supporting import substitution efforts (Boothroyd & Davis 1993, 232).

There are many situations in which these types of growth promotion efforts may be absolutely necessary, for instance in emergencies such as the closure of a single-industry town's main employer or in the cases of chronically impoverished communities, but none in which it is sufficient (Boothroyd & Davis 1993, 232).

According to Boothroyd and Davis, the weakness in this approach is in its single-mindedness. Issues of long-term stability, sustainability, interdependence, equity and quality of working life are not addressed. Goods and services produced outside of the marketplace (e.g., by volunteers) are not counted as contributing to community growth. The cultural, social or environmental costs of increased growth are usually secondary considerations and the shaky assumption that the benefits of increased growth will automatically "trickle down" through the community underlies many poor decisions.

B. Structural Change Approach (ceD)

The structural change approach to CED is what was described in the opening section of this chapter as the first wave of CED activity. It emerged simultaneously to the smokestack chasing

approach as some communities began looking for ways to "improve stability in the short and long terms by broadly reducing their dependencies rather than simply looking for ways to promote growth" (Boothroyd & Davis 1993, 234). It evolved as an alternative to the type of planned growth approach that relies heavily on government support and the "invisible hand" of the market system to guide the destiny of a community.

Under the ceD approach to economic development, stability and sustainability are the primary goals; it is the quality of the economy, the types of jobs and the level of diversity, that is emphasized, rather than the quantity of growth in one variable or another. It is advocated by those who believe communities should not buy growth at any price (e.g., at the price of cyclical instability, absentee ownership, or the exhaustion of natural capital) (Boothroyd & Davis 1993, 233).

The concept of the economy in this approach includes a wide spectrum of monetary and nonmonetary transactions ranging from big businesses and the public sector to collectives, cooperatives, community enterprises, voluntary activity, barter and skills exchange, mutual aid and household activity. The notion of community extends beyond locality to incorporate a meaning of place: a sense of one's home.

The primary structural strategies used to increase local control in the interest of stability and sustainability are grouped into six categories by Boothroyd and Davis:

1. Diversify external investment sources.

The reasoning behind diversifying is that several small operations are generally more stable than one large employer.

2. Reduce dependence on external investment by increasing local ownership.

This strategy includes ideas such as supporting employee buy-outs, encouraging local entrepreneurs, identifying appropriate small scale technologies or unfilled market niches that can be utilized by local entrepreneurs. As well as developing credit unions and community loan funds to help ensure a larger portion of community funds stay in the community this strategy also involves establishing community-rooted firms such as producer and consumer cooperatives and community development corporations.

3. Reduce dependence on outside decision-makers by increasing local control over resource management.

This strategy includes encouraging the development of comanagement initiatives, nature conservancies, community land trusts and cooperative housing.¹¹

4. Reduce dependence on traditional exports by diversifying products or markets for existing products.

The strategy here is to find ways to avoid relying on a single commodity to form the community's economic base.

5. Reduce the need for exports in general, by substituting local production of imports paid for by exports.

For example, encourage buy-local programs where possible.

6. Reduce dependence on money as the basis for local exchange by strengthening the local noncash economy.

The strategy here is to reduce the impacts on the community of macro-economic business cycles by establishing community gardens or forming babysitting cooperatives, for instance.

The strategies offered by the ceD approach to development would be suitable for a wide range community socio-economic situations. Many citizens would welcome the economic stability attained by the development of a mix of locally-controlled, environmentally-sustainable activities. The drawback with this approach, however, is that not everyone would be willing to make the trade-offs and compromises necessary to achieve this type of development (Boothroyd & Davis 1993, 233). There is a mainstream attachment to unlimited growth that tends to lead people to a strong notion of quality of life (i.e. materially driven) which is not compatible with many of the strategies outlined in the ceD approach. The far reaching social and environmental implications of this perception of unlimited growth and material luxury are what motivates many of today's CED activists to continue working towards developing better communities.

C. Communalization Approach (Ced)

The communalization approach to CED goes beyond concerns with economic growth and stability to considerations of how wealth is used and distributed. The concept of economy in this approach is extensive. Boothroyd and Davis describe it as "market and production distribution based on market and nonmarket principles" (Boothroyd & Davis 1993, 237). For advocates of Ced, structural change is necessary but insufficient as a goal. The emphasis is on developing an economy in such a way that people feel connected on a social/emotional level, where they are concerned with each other's well-being and gain satisfaction from co-operating. This is a quality many aboriginal people in Canada call "caring and sharing" (Boothroyd and Davis 1993, 235). It is the process of development and the concept of equity that matter most with this approach:

Ced tries to create within the community fair access to the means of household livelihood by creating fair access to the community's collective decision-making processes. It is participatory in its means and ends, communalistic without negating the individual. Its concern is to establish free cooperation. (Boothroyd & Davis 1993, 236)

Ced strategies can be grouped into 3 categories:

1. Working through local and senior governments to eliminate marginalization or exploitation of particular people within the community.

Strategies here would be to urge governments to encourage work sharing, prevent discriminatory lending-policies, monitor work conditions or facilitate unionization. Ced practitioners could

help to establish fairer distributions of community services and development impacts and to make planning processes more participatory (Boothroyd & Davis 1993, 236).

2. Structuring ceD institutions (such as co-ops, land trusts, and community development corporations) to favour those most in need.

Co-ops, for instance, can be organized to meet ceD objectives such as buffering individuals from the market, increasing collective bargaining power, and retaining earnings in the community while still promoting social justice that is a Ced objective (Boothroyd & Davis 1993, 236).

3. Strengthening noncash mutual aid norms and practices.

These are the types of activities that have traditionally enabled weaker members of a community to survive (e.g., through distributions of food or caring for children at risk) and households to accomplish tasks beyond their individual power (e.g., through barn-raising bees). The ethic of mutual aid, while weakened by modernization, survives as "volunteerism". The strategy here is to point out the importance of mutual aid to the community economy and promote its expansion. (Boothroyd & Davis 1993, 236).

The Ced approach assumes that the purpose of CED is to increase community solidarity, distributive justice, and broadly defined quality of life. There is also an assumption that economic institutions should be organized to promote cooperation rather than

competition (i.e., they should combine social development with economic development) and that all community members must be empowered to participate in planning and decision-making processes that shape the community's economy (Boothroyd & Davis 1993, 236).

Unfortunately, Ced faces the same basic limitation as ced in that it is out of step with the mainstream. Privacy, for instance, has a high value in today's society and it is argued that for many individuals this emphasis on privacy replaces a sense of responsibility for the public good. There is also a perception "out in the world" that social forces now seem so far beyond individual control that the best anyone can do is focus on manageable personal goals (Boothroyd & Davis 1993, 237). The same elements: alienation, isolation, political cynicism and apathy that create the need for Ced also limit its potential as a viable alternative to traditional economic development approaches.

2.2.2 Principles

The three approaches outlined in the previous section provide a broad perspective on the range of activity in this field. The idea of separating CED approaches into the categories of growth promotion, structural change or communalization illustrates how different strategies can be used for different situations depending on what the goals are and how the concepts of community and economy are perceived.

The following section provides a narrower perspective on CED by focusing on some of the principles currently used to guide CED initiatives in British Columbia.

A. Definition

For the purposes of their 1986 Directory of CED in B.C., the Social Planning and Review Council (SPARC) presented the following statement:

CED is concerned with fostering the social, economic and environmental well-being of communities and regions through initiatives taken by citizens in collaboration with their governments, public institutions, community agencies or other organizations, that strengthen local decision-making and self-reliance, co-operative endeavour and broad participation in community affairs. (SPARC 1986, vii)

In a recent report on CED the B.C. Working Group on CED stated that:

CED is a community-based and community-directed process that explicitly combines social and economic development and is directed towards fostering the economic, social, ecological and cultural well-being of communities and regions. As such it recognizes, affirms and supports all the paid and unpaid activity that contributes to the realization of this well-being. (B.C. Working Group on CED 1993, 2)

In both statements, community control is emphasized as the dominant feature, and references to integration and citizen participation are included as central elements. The BC Working Group definition, the more recent of the two, shows how the field has moved towards an even more holistic approach to CED as it includes a broad reference to "all the paid and unpaid activity" and emphasizes a more general sense of "well-being".

The principles that direct these definitions illustrate that CED activity in B.C. today tends to follow a blend of the structural change and the communalization approaches.

B. Principles

The B.C. Working Group lists the following principles (B.C. Working Group on CED 1993, 2):

1. Equity

Belief that community members should have equitable access to community decision-making processes, resources and benefits of CED projects.

2. Participation

Encourage active participation of all members of the community and work to remove the barriers that limit the participation of marginalized citizens.

3. Community-Building

Work towards building a sense of community by fostering relationships of acceptance, understanding and mutual respect.

4. Cooperation and Collaboration

Encourage relationships both within communities and between communities based on cooperation and collaboration.

5. Integration

Holistic approach that addresses social, economic, cultural and ecological dimensions of community well-being.

6. Interdependence

Recognize that the local community exists within a larger context and that its decisions can have an impact far beyond its own boundaries.

7. Living within Ecological Limits

Encourage processes, structures and initiatives that respect ecological limits and support work that is sustaining, regenerating and nurturing of both the community and the earth.

8. Self-Reliance and Community Control

Build on local strengths, creativity and resources, and seek to decrease dependency on, and vulnerability to, outside economic interests. Support decentralized, non-hierarchical decision-making processes that strengthen the autonomy of the individual, the community and the region.

9. Capacity-Building

Encourage the acquisition of relevant skills and the development of supportive structures and institutions.

10. Diversity

Encourage economic activities that are diverse and appropriate to the expressed needs within the community and region.

11. Appropriate Indicators

Monitor and evaluate progress through community-derived and appropriate economic, social, cultural and ecological indicators, rather than through conventional economic measures and standards.

These same points are reiterated in one form or another throughout the CED literature.¹² For instance, Nozick's five basic principles of CED, self-reliance, sustainability, diversity, human needs and democratic processes are all emphasized under the umbrella of "holistic thinking inspired by Schumacher" (Nozick 1990, 15):

1. Economic self-reliance of communities as opposed to dependence on outside economic forces.
2. Ecological and economic sustainability: development that emphasizes diversity and quality over quantity.
3. Development geared to human needs both material and non-material as opposed to the sole accumulation of material wealth.

4. Empowerment of communities through self-management and local control, using democratic processes that maximize community and grassroots participation.
5. Endogenous development stemming from the unique history and culture of a community as opposed to uniform development based on a set of corporate standards or socially defined "norms".

In practice, there are few CED initiatives that are able to adhere to all of these principles but many groups working in the field of CED in B.C. do attempt to model their organizations on these types of principles. There are research organizations like the Social Planning and Research Council of BC and the WomenFutures CED Society, that are devoted to researching, planning and networking in support of CED. There are educational institutions such as The School of Community and Regional Planning at the University of British Columbia and the CED centre at Simon Fraser University that offer CED and community planning courses. At the community level, there are numerous non-profit organizations and voluntary groups devoted to creating local employment and providing community social services and training (Clague, 1985, 4). There are workers' co-operatives and even a few barter/exchange organizations that round out the list of the types of groups in B.C. that are attempting to offer alternatives to traditional mainstream economic development approaches.

The CED approach has emerged as an alternative to traditional approaches to economic development because it offers a different perspective on the role of business and economic structures in fostering community development.

Our traditional economic institutions are not structured to meet basic human needs. Promoting economic growth is the main goal of conventional approaches to economic development where increases in employment and profit are used as the standards to measure success. With the CED approach, the perspective on economic institutions is skewed towards the interests of people. Fostering community well-being is the main goal of the CED approach where issues of equity, quality of working life, stability, sustainability and community self-reliance are used to guide decisions.

As noted earlier, people in communities across Canada are concerned about unemployment and the impacts of globalization, about the degradation and depletion of natural resources, and about having access to adequate social services. They have become interested in experimenting with CED approaches because they realize that they cannot rely on the "invisible hand" of the market or the "long arm" of government to solve all of their problems.

One type of economic structure that is particularly well-suited to meeting the wide ranging demands of the CED approach is the co-operative. Co-operatives, with their equitable principles and democratic nature, make ideal CED institutions. Co-operative structures reinforce many CED principles and ensure that the needs

of people are always an integral part of the decision-making process. The following chapter is dedicated to exploring the potential of co-operatives to contribute to the CED approach.

3.0 CO-OPERATIVES IN CANADA

During the review on CED approaches, co-operatives were identified as one of many different types of institutions that can be used to achieve CED goals. This chapter, which is divided into three sections, will take a detailed look at co-operatives and what they have to offer the CED movement.

3.1 CO-OPERATIVE DEVELOPMENT

There is a long and diverse history of co-operative development in Canada. In order to understand the nature of today's co-operative movement and what it has to offer CED, it is important to understand the motivations of the early co-operators and how their ideas have been incorporated into co-operative development over time.

Co-operatives of one type or another have been operating in Canada since the early 1900s. The origins of the Canadian movement date back to the 1850s in England and the Rochdale Society of Equitable Pioneers that launched the first successful consumer co-operative. There were a variety of utopian co-operative experiments in the early 1800s but it was Rochdale that marked the beginning of successful co-operative structures.

3.1.1 History

A. The Rochdale Movement

The history of the co-operative movement is divisible into three phases. The utopian or pre-Rochdale phase from 1800 to 1850, the Rochdale movement phase from 1850 to 1950, and the post-Rochdale or systems phase which began about 1950 (Melnik 1985, 6).

Pre-Rochdale Utopian Phase (1800-1850)

According to many historians, the origin of modern co-operative institutions can be found in the ideas of the European thinkers of the late eighteenth and early nineteenth century (McGillivray and Ish 1992, 8). French utopian socialists St. Simon (1760-1825) and Charles Fourier (1772-1837) and the English industrialist Robert Owen (1771-1858) believed that a "return to the small agrarian-style village community" might stave off the effects of the new capitalist industrialization (Melnik 1985, 6). Their ideas led to various experiments with utopian co-operative communities in France and England, most of which were not successful (Fairbairn et al 1991, 20).

The first modern co-operatives arose in the midst of the social turmoil of the nineteenth century.¹³ Nineteenth century Europe was a time of rapid urbanization, industrial growth and technological change. Those with access to capital, the owners of business, controlled the means of production. With control over the means of production and no shortage of labour, owners were able to control labour and dictate difficult working conditions.

The Rochdale Movement (1850-1950)

The formation of the Rochdale Co-operative was a response primarily by the working/middle class to the adverse economic effects they were experiencing:

Since the members of this group did not have access to enough capital on an individual basis to be able to participate as owners of firms, they decided to join together, pool their capital, and attempt to accumulate wealth by acting together. (Fulton 1991, 101)

This is where the influence of the early utopian socialists comes in because although the Rochdale pioneers were interested in economic advancement and controlling sources of capital they were adverse to the excesses of capitalism. The pioneers followed "a communitarian ethos which prefers the distribution of wealth on the basis of effort rather than capital and the meeting of member needs rather than the vagaries of a solely profit-oriented marketplace" (McGillivray and Ish 1992, 5).

The goal of the Rochdale pioneers was utopian. They wanted to create a self-supporting "home colony" (Melnik 1985, 6) in which to reassert community and human needs as the guiding force of production (Fairbairn et al 1991, 6). They wanted to have a political voice in their group affairs, and they wanted to develop education and social services, which at the time were inadequate (Fulton 1991, 101). The society's articles included matters such as construction of homes, manufacturing, farming, education, and self-government (Melnik 1985, 6). Consumer co-operative stores were viewed as the first step in this multi-functional approach and in 1844 the first successful consumer co-operative store was opened

by the Rochdale Society of Equitable Pioneers in England (Melnyk 1985, 6).

The operation of the store and of the society was guided by the following set of principles:

These principles were that membership in the Society would be open to all--it would be controlled democratically. A limited amount of interest was to be paid on capital, and, in the event of a surplus in any trading period, this was to be distributed to the members in relation to their purchases. Goods were to be sold on a cash basis solely, because of the difficulties caused by credit, and were to be sold at the current retail price.... The goods sold were to be of good quality.... There was to be a reserve fund set aside for education of members and non-members in the ways of the Society, and political and religious neutrality was to be observed. (McGillivray and Ish 1992, 10)

Unfortunately for the pioneers, operating the network of stores, which developed when the idea of consumer co-operatives became successful and copied, became an end in itself. The original dream of a multi-functional co-operative community was abandoned as the Society turned its attention mainly to managing their network of stores (Melnyk 1985, 6). Even though the utopian community ideal was never achieved, the Rochdale style of co-operatives helped build a sense of working-class identity and community within the new, market-driven society (Fairbairn 1991, 51).

The following figures provide insight into the success of the Rochdale approach. Twenty years after the founding of Rochdale, the Manchester Wholesale Society, the wholesale arm of the Rochdale Society, was started to service retail co-op stores which by that time had built up 18,337 members. By 1877 the Wholesale Society was serving 588 societies with 273,351 members (Melnyk 1985, 7). By

the late 1800s it was serving 1,133 retail stores representing 1,445,099 members (Melnik 1985, 7).

Over time the Rochdale aims and rules gained the status of "co-operative principles" (McGillivray and Ish 1992, 11). Interpretation, application, and emphasis of the rules varied widely but it was the Rochdale Society's "principles" that ultimately guided the development of co-operative institutions and enterprises throughout Europe, North America and parts of the rest of the world during the late 1800s and early 1900s (McGillivray and Ish 1992, 11).

The International Co-operative Alliance (ICA) was formed in 1895 for the worldwide promotion of co-operation and by 1930 the success of the movement made the need for more formalized standard principles evident (Melnik 1985, 8). In 1937 the ICA undertook the task of reformulating and restating the "co-operative principles". These same reformulated Rochdale aims and rules continue to inform co-operative definition and legislation in several countries today including Canada, Britain, and the United States (McGillivray and Ish 1992, 11). These "principles" will be revisited in greater detail in the latter part of this chapter.

Post-Rochdale Phase (after 1950)

The period between 1850 and 1950 was a time of ideological fervor in the co-operative movement. Co-operatives were trying to win the world (Melnik 1985, 6). By the early 1950s the dream of replacing the private sector had disappeared and had been replaced

by the theory of co-operatives as a "third sector" in a capitalist economy behind the private and public sectors (Melnik 1985, 18).

In the post-Rochdale or systems phase in which we are presently living co-operatives practice co-existence rather than conversion and according to George Melnik, author of The Search For Community: From Utopia to a Co-operative Society, are "primarily concerned with systems and managing their success" (Melnik 1985, 6).

Melnik (1985) divides co-operatives into four distinct political categories: liberal democratic, Marxist, socialist, and communalist. He characterizes the Canadian co-operative movement, and the Rochdale movement in general, as "liberal democratic," defined in terms of its relationship to capitalism:

The essence of liberal democratic co-ops is successful competition with capitalism through short-term and immediate benefits to its members. This pragmatic approach appealed to the person's self-interest rather than to his idealism and it demanded a reconciliation between the co-op and the private sector. (Melnik 1985, 17)

There are three basic characteristics that distinguish liberal democratic co-ops from Marxist, socialist, or communalist co-operative ventures: an emphasis on private property, a basic tolerance of capitalism, and a pragmatic unifunctionalism (Melnik 1985, 15). These are the characteristics that evolved out of the Rochdale model and have come to define most of the co-op institutions prevalent today in Western Europe and North America (Melnik 1985, 15).

Melnyk believes that the current post-Rochdale phase is in "ideological crisis" and that a renewed model for co-ops is needed. He believes that there is a "crisis of conscience" presently affecting the movement which stems from the continued survival of the types of ideals which were present during the utopian phase of co-operative development, 150 years ago (Melnyk 1985, 8). Canadian sociologist Jack Craig tends to view the situation less desperately when he characterizes the "current phase of co-operative development as one embracing a variety of ideologies which stem from the different social movements and from the specific nature and goals of the individual co-op" (McGillivray and Ish 1992, 15). Melnyk's concern for ideology reveals a general tension within the current co-operative movement which exists between those who embrace the status quo managerial approach and those who push for a return to a more ideologically based approach.

B. Co-operative Movement in Canada

Historically, co-operative institutions have developed in Canada on a regional basis. According to Melnyk they have done so "because of the cultural differences in a bilingual country, because of the different regional economies that have developed in Canada, and because of the varying historical periods during which the country was settled and developed" (Melnyk 1985, 20). In the study Patterns and Trends of Canadian Co-operative Development, that came out of the Co-operative Future Directions Project in 1982, Canadian co-operatives are described as "emerging out of

local initiatives, immigration patterns, and group interests" (Co-operative Future Directions Project 1982, 12).

The following section reviews the development of the co-operative movement in Canada and in particular, how the motives for development have varied over time and from region to region.

Early Years

In Western Canada the first co-operative ideas were introduced with the immigration of American farmers to the Prairies in the 1870s. As the West became settled and the economy began its transformation from one based on the fur trade to one based on wheat, co-operative ideas began to take root (Melnik 1985, 21). The impetus for co-operative development in Western Canada came from four main sources.

One source for co-operative development involved "the long history of exploitation by profit-motivated institutions with head offices located outside the region" (Melnik 1985, 22). Pioneering farmers who had suffered the hardship of homesteading were frustrated by the monopoly held by the grain elevator companies. To fight unfair practices and express their discontent at central Canadian domination, farmers organized their own co-operative wheat pools (Melnik 1985, 20). The first real gains for co-operation in Canada were the establishment of the prairie wheat pools. Their success encouraged the formation of agricultural marketing co-operatives throughout the country (McGillivray and Ish 1992, 13).

A second source for co-operative development during the early years in Western Canada came from the need for "capital for better equipment so workers could compete in a technologically expanding economy" (McGillivray and Ish 1992, 12). Just as the workers in a rapidly industrializing Europe turned to co-operative methods to gain access to capital for improved technology and communications, the farmers in Western Canada organized successful co-operative institutions to be able to modernize equipment and continue to adapt to the changing rural economy.

A third element providing the impetus for co-operative development was the desire for mutual economic gain while operating within the security of group activities (McGillivray and Ish 1992, 12). Although "discontent at central Canadian domination" and the "need for capital for equipment" played parts, the simple possibility of a financial return went a long way in leading farmers and labourers throughout the country to organize successful co-operative institutions such as the grain elevators and the agricultural marketing agencies (Co-operative Future Directions Project 1982, 9).

The cause of agrarianism was the fourth important element to influence the development of co-operatives in Western Canada. Agrarianism encompasses "a rejection of urban evils, a belief that farm life was at its base co-operative, and a preference for the small community in control of its economic and social life" (McGillivray and Ish 1992, 12). There were farmers at this time who regardless of differences of geography, specialization, or

wealth, "increasingly saw themselves as a distinct class, ignored by government and exploited by interest groups," and who "protested the special position of manufacturers, resented the influence of corporations, and objected to the privileges of city dwellers" (Co-operative Future Directions Project 1982, 10). These farmers were attracted to co-operative methods because "they provided ways to bypass the exploiters of rural society and they denounced capitalism" (Co-operative Future Directions Project 1982, 10).

There was a spontaneous array of co-operative experiments occurring all across Canada in the late 1800s and early 1900s and although many of these early, somewhat utopian experiments met with failure, they still played an important role in introducing co-operative methods and ideology to a wide variety of people in a large number of places. As a result, the issues of urbanism, industrialism, and morality remained basic to the Canadian movement for many years (McGillivray and Ish 1992, 13).

At the same time as the agriculturally based Western Canadian co-operative movement was developing, the influence of immigration patterns was being felt in the consumer co-operative movement. Consumer co-operatives made significant inroads in Canadian cities during the early 1900s as many European immigrants brought their experience with co-operative stores to Canada (Co-operative Future Directions Project 1982, 15).

Co-operative banking also made substantial progress during the early years of the century.

By 1900, the needs were intense. Banks did not lend to middle and lower income earners...farmers who needed cash to purchase equipment, buildings and livestock and urban dwellers who needed money for furniture and housing, were forced to pay usurious rates or go without" (Co-operative Future Directions Project 1982, 16).

The first credit union or "caisse populaire", was established in Quebec in 1901 by a legislative reporter named Alphonse Desjardins, who had become concerned about the severe credit problems in Canada during the 1890s (Melnik 1985, 20). This is where the cultural differences of a bilingual country affected an aspect of co-operative development. The caisse populaire movement grew rapidly because the powerful Catholic Church promoted the credit unions in every parish as "expressions of Quebecois loyalty and piety" (Melnik 1985, 20). In Quebec "caisses populaires" were expressions of francophone nationalism. In the rest of the country, "caisses populaires" provided a model for the development of much needed co-operative financial services.

In Atlantic Canada during the 1920s and 1930s, two priests recognized the need for adult education in the region. They started a local initiative that began as a way to encourage improved adult education and ended up with a movement, the Antigonish Movement, that fostered co-operative development throughout the region (Melnik 1985, 20). Through small group discussions, the priests were "able to mobilize large segments of the population to launch economic organizations for community improvement" (Melnik 1985, 20). The movement touched fishermen,

farmers, and miners through credit unions, co-operative canneries, and marketing co-operatives. By 1934, 952 study clubs had been formed in Nova Scotia and 150 co-operative enterprises had been set up (Melnik 1985, 20).

With co-operative success in the countryside and the Atlantic region, the rise of consumer co-operatives in the cities and the emergence of co-operative credit in Quebec, some co-operative leaders began to nurture the idea of a "co-operative commonwealth" (Co-operative Future Directions Project 1982, 19). This "win the world" approach characterized the ideological fervor that pervaded the co-operative movement during its early development in Canada.

The Depression Years

The Depression of the Thirties was a time when the co-operative principle of democratizing the economic system and defending the livelihood of ordinary people found its widest appeal (Melnik 1985, 23). According to the study produced by the Co-operative Future Directions Project:

The economic problems and social ferment of the 1930s generated debate in co-operative circles about the purpose of the movement. The strongest vision was the desire to eliminate "poverty in the midst of plenty"....On an individual level, [the co-operative movement] taught thrift and encouraged group action; on a community level, it could provide services and amass resources; on the national level it promised greater democracy and an alternative economic order. (Co-operative Future Directions Project 1982, 35)

The Depression years consolidated the co-operative movement's special relationship with Western Canada as the hardships faced by farmers encouraged all sorts of new ventures. Co-operatives

organized education and social programs in every part of the region (Melnyk 1985, 23).

During the Depression years the influence of co-operatives was also confirmed in Atlantic Canada as the Antigonish Movement became an important regional vehicle of survival for ordinary people (Melnyk 1985, 20).

Co-operative stores and their associated wholesale operations were the hardest hit during the depression as many stores were forced to close due to the worsening credit circumstances of their cash-poor members (Co-operative Future Directions Project 1982, 30).

The marketing co-operatives fared much better during these times, particularly once the war broke out and they were provided with shelter in the form of orderly wartime marketing arrangements (Co-operative Future Directions Project 1982, 35).

The Movement After 1950

After World War II the desire to "democratize the economic system and defend the livelihood of ordinary people" died down and the movement began its shift towards an emphasis on "self-interested pragmatism" (Melnyk 1985, 24). The changing Canadian economic environment discouraged co-operative utopianism:

The Canadian co-operative movement lost much of its ideological edge in the late 1940s and 1950s. The agrarians and Marxists were out, utopians and social democrats were declining, the religious activists lost their momentum, and the 'co-operative sector' provided direction without passion. As Canadian society became less ideological and more materialistic, the Canadian co-operative movement became more cautious and less controversial. (McGillivray and Ish 1992, 14)

The Co-operative Future Directions Project study points to the late 1940s and early 1950s as "the beginning of a great social transformation throughout Canada. The modern city based on the automobile and suburban living, became the focus for national growth; a highly individualistic ethos in which community and co-operative activism weakened" (Co-operative Future Directions Project 1982, 36).

The impulse for social reform quietly dissipated and then disappeared as the co-operative movement entered its "systems" phase of expanding and augmenting its corporate structures. The large Canadian co-operatives that survived the Depression concentrated on developing a pragmatic relationship with capitalism (Melnyk 1985, 24).

Current Phase - 1980s and 1990s

It would seem from the literature that the Canadian co-operative movement is currently still in the "systems" phase of expanding and augmenting its corporate structures (Melnyk 1985, 24). The theme of the June 1994 Triennial Congress of Credit Unions and Co-operatives certainly seems to provide support for this view with its title: "Interdependence: Co-operative Linkages" and with issues like "youth, strategic alliances, organizational renewal and diversity" to guide discussions.

The co-operative movement may not be enjoying the same sort of ideological fervor that was present during the early years of development, but given the difficult economic times co-operatives

and other businesses have been facing in recent years this is understandable. Many of the country's co-operative leaders are finding it necessary to focus their energies on ensuring that their organizations remain healthy and maintain their place alongside the more traditional business institutions.

The Canadian co-operative movement has a cumulative membership of more than 12 million¹⁴ (Co-op Working Party Report 1993, 3). Co-operatives are not dominant in the Canadian economy as a whole but they do represent a powerful, diversified sector that plays a critical role in smaller communities and in particular regions and industries (Fairbairn et al 1991, 1).

Co-operatives continue as a vital force in Canadian rural life, where about 70% of the grains that are marketed from the Prairies flow through co-ops and about half of all dairy products produced in Canada come from co-operatives (Co-op Working Party Report 1993, 3).

The consumer co-operatives that started in the early years of the century as important movements in Western Canada, Quebec and Atlantic Canada, today are joined together in supporting large wholesale endeavors, particularly Federated Co-ops, Co-op Federee, and Co-op Atlantic (Co-op Working Party Report 1993, 3).

The *caisse populaire* system of co-operative financial institutions that began in Quebec in the early 1900s now forms the heart of the Quebec economy (Co-op Working Party Report 1993, 4). The credit unions that started in the rest of the country in the 1930s have grown to become extremely important in several

provinces, most notably Saskatchewan and British Columbia (Co-op Working Party Report 1993, 4).

3.1.2 Principles

The Rochdale pioneers provided the original rules but the principles of co-operation have never been static. They have been reinterpreted and reformulated over the years. The organizational flexibility of these principles is the cornerstone of co-operative development. It is the very broad definition of co-operation "as people working together in a spirit of self-help and mutual aid for their common good" that allows co-operatives to be adapted to meet a wide variety of needs (Melnyk 1985, 4).

The Rochdale pioneers were interested in pooling their resources for economic advancement but with an egalitarian twist. They believed in "the distribution of wealth on the basis of effort rather than capital and the meeting of member needs rather than the vagaries of a solely profit-oriented marketplace" (McGillivray and Ish 1992, 5). Their beliefs are reflected in the original Rochdale principles that included the following ideas:

1. Membership in the Society would be open to all.
2. Membership would be controlled democratically.
3. Limited interest was to be paid on capital.
4. Surplus was to be distributed to members in relation to their purchases.
5. A reserve fund was to be set aside for the education of members and non-members in the ways of the Society.

6. Political and religious neutrality was to be observed (McGillivray and Ish 1992, 10).

As mentioned earlier, the principles of co-operation have not remained static, they have been interpreted, reinterpreted and reformulated over the years. The International Co-operative Alliance (ICA) has reformulated the Rochdale principles twice, in 1937 and 1966. A third reformulation project was announced at the ICA Stockholm Conference in 1988 and is to be completed by 1995 (McGillivray and Ish 1992, 5).

The 1966 ICA Congress gave us the principles that currently define co-operative activity throughout the world. Those principles, that still reflect many of the original Rochdale aims and rules, are as follows:

INTERNATIONAL CO-OPERATIVE PRINCIPLES¹⁵

1. Membership of a co-operative society should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities or membership.
2. Co-operative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.
3. Share capital should only receive a strictly limited rate of interest if any.

4. Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining, at the expense of others.

This may be done by decision of the members as follows

- (a) by provision for development of the business of the co-operative;
 - (b) by provision of common services; or
 - (c) by distribution among the members in proportion to their transactions with the society.
5. All co-operative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of Co-operation, both economic and democratic.
 6. All co-operative organization, in order to best serve the interests of their members and their communities, should actively co-operate in every practical way with other co-operatives at local, national and international levels.

In their paper, Co-operatives in Principle and Practice, Anne McGillivray and Daniel Ish summarize these principles as representing or reflecting three things: "the actual practice of co-operatives; the minimal requirements defining a co-operative for the purposes of the ICA; and the attempt of the movement to set and maintain a particular standard of operation" (McGillivray and Ish 1992, 20).

If the principles are meant to reflect the state of the movement then it makes sense that they would continue to be reinterpreted and reformulated as the movement changes. In fact, the 1995 review is a good example of how co-operative principles can be changed to reflect the concerns of the times. The essential spirit will remain the same but in 1995 the ICA will be looking at ways to incorporate issues such as the environment, gender, capitalization, democratic control in large organizations and

government relations into its standard principles (Co-op Working Party Report 1993, 6).

The ICA is made up of 70 countries representing 700 million individual memberships (Co-op Working Party Report 1993, 5). Co-operatives exist under regimes spanning capitalism to communism and socio-economic conditions of almost every kind. (McGillivray and Ish 1992, 7) The organizational flexibility of co-operative principles is the cornerstone of co-operative development. Co-operation meets a wide variety of human needs and has found institutional expression in everything from banking to utopian communities (Melnyk 1985, 3). The important dimension in this adaptability is that the co-operative form of business is not so much driven by profit as by the desire to bring fairness, equity and justice to the marketplace (CCA Pamphlet n.d.).

To understand the co-operative concept and its development, one must take a broad view because in its simplest form a co-op is:

... an association of people who have combined their resources of capital and labour to capture greater or different benefits from an enterprise than if the business were undertaken individually. (Fairbairn et al, 21)

Basically, the co-operative model offers economic self-help through the pooling of resources. Through their tradition of self-help and mutual aid, co-operatives have made a major contribution to the development and stability of communities across Canada and throughout the world.

3.2 CO-OPERATIVES IN PRACTICE

Although co-operatives are organized around common principles, they vary in size, area served, affiliation, legal status, financial structure, membership group and goals. They run many different types of businesses and provide a variety of services to their members.

3.2.1 Types of Co-operatives

A. Credit Unions

Credit unions are financial co-operatives that provide a full range of banking services to their members. They can be small and community-based, or very large. Over 9 million Canadians are members of credit unions or caisses populaires with assets over \$64 billion. In 1989 the Quebec Desjardins caisse populaire system had more than 1600 outlets involving 4.4 million members and \$34.7 billion of assets (Quarter 1992, 24). The 1,301 credit unions in the rest of Canada accounted for a further 4.3 million members and \$29.8 billion of assets (Quarter 1992, 24).

Credit unions play an important role in many communities. Because they are locally-controlled, credit unions have the ability to reduce dependence on externally-controlled banks and can, depending on management policies, prevent leakages of savings and encourage local entrepreneurship by reinvesting in their own communities (Boothroyd 1991, 5).

As consumer-owned financial institutions, they have pioneered innovative technology, like daily-interest savings accounts and automated teller machines and, at the same time, have provided community-based services to their members (CCA Pamphlet 1992).

The co-operative financial sector also includes insurance and trust companies. Insurance co-operatives across Canada employ over 7,500 individuals, provide service to 9 million policy holders and are among the largest insurance companies in Canada (CCA pamphlet 1992).

B. Marketing Co-operatives (aka Producer Co-operatives)

Marketing co-operatives are joint marketing organizations for primary producers such as farmers and fishers. The common feature of marketing co-operatives is that the members are independently employed, most often self-employed, and establish a co-op to provide themselves with a common service, usually marketing (Quarter 1992, 19). In this case, a member's use of the co-operative is measured by what he or she sells to it rather than what is bought from it.

Broken down by sector, farm-marketing co-operatives have a 68% market share for grain and oilseeds, 56% for dairy products, 28% for poultry and eggs, 26% for honey and maple products, 18% for livestock and 15% for fruits and vegetables. In total, Canada's farm marketing co-operatives have 188,914 members, more than 23,000 employees, and transacted \$8.7 billion of business in 1989 (Quarter 1992, 18).

Fishing co-operatives process and sell much of Canada's seafood to markets in Canada and around the world (CCA 1992). There were 61 these in 1989, situated in the Atlantic provinces and the West Coast. Their sales were \$184.9 million. (Quarter 1992, 19).

A variation of the marketing co-operative for primary producers is the artisan co-operative, like those set up by the Inuit in the Northwest Territories and the Cree and Inuit of northern Quebec. There are now 34 artisans' co-operatives in the Northwest Territories, and 11 such co-operatives in northern Quebec (Quarter 1992, 19).

C. Consumer Co-operatives

Although farm marketing co-operatives have achieved the greatest business success among Canadian co-operatives, the Canadian movement is based primarily upon consumers or users of a service. There are many types of user-based co-operatives providing a wide range of products and services, from farm supplies, food retailing and wholesaling, to daycare, healthcare, utilities operations, communications, recreational equipment, and even burial services.¹⁶ Although each of these services differ, the common denominator is that the people who use the co-operative for its services are also its members (Quarter 1992, 19).

In Canada today, retail co-operatives are concentrated in the West and in the Atlantic region. Co-op Atlantic acts as a wholesaler and organizer of 176 outlets in communities throughout

the Atlantic Region (Quarter 1992, 19). In 1989, it had sales of \$480 million, making it the seventh largest Canadian-owned corporation in the Atlantic provinces (Quarter 1992, 19). In the West, the Saskatchewan-based wholesaler, Federated Co-ops, services 360 retail co-operatives with \$2.2 billion of sales in 1989 (Quarter 1992, 19). Co-operative activity in the consumer sector ranges from these large scale wholesalers and their network of stores to the small neighbourhood-based food stores and buying clubs in local communities where each store is owned and democratically controlled by the people who shop in it (Quarter 1992, 21).

There are nine healthcare co-ops in Canada with a total membership of 227,823 benefiting from insurance programs, community clinics and dental services (Simpson 1991, 136).

Childcare co-ops are growing rapidly in Canada. In 1989, there were estimated to be about 800 operating both daycares and nursery facilities (Simpson 1991, 136).

D. Worker Co-operatives

While consumer co-operatives are owned by their customers, worker co-operatives are owned by their employees. From the outside, a workers' co-operative may look like any other business, but its internal structure is very different. Here labour "hires" capital rather than the other way around. A worker co-operative exists to provide members with stable employment in a workplace they control (CCA Pamphlet 1992).

Worker co-operatives operate in a wide range of fields from the printing industry, to retail facilities, plywood and pulp mills, communications and advertising, natural food wholesaling, retailing, and publishing but in statistical terms, the worker co-operative is much less prominent than any of the other models, both in business scale and membership (Quarter 1992, 27 and Simpson, 135).

In Canada, in 1989, there were about 300 worker co-operatives with 6,140 members and \$223 million of revenues (Quarter 1992, 27). About 60% of Canada's worker co-operatives are located in Quebec, where in 1984 the Parti Quebecois government put in place a system of development groups and a government corporation to assist with financing (Quarter 1992, 27). Quebec's 41 forestry co-operatives account for 60% of the business and about 50% of the membership of all worker co-operatives in Canada. The only other significant cluster is in the natural foods business, where such worker co-operatives as CRS, Wild West and PSC dominate the wholesale trade on the West Coast (Quarter 1992, 27).

E. Housing Co-operatives

In a housing co-operative, the residents (or users of the service) are also members, each having one vote in electing the board and in policy committees. In most cases, the co-operative owns the housing collectively and leases it back to individual members. These co-ops offer middle ground between private ownership and renting. In this situation members have much more

control than tenants, over both costs and occupancy, because they are, in effect, their own landlords (CCA Pamphlet, 1992).

Since the mid-1970s, co-operatives have taken hold as a form of social housing. The co-op housing sector has built more than 60,000 units creating 60,000 person-years of construction related employment and 500 full time jobs (CCA Pamphlet, 1992). As of 1990, there were about 1,400 housing co-operatives with more than 200,000 residents, and with a book value of more than \$2.2 billion (Quarter 1992, 21).

By the end of the 1980s there were 6,916 co-operative corporations in Canada with a total membership exceeding 21 million people. Twelve million Canadians belonged to at least one co-operative corporation, and the assets of the movement were \$105.9 billion (Quarter 1992, 15)

As this review has shown some of these co-operatives are small and community-based, such as the grocery-buying clubs found in many communities or the fish processing and marketing co-ops on the East Coast. Other co-ops have become very big businesses. The Federated Co-op chain of retail department stores, the province wide wheat pools in each of the Prairie provinces, and the Inuit art and consumer co-ops have all become significant economic forces.

In either case, small or large, as relevant contributors to the Canadian economy co-operatives have a vital role to play in the economic and social life of our country. The current strength and diversity of the co-operative sector encompass many of the critical areas necessary for local economic development.

3.3 CO-OPERATIVES AND CED

As discussed in chapter two, there is a variety of opinion about what constitutes CED activity. The definition of CED that includes ideas of self-reliance and improving the stability and sustainability of a community economy by reducing dependencies on the market and the state is the definition that will be used as a reference point for the following section. With this view of CED, it is the process of development, the quality of an economy, and the concept of equity that matter most. Diversity is encouraged and human needs are brought into the economic picture through the participation of community members in planning and decision-making processes.

The co-operative model, with its long history of development, wide variety of structures, and durable principles, is very well-suited to the goals of CED. The following section explores the potential of co-operatives to contribute to the CED approach.

3.3.1 Co-op Development and its Contributions to CED

A. Similarities in Development

The early days of co-operative development in Canada echo throughout today's CED movement. Just as farmers in the early 1900s were discontented with central Canadian domination, communities interested in CED today, are frustrated by decisions being made in the head offices of transnational companies. The cause of agrarianism, an impetus for early co-operative

development, with its rejection of "urban evils", disapproval of capitalism and preference for the small community in control of its economic and social life, holds similarities to the "caring and sharing" approach of some CED activists today. With this approach, quality of life takes precedence over material wealth as a guiding force in decision-making. Emphasis is placed on limiting the alienating effects of our technologically driven world by developing an economy where people enjoy co-operating and are truly concerned with each other's well-being.

Ideas central to the early days of the co-operative movement such as: benefiting from the pooling of resources, democratizing the economic system, defending the livelihood of ordinary people and eliminating poverty in the midst of plenty, are all shared by today's CED movement.

The motives and ideals of today's CED movement are reminiscent of the early days of the Canadian co-operative movement. The co-operative movement is now a well-established force in the Canadian economy. Today's CED movement, still in its "early days", could benefit a great deal from experience gathered by the co-operative movement during its development.

For example, the capacity to manage the relationships and tradeoffs between economic and social goals is well developed in many co-operatives (Newman et al 1986, 27). Many CED initiatives could benefit from insights into this balancing process as well as from the technical assistance, training or advice that could be provided by many co-operators.

Over the years, co-operators have also become proficient in interacting with government programs and mobilizing community support and involvement (Newman et al 1986, 27). They have been able to use common goals as a basis for creating strong support organizations at provincial, regional and national levels (Newman et al 1986, 27). If the CED movement is to take root it will need to interact with government programs and to develop a broad network of support institutions. The Canadian co-operative sector should be able to offer useful guidance in both of these areas.

B. Economic Aspects of Co-operation

The Co-operative sector represents an economic force in Canada. As the 1984 Report of the National Task Force on Co-operative Development stated:

Co-operative organizations play significant roles in all regions of the country and in many industries that are critically important to Canada. Co-operatives are also helping Canada to meet the challenge of creating long-term meaningful employment. (National Task Force 1984, 14)

Co-operatives, with their strong community roots, attempt to offer permanent development. They also provide communities with the opportunity for local control and with a response to the impacts of globalization and market deficiencies.

Local Control

The key to CED is local control. Co-operatives are formed to meet the needs of individuals. They are locally owned and the people in control of the co-operative understand the problems and

needs of the local population. The democratic nature of the co-operative structure means that everyone who has a stake in the outcome of a decision has the power to contribute to making that decision. This ability to respond to the needs of people, rather than strictly the needs of capital, by involving people in important economic decisions means that co-operatives can help decrease dependency on outside economic interests.

Response to Market Deficiencies

Many CED initiatives began as reactions against the traditional market system to provide enough employment or as reactions against the neglect of social and community services by the state. By serving these unmet needs and responding to market deficiencies co-operatives are fundamentally a form of community development.

For decades, co-operatives have arisen where other institutions - investor-owned businesses, government - left a deficiency. The process of developing and sustaining a co-operative involves, in miniature, the process of developing and promoting community spirit, identity, and social organization. This grassroots orientation is a reflection of local people taking the initiative to understand the problems they face and to develop solutions. (Ketilson et al 1992, i)

Permanent Development

The grassroots orientation means that co-operatives have traditionally been organized by people associated in one kind of community or another. For instance the community may be geographic or it may be by kind of work (e.g., fishers) or it may be by need (e.g., housing). Regardless of their base, however, co-operatives

survive and prosper because they meet the needs of individuals. Co-operatives have strong community roots and are committed to their communities. Generally, co-operatives are interested in long term benefits. They do not close their doors to move to another province or country because of government assistance or a cheaper work force (Co-operative Working Party Report 1993, 7).

Retain Earnings in the Community

An important element in CED strategies is to reduce the outflow of income from the community. Earnings enter a community from government payments, external sources of investment, and exports of goods and services. The more of this income that is kept in the community the more there will be to circulate throughout the local economy. The principal difficulty in keeping income in a community comes when people in the community use these earnings to purchase goods and services outside of the community.

The implication in this equation is that there needs to be a balance between trying to bring income into the community through external investment, government, and export-oriented activities and trying to develop locally oriented activities that local people can control and where they can purchase the commodities they need. Investor-owned businesses tend to focus on the relatively more profitable export-oriented activities (Ketilson et al 1992, 37). This means that to provide the locally oriented industries that are required to sustain economic activity in the community, other forms of ownership may need to be developed (Ketilson et al 1992, 37).

Co-operatives, given their concern about elements other than just profits, are excellent vehicles for developing these types of locally oriented activities.

Response to Globalization

Many CED activists are concerned with managing the pervasive impacts of globalization and the ever changing whims of world markets. Co-operatives have characteristics that, according to Fairbairn, make them ideal institutions for the community response to globalization.

Co-operatives mobilize community resources, train and develop community members and leaders, and link the community and its interests into the market economy. Co-operatives and co-operation also serve as a model for change and adaptation. Communities challenged by globalization require an alternative kind of development, and co-operatives have structures, ideas, and traditions ready to be applied. (Fairbairn 1991, 10)

C. Social Aspects of Co-operation

Co-operatives have an important social role to play in the Canadian economy. Co-operatives, with their dedication to serving member needs, provide many socially needed but marginally economic services (e.g., day care co-operatives and health services co-operatives). With their commitment to the democratic involvement of members, co-operatives encourage self-help and foster the development of local leadership.

CED involves issues of adult education, social organization and empowerment. The co-operative model is a means to an end for CED because even though a co-operative is basically an economic enterprise that follows certain principles, a co-operative is also

a process of adult education (Fairbairn 1991, 45). Co-operative structures, depending on how the concept of co-operation is characterized and defined, provide people with the opportunity to take charge and help themselves. By involving people in the social and economic decisions affecting their lives, co-operatives enhance their understanding of democratic principles and promote the development of leadership skills. This democratic involvement may be the greatest contribution that co-operatives have to make to Canada (National Task Force 1984, xii).

As this section has shown, the co-operative model, in general, has significant contributions to offer the CED approach. The CED movement could learn many lessons from the experiences of the established co-operative sector. As important economic and social forces in the Canadian economy, co-operatives encompass many areas critical to the success of community development. By its very nature, the co-operative model, with its wide variety of structures, and durable principles is well-suited to meeting the diverse needs of the CED approach.

While the co-operative model, in general, has significant contributions to offer the CED approach, it is the worker co-operative structure, in particular, that holds the most promise as a tool for achieving the aims of CED. In chapter four a case study of CRS Workers' Co-operative provides hope that it is possible to achieve egalitarian goals in the midst of a profit hungry economy.

4.0 CRS WORKERS' CO-OPERATIVE

The purpose of this chapter is to explore the potential role of worker co-operatives in CED by focusing on the contributions of a well-established, successful organization currently operating in British Columbia. CRS Workers' Co-operative, which operates Horizon Distributors, a natural foods wholesaler, and Uprising Breads Bakery, a retail/wholesale bakery, will be the organization that provides the foundation for this study.

The first part of the chapter reviews the history of CRS to see what lessons might be learned from the nearly twenty years the co-operative has been in existence. The nature of ownership, the way in which the basic principles of co-operation have been incorporated into the overall structure at CRS, is considered in the second part of the chapter. The final part of this chapter contains a summary of specific contributions CRS has to offer the CED approach.

4.1 HISTORY OF CRS

The key to the co-operative model is the organizational flexibility of co-operative principles. CRS has seen a substantial amount of growth and structural change since the early days when its roots were in the social movement of the late 1960s. The socio-economic climate in which CRS operates has changed over time and the needs and ideals of the membership have changed along with it. The co-operative has grown from six members supported by

government grants in the early 1970s, to an economically independent organization of 54 members and over \$13 million per year in sales in the early 1990s.

CRS is a dynamic organization, constantly adapting to the needs of its members and the needs of its businesses, continually balancing the desire for democratic control with the efficient and effective decision-making needed to run successful businesses. In order to adapt to changing needs and a tremendous amount of growth, the democratic decision-making structures of CRS have been transformed a number of times over the years. Regardless of the different structures, however, the co-operative principle of democratic control has always ensured that the needs of the members have remained in the forefront.

4.1.1 Early Days

The roots of CRS date back to Victoria in 1971 and a "pre-order" food co-op (buying club) called Amor de Cosmos that was based on principles of consumer control and volunteer labour (CRS History 1989, 3). People in this group were dedicated to co-op ideals. They believed that fundamental changes to society were possible and they were willing to take risks and to volunteer time and energy to achieve their political ideals.

From 1971 to 1973 the group received grants from Opportunities for Youth (OFY) and the Local Initiatives Program (LIP) which they used to help start consumer co-ops throughout the province (CRS History 1989, 3). In 1972 Fed-up Co-operative Wholesale was formed

because there were so many new pre-order co-ops that a central depot was needed (CRS History 1989, 3). By the end of 1973, almost fifty collectives, from all corners of the province, were ordering from and participating in running the warehouse (CRS History 1989, 3).

Member co-ops supplied volunteer workers to the Fed-Up warehouse. The federal grants provided money to pay the salaries and expenses of staff who acted as consultants for the Fed-Up system and the member food co-ops. One of the grants was submitted under the title "Consumer Resource Service" and the initials "CRS" came to be used to describe the consultant group.

The grant money, according to the federal government, was supposed to be used only for the temporary funding of salaries and expenses (CRS History 1989, 4). The CRS workers viewed the salary monies as common property of the "movement" and an important source of capital to seed new projects and make capital expenditures (CRS History 1989, 4). Their answer to the government restrictions and their capitalization needs was to keep only as much of the salaries as they needed to live on and then return the rest to a common pool in the form of a "kickback" (CRS History 1989, 4).

The CRS group was becoming more interested in long-term goals for the movement: "They wanted Fed-Up to be a strong co-operative federation that could handle the ownership and operation of businesses. They wanted a movement that could combine the economic power of member-run co-ops from around the province into a base for change" (CRS History 1989, 5). CRS received a grant from the Local

Employment Assistance Program in 1973 and for the first time the provision of permanent jobs to members became an important objective for the group (CRS History 1989, 5).

Members of the Fed-Up Council were not interested in creating permanent employment, they were distrustful of major growth, stressed the primacy of volunteerism, and felt satisfied with the service which Fed-Up provided" (CRS History 1989, 5). In 1974 the Council directed CRS to establish its businesses, including its wholesale warehouse, independent of the Fed-Up system (CRS History 1989, 5).

Despite their differences and the fact that they were running separate warehouses, the two groups, CRS and Fed-Up, remained loosely affiliated. A political separation of the two groups occurred when the CRS members became interested in the principle of worker control, something quite different from the Fed-Up system where consumer control was paramount (CRS History 1989, 6).

The CRS group began to develop other industries on their own. In 1974 they had two projects in operation. One project involved a beekeeping operation, the other involved some food processing equipment which had been purchased with money from the common pool set aside from worker's salaries (CRS History 1989, 6). By the beginning of 1975 CRS had established Queenright Beekeepers and Tunnel Canary Cannery. (CRS History 1989, 6).

None of these industries was established without a great deal of struggle, both internal and external. Although at this stage workers were beginning to educate themselves in the technical aspects of their work, trades were learned mostly through hard experience. Government funding afforded the luxury of being able to make mistakes....(CRS History 1989, 7)

Aside from operating as a commercial beekeeper, Queenright was also involved in the construction of beekeeping equipment. Beekeeping parts were produced out of pine mill ends for wholesale and retail markets. Production was very labour intensive and control over the source of supply for pine mill ends was extremely difficult. High costs of production coupled with dwindling government funding and a lack of experience in running a business of this nature led the group to decide to dissolve Queenright in 1975 and put their energies into making use of a commercial oven and other bakery equipment which had been donated earlier in the group's existence. Uprising Breads Bakery was up and running by the beginning of 1976.

With LEAP money running out, CRS began to prepare itself to enter the world of independent business (CRS History 1989, 8). In 1976, Collective Resource & Services Workers' Co-operative was formally incorporated under the co-operatives act of British Columbia (CRS History 1989, 8).

4.1.2 Incorporation in 1976

At the end of 1976 CRS was one co-operative with three divisions or enterprises: Tunnel Canary Cannery, Uprising Breads Bakery, and the CRS wholesale warehouse (CRS History 1989, 8). The focus for the workers at this time was to maintain their job security by ensuring that the businesses continued to be viable and by concentrating on improving their skills as workers and managers of their own enterprises (CRS History 1989, 8).

The wholesale business improved enough in 1977 for CRS to move from a 1,000 sq. ft. basement to a proper 4,500 sq. ft. warehouse. There were approximately 14 member-workers at this time including bakery, wholesaler, and cannery workers, as well as two bookkeepers. Management of the businesses was done by the whole group during general meetings which were held every Friday afternoon. Issues such as salary levels, major acquisitions, scheduling of work, purchasing, general policy and goals were discussed by the entire membership at these general meetings (CRS History 1989, 10).

Co-operative sales doubled in 1978 and it became evident that CRS needed a more formal meeting structure that allowed for better preparation, more democratic input and more informed decision-making. Toward the end of 1978 a restructuring committee was established to recommend changes in the management and decision-making systems. As a result of this committee the decision-making process was changed to a structure of sub-committees where of planning, personnel, finance and co-ordination groups made decisions. General meetings were limited to once a month.

By 1979 the wholesaler had outgrown its 4,500 sq. ft. warehouse. The bakery was doing well but the cannery was struggling to break even. The workers were beginning to see the co-op as an ongoing vehicle for social change which they wanted to perpetuate. They started long range planning and out of that planning came the decisions to move to a larger warehouse and to close the economically inefficient cannery.

The cannery was closed because it did not fit the long range plans of the organization. At the time of the move to a larger warehouse the cannery was having difficulty breaking even on what was quickly becoming a highly specialized and expensive product to produce. The cannery's production was highly labour intensive. The fruit was canned in honey syrup rather than sugar, and in glass rather than tins (CRS History 1989, 9). The canning business required large cash outlays at the beginning of every season so that enough jars and fruit could be purchased to create products that would be available throughout the year. Technical knowledge of the canning equipment and processes was required of a few workers but the majority of those working at the cannery carried out assembly-line type jobs.

When the co-op was faced with the choice of investing considerable money in a much larger, more efficient and mechanized operation, subsidizing the present one with profit-making enterprises or withdrawing from the canning business altogether, they chose to withdraw altogether. Balance sheets aside, the bottom line in the decision to close the cannery came from the workers themselves when the question "Who wants to work there?" was asked at a general meeting and no one raised his or her hand (CRS History 1989, 9).

When the move was made to the new 12,000 sq. ft. warehouse CRS took its present form: two enterprises, a retail/wholesale bakery and a natural foods wholesaler, plus an accounting team which serves both (CRS History 1989, 9).

The sub-committee structure improved planning capacity and financial controls, which in turn allowed the co-op to begin to anticipate business needs, rather than merely respond to problems. With the new structure control over the co-op's business environment increased and the co-op prospered.

The move also marked the beginning of CRS' relationship with CCEC Credit Union as the new, larger, location necessitated CRS' first borrowing from the credit union system (CRS History 1989, 9). CCEC Credit Union was founded in 1976 by a group of people active in daycare, consumer and housing cooperatives who decided to pool their organization's money and form a financial institution because they were frustrated by the unwillingness of traditional financial institutions to provide needed capital and other financial services (CCEC Pamphlet 1991). The founding of the credit union was based on a strong commitment to cooperative and democratic principles.

The significance of being able to do business with a like-minded¹⁷ financial institution was very important to the early development of CRS. Although CCEC was not always able to supply all of CRS's financial requirements (due to stringent regulatory controls) they understood the structure of CRS and often acted as a guide to the financial world for the co-op. In fact, CCEC was instrumental in facilitating the development of the first major financing package CRS had with B.C. Central Credit Union. CCEC remains a dominant lending institution for CRS and is the credit union of choice for the personal business of many of today's CRS workers.

4.1.3 A New Decision-Making Structure in 1982

In 1982 the realities of economic recession caught up with CRS (CRS History 1989, 13). The survival of CRS was threatened as sales declined rapidly, and the need to curb costs, particularly in the administrative area, became urgent (CRS History 1989, 13). Consequently, a Structure Evaluation Committee was struck to develop a proposal for a new, more effective and less costly administrative structure (CRS History 1989, 13).

The result of this committee was the creation of a governance structure that included: an elected Board of Directors (consisting of five members accountable to the General Membership) to co-ordinate co-op level activities; a Personnel Committee and an Administrative Collective to do the bookkeeping and accounting for the collectives and to provide the Board with information and analyses regarding collective plans, budgets and performance (CRS History 1989, 13). The food wholesaler and the bakery, although directly accountable to the Board, became more autonomous as a result of the restructuring. They operated as distinct collectives, each responsible for developing yearly plans and coordinating activities within the context of the approved plans (CRS History 1989, 13).

"In addition to saving money, this major restructuring of CRS was intended to provide an administrative structure that could react quickly to internal and external pressures. Information flow and accessibility to information was improved" (CRS History 1989, 14).

In 1984 the work of the restructuring committee went a step further when the membership instructed it to design a new management structure (CRS History 1989, 14). This issue was a turning point for CRS because some members were concerned that a new management team would create a hierarchy that would be in contrast to co-operative principles of worker self-management and responsibility (CRS History 1989, 14). Despite these concerns, however, a proposal to create a general manager, and a manager for each of the two businesses, and for the administrative collective was adopted in 1984 (CRS History 1989, 14). Three people left the co-operative over this issue.

The late 1980s were a time of tremendous growth for both CRS businesses. The Bakery completed an expansion study in 1985, and the following year increased its retail space to include 1,500 sq. ft. (CRS History 1989, 9). There were eleven members at the bakery, eight at the warehouse, four in the administrative collective and the combined sales for the co-op were \$3.0 million. Growth in the wholesale warehouse was phenomenal. In 1988 the wholesaler chose a new name, Horizon Distributors, and moved to a new 36,000 sq. ft. warehouse. In the first year at the new warehouse the number of workers almost doubled and sales exceeded \$5.5 million.

The management structure, originally set out in 1982, evolved throughout this period of growth. The essential nature was preserved as the structure proved to have the flexibility to facilitate growth to over 50 members (CRS History 1989, 14).

The question of how salaries were distributed to the members became more of a focal point during this period of continued growth, as business needs and member needs continued to change. The salary structure that was defined in the late 1970s reflected the society to which the members aspired (CRS History 1989, 15). Every member received the same "base rate", regardless of the job they were doing, and people with children received an added "dependent supplement" on top of this base rate. When the new management structure came into effect in 1984 there was pressure to change the salary structure to reflect the fact that there were now people who had responsibilities defined as different from the rest of the membership (CRS History 1989, 15). In 1986, the membership adopted a "managers' differential" to reflect this difference in responsibility (CRS History 1989, 15). At the same time a differential for seniority was also adopted to reflect the importance the co-operative wanted to place on experience (CRS History 1989, 15).

The issue of managers' differentials was linked closely to the concerns about hierarchy and control which had come out of the earlier restructuring debates. Emotionally charged discussions occurred at the personal and the philosophical level. On one side of the controversy were the people who believed in the flat structure, in the idea that paying one person more than another diminishes the value of lower-paid jobs. On the other side, there were those who felt that it was necessary for CRS to pay closer to the market rate in order to attract and retain the caliber of

people needed to operate an organization of CRS' size and complexity.

4.1.4 A New Salary Structure in 1991

An increase to the managers' differential in 1988 and continued increases in seniority increments did not alleviate pressure on the salary system and in 1990 a Salary Structure Committee was struck.

The result of the Salary Structure Committee work, amidst great turmoil, was the adoption, in 1991, of a four level salary structure based on job types. With the new structure jobs were evaluated and assigned to a salary level according to a set of criteria adopted by the board of directors (CRS History 1989, 16). Managers' salaries were determined separately (CRS History 1989, 16). The salary structure went from a flat base rate (with differentials added for workers with dependents, for managers, and for seniority) to a multi-level system based on a set of job-related criteria. This issue marked another turning point in the co-op's history. Again, some members resigned over this decision.

By 1991, the wholesale operation, Horizon Distributors, had once again outgrown its warehouse space. Sales jumped considerably and space almost doubled when the business moved to a new 55,000 sq. ft. facility. In 1989 CRS had 37 members and sales of \$6.3 million. By 1993 the co-op had grown to 54 members with the combined sales of Uprising and Horizon reaching \$13.2 million.

In 1994 growth continues to pressure the salary and decision-making structures of the co-op. CRS is constantly evolving, continually trying to balance the needs of the businesses with the needs of the members. In order for the businesses to be competitive in their respective markets, they need quality personnel and efficient, effective, decision-making processes. In order for members to be "served" they need an acceptable salary and a meaningful level of democratic control.

In the past CRS has looked to developing goals and statements of purpose to guide their decisions. In the mid 1980s the following "Statement of Purpose" was adopted and remains in place today:

To provide its members with secure, well-paying jobs, within a personally empowering structure; to operate in accordance with the principles of worker ownership and self-management; to be a model of a democratic alternative to the capitalist system; to operate businesses in an environmentally and socially responsible manner, producing goods and services that make a positive contribution to society; to have a work environment that supports the development of non-oppressive attitudes and behaviour; and to support groups who, like CRS, are contributing to the creation of a society where personal, economic and social relationships are based on co-operation and equality.

If CRS is to continue balancing the needs of the members, the needs of the businesses and the needs of the co-operative it will have to review its statement of purpose, and begin the long term planning process of developing new goals for new directions.

4.1.5 Lessons for CED

There is an enormous amount of information and experience wrapped up in the history of CRS. The organization has many lessons to offer other workers' co-operatives and potential CED initiatives.

The high degree of commitment from the founders was critical to the early success of the organization (CRS History 1989, 16). Without clear goals and the payroll "kickbacks" as a base, CRS would have had difficulty surviving the early days of experimentation. A strong ideological base with a clear fundamental goal of providing employment in an empowering structure has been an important guiding feature throughout CRS' development.

The early financial support from the various government grants allowed members to learn by doing, to make mistakes, to make changes and then to move on. Development at CRS has been an ever-changing process showing that in order to be successful the structures of an organization must reflect the needs and the goals of the members. An organization must be willing to reassess goals and make changes as business changes, as people change and as the world changes.

The importance of good management and technical skills, although not stated directly in the earlier history description, has been a critical element in the development of CRS. Growth at CRS did not just occur. The natural food market did not magically open up overnight and the bakery was not simply "in the right place at the right time." People, with skills and imagination,

developed the natural foods market and created excellent products at the bakery. People with abilities in accounting, planning, forecasting, budgeting, marketing, customer relations, and computer systems built CRS. These are not necessarily skills that people brought with them but rather abilities that they were able to cultivate as the organization developed.

Perhaps the most useful lesson the development of CRS has to offer, is simply that: it is possible to create successful businesses where individuals have democratic control over their workplace and their own economic fate.

4.2 NATURE OF OWNERSHIP

CRS has come a long way in 20 years. It started as a small group of people with generalized skills and jobs, operating within a flat salary structure where lines of authority were quite general and decision-making tended to follow a consensus style. CRS is now a large group of people with specific skills and jobs. There are four levels in the salary structure, lines of authority are more hierarchical and the decision-making style tends towards "majority rules". Despite these changes which, to some, seem like the difference between night and day, co-operative principles have always been embodied in the structure of CRS. Principles may have been interpreted differently at different times but the important point is that the organization is still owned and run by its members.

At CRS every member is an owner because upon being approved for membership a worker must purchase \$4000 in shares. CRS, like all co-operatives, operates on the principle of one member/one-vote, which is different from investor-owned firms that operate under the principle of number of shares/number of votes. This difference in principle has significant implications for decision-making and control.

From a business perspective, Horizon Distributors and Uprising Breads Bakery are no different from any other business in their respective industries. Income from operations must exceed expenses in order for them to profit and they must profit to ensure the long term viability of the businesses. In traditional businesses surplus is distributed to investors or owners. The same is true in the case of CRS where surplus earnings are distributed to the worker-owners in the form of bonuses.

The significant contrasts between the two types of organizations come from the role profits play, the way the businesses are controlled, and the way in which surplus is distributed.

4.2.1 Role of Profits

The purpose of CRS is to "provide good quality jobs to as many people as possible in an empowering way" (Worker Co-op 1994, 3). If the businesses are not successful, jobs cannot be provided and the purpose of the co-op is not met.

Ketilson suggests that the role of profit in the different

organizations may lead to different types of decisions and in the case of co-ops those decisions will tend to favour the needs of the members rather than the needs of capital:

The nature of the ownership of economic activity within a community matters. Investor-owned businesses, for instance, will be much more likely to let financial considerations take priority when making decisions about investment or whether to remain in the community. Community-based organizations such as co-ops are likely to place less weight on the profitability of the organization, and more on the economic well-being of the members comprising the organization. (Ketilson et al 1992, 35)

There are many examples at CRS of decisions where the economic well-being of members has overshadowed the strict consideration of profitability. One such example occurred in the early 1990s, when CRS had a period of substantial losses which seriously threatened the viability of the co-op. There were a number of contributing factors to the losses but the two main concerns at the time were, one, to stop the losses and, two, to stabilize the businesses.

The approach the co-op took was to have the board of directors, the general manager and the managers of the three collectives sit down and work out a plan for controlling the situation. With payroll as the co-operative's largest expense, the quickest and simplest answer, from a business perspective, would have been to limit losses by laying people off and cutting payroll.

When the group met, however, they were able to come up with a two-part package of recommendations which did not involve any job losses. A certain level of financial losses was accepted at the outset and then with employment as a priority, the group was able to put together a creative "emergency measures" package which would

allow the co-op to continue to meet its financial obligations to credit unions and suppliers.

The emergency measures involved budget cuts in operations and required members to make collective sacrifices in the way of increased work hours, reduced vacation pay and increased share capital requirements. The second part of the package included a lengthy set of recommendations and goals which would set the course for better management in the future. The key features are:

1. The interests of the membership, namely employment, were the focal point of discussions.
2. Workers, in the form of elected board members, had a significant role in creating the recommendations and providing direction to the managers.
3. Information was open and accessible to all members. Written packages were provided for each person and a verbal presentation was made at a general meeting where members had the opportunity to discuss problems, ask questions and make further recommendations.
4. Workers, at the general meeting level, had the final approval on the recommendations and as such had control over their own economic futures.

5. The whole process was an invaluable learning experience for all those who were involved.

In a traditionally structured business the workers would not have been as intimately involved in the decision-making process, they would not have had access to as much information, and they would not have had as much control over their own economic futures. Also, in a traditionally structured business, the tradeoffs between financial losses and jobs would probably have worked out differently as the level of losses tolerated by the co-op might not have been acceptable in a conventional business, particularly an investor-owned business.

The one member/one vote principle not only enhances organizational responsiveness to member needs and concerns, this principle also allows broad participation of members in the decision-making process. It provides people with both the responsibility and the authority to participate in the decisions that affect their lives, decisions involving employment and income (Simpson 1991, 136).

4.2.2 Democratic Control

In traditional structures control of the business is based on the amount of money invested, usually one vote per share purchased. The more shares owned, the greater the control. In a workers co-operative, like CRS, control is distributed democratically among members through the one member/one vote principle.

At CRS, members have control over their everyday work environments through workgroup meetings. They have input into planning through collective level meetings. Members participate in evaluation and hiring committees as well as other important ad hoc committees such as the Restructuring Committees of the 1980s. They have the opportunity to be involved in policy formation and the overall guidance of the co-op through the elected board of directors. Members also have control over the organization through General Meetings where the general membership has final approval on large capital expenditures and important policies including salary structure and bonus distribution.

The structures for democratic control certainly exist at CRS but it must be remembered that co-operative principles are very flexible and it takes more than just the statement "one member/one vote" to ensure that "meaningful participation in the economic and social policy of the co-op" is actually achieved (Task Force 1984, 39). In fact, as the previous CRS history section revealed, finding the appropriate vehicle for democratic participation in a workers' co-operative is often an ongoing struggle.

4.2.3 The Distribution of Surplus

The egalitarian appeal of the co-operative model is revealed not only in the principle of democratic control, but also in the principle that surplus earnings belong to members, to be distributed in such a way as to ensure that one member can not gain at the expense of another.

Surplus earnings in traditional businesses are distributed on the basis of capital investment, according to the number of shares owned. At CRS, as in other workers' co-operatives, surplus earnings belong to the members and are distributed in proportion to the number of hours worked (not including overtime).

The important feature of this principle is that, according to supporters of the co-op model, the distribution of surplus based on work is a much more equitable way to distribute the fruits of labour than one which is based on capital investment.

4.3 CRS' CONTRIBUTIONS TO CED

4.3.1 Economic Benefits

CRS is a source of stable and lasting employment. In an economy which, at times, can be very unstable, the employment security offered by CRS is of paramount importance to members. If the co-operative were located in a smaller center this degree of security would also be an important source of stability for the community in general:

When the workers control the enterprise, they are able to implement policies which place employment security before other considerations (i.e., short term profits). Job protection helps maintain stable communities while contributing to the broader economic benefits associated with retaining buying power in the community (CWCF Pamphlet 1993).

CRS is no different from other businesses in that it generates wages to be spent in the economy, purchases supplies and services from local businesses, and pays its share of taxes. The figures

associated with these activities are a drop in the bucket compared to the 800,000 job economy of Metro Vancouver but CRS contributes nonetheless.

Again, the impact of CRS on such a large economy may not be significant but worker ownership does mean local ownership and to a certain extent this ensures that earnings remain in the provincial economy rather than being siphoned off to another part of the country or the world.

The structure at CRS, and in most worker co-operatives, is conducive to better labour/management relations and higher productivity. Workers, co-ordinators and managers make plans together. The tension and distrust inherent in traditionally run businesses is minimized by a structure which ensures that the views/needs of the membership are included in the decision-making process.

CRS workers gather knowledge of the businesses through their participation in workgroup, collective and general meetings. By understanding how the businesses operate members are better able to look for ways to improve productivity. The benefits of increased productivity are not guaranteed but being an owner and working alongside your fellow owners tends to provide enough incentive to ensure that improvements do get made and that certain standards are met.

The economic benefits of CRS occasionally extend directly to community-oriented groups and organizations. CRS has a policy which calls for a certain percentage of earnings to be allocated to

a "Communities Fund". Over the years this fund has provided financial support to wide variety of groups and organizations ranging from the Strathcona Gardens Composting Project, Kiwassa Neighbourhood House, and the Lil'Wat Peoples Defense Fund to MATCH International, the Philipine Womens' Centre, and an agricultural co-operative in Nicaragua. Many other organizations have been the recipients of smaller food donations distributed throughout the years.

4.3.2 Educational Benefits

CRS endorses the co-op principle of education. The importance of member development and the co-op's commitment to the ongoing education of members is reflected in CRS' yearly budget which contains liberal allowances for training and education. Members can take job-related courses in areas such as baking, computer training, marketing, accounting, and first aid or more general courses on subjects such as conflict resolution and unlearning racism.

The structure of CRS allows for informal education to happen on a much larger scale than the formal education. Members gain valuable economic experience through participation in business planning and decision-making. They become familiar with the financial aspects of business through reports and presentations at collective and general meetings. Members have the opportunity for development through participation in committees ranging from hiring and evaluations to safety and new products. The Board of Directors

which is open to all, except managers, offers members an exceptional opportunity to gather experience and knowledge in creating policy, debating difficult political issues, analyzing financial information, and planning for all aspects of the businesses and the co-op.

Despite the formal training courses and the informal learning opportunities inherent in the structure of CRS one of the most interesting sources of education comes from the workers themselves.

A rich diversity of individuals has been drawn to the organization over the years. The exchange of ideas and perspectives among the workers, whether it occurs in the boardroom or in the lunchroom, can often be the source of some of the most meaningful learning experiences available at CRS.

4.3.3 Co-operative Community

CRS takes its role in the co-operative community seriously. Since 1972 the members have worked to increase the profile and likelihood of co-operatives in the community.

In earlier years, members were directly involved in creating consumer co-operatives and publishing information pamphlets. Today, CRS members provide information, advice, board seminars and financial management workshops to other co-operative organizations.

CRS contributes financially, in the form of membership fees, to organizations dedicated to promoting the development of co-operatives and CED initiatives, such as: the Social Planning and Review Council of British Columbia (SCARP), the Canadian Co-

operative Association (CCA), and the Canadian Worker Co-operative Federation (CWCF).

Representatives from CRS have been very active participants in the CCA over the years and have taken leadership roles in the founding the CWCF and in developing a number of CCA initiatives. Members continue to represent CRS provincially and nationally at co-op meetings and conferences. Recently, a member of CRS was involved in a network of CED activists which was responsible for organizing a consultation with ministers from the provincial NDP government.

4.3.4 Needs of People

The most significant contributions CRS has to offer the CED approach comes from its ability to meet the needs of the people who work there. Members have control over the workplace and the working conditions. They control their own economic lives. Members have access to the highest level of decision-making and are involved in the equitable distribution of earnings.

In his paper, "Worker Cooperatives and Community Development", Charles Turner offers a wonderful statement on what worker control means to people:

Only when workers are able to control the workplace on a democratic basis and share equitably in the fruits of their labour are they able to perceive their power as creative beings and act with strength and dignity. Without the opportunity to exercise creative power in the workplace, material incentives become an opiate of the working class, subtly destroying its character (Turner 1987, 65).

As an owner, work becomes more meaningful. The desire to be as productive as possible while ensuring that the needs of individual workers are taken care of provides for an efficient and enjoyable work environment. The alienating effects of "punching a clock" or meeting a specific dress code do not exist at CRS.

There is a portion of the CRS statement of purpose which reflects the organization's commitment to meeting the needs of all members:

...to have a work environment that supports the development of non-oppressive attitudes and behaviour; and to support groups who, like CRS, are contributing to the creation of a society where personal, economic and social relationships are based on co-operation and equality.

These are not just words on a page. There is a culture born out of mutual respect for diversity in lifestyle and opinion that makes CRS a unique workplace.

CRS has proven to be an excellent vehicle for the CED approach. The history of the organization holds many lessons for the development of future workers' co-operatives and other CED initiatives. The democratic nature of ownership at CRS and the egalitarian appeal of the co-operative model, means that human needs and CED concerns for equity, participation, and control are recognized and built into the system of decision-making. The ability of the CRS to provide significant economic and educational benefits to its community and its workers proves that it is possible to create successful organizations where workers have meaningful control over their own economic fate.

5.0 SUMMARY AND CONCLUSIONS

Chapter two introduced the concept of CED as an alternative to conventional approaches to economic development. The CED movement in Canada was shown to have emerged in the late 1970s in reaction to the "crisis of the welfare state" and the failure of the traditional market system to provide adequate employment. A resurgence in the movement occurred in the early 1990s as concerns regarding unemployment, poverty, environmental degradation, globalization, and economic instability continued to plague communities.

The belief that problems facing communities need to be addressed in a holistic and participatory way was emphasized as a key feature of the CED approach. This means that, unlike conventional approaches, CED attempts to integrate economic, social, cultural and environmental issues in a decision-making process that is accessible to members of a community.

Chapter two also explored the broad nature of the CED approach. The general objective of any CED activity was defined as: "to take some measure of control of the local economy back from the market and the state." Three common approaches to CED were examined. Different strategies were found to be useful for different situations depending on what the goals of the initiative were and how the concepts of community and economy were perceived.

I believe that the potential for CED exists in the structural change and communalization approaches outlined in the second

section of chapter two. These approaches involve a wide array of strategies that would be suitable in any number of communities. They are concerned with the quality of the economy, with issues of long-term stability, sustainability, equitable distribution of wealth, fair access to decision-making processes, and quality of life. The communalization approach, in particular, is concerned with developing an economy in such a way that people feel connected on a social/emotional level and are concerned with each other's well-being.

These approaches do not have all the answers. In fact, there are formidable barriers to the evolution of CED, not the least of which is the fact that CED approaches are out of step with the mainstream and tend to be in need of organizational and financial resources.

The strength of CED, however, is that it asks questions such as: how can a country as wealthy as Canada fail to meet the basic human needs of so many individuals? The purpose of CED is not to solve all the problems of the welfare state or to overthrow the capitalist economy in Canada. CED is about making small changes in important places. With the right support, education, and research, CED may be able to provide a better way of meeting people's needs and alleviating problems of unemployment, poverty and economic instability.

The co-operative model was introduced in chapter three as a strategy that could be used to achieve CED goals. The long and diverse history of co-operative development in Canada was traced

back to the 1850s in England and the Rochdale Society of Equitable Pioneers who launched the first successful consumer co-operative.

A historical review of the co-operative movement revealed that the original Rochdale aims and rules were reformulated and reinterpreted over time until they gained the status of "co-operative principles". These principles were shown to have guided the development of co-operative institutions and enterprises throughout the world.

In Canada, the co-operative movement was characterized as following the "liberal democratic" tradition, a pragmatic approach that is able to compete successfully with capitalism by appealing to a person's self-interest rather than strictly to her idealism.

Historically, idealism has always played a part in Canada's co-operative movement but the strength of this practical approach was reflected in the regional patterns of development where co-operative institutions were established mainly to meet the needs of people, regardless of their philosophical opinions of capitalism. There were marketing co-operatives and wheat pools on the Prairie, consumer co-operatives in the cities, caisses populaires in Quebec, and community development co-operatives in Atlantic Canada.

The organizational flexibility of co-operative principles was emphasized in chapter three as the cornerstone of co-operative development. Co-operation was shown to have found institutional expression in everything from banking to utopian communities.

The fact that the co-operative form of business has achieved success not so much driven by profit as by the desire to bring

fairness, equity and justice to the marketplace was highlighted as a significant feature of the co-operative model.

An overview of the types of co-operatives functioning in Canada was provided in chapter three. The amount of community and economic activity being conducted through co-operative institutions was used to illustrate the strength and diversity of the co-operative sector and the role co-operatives play in Canadian economic and social life.

The final part of chapter three explored the potential of the co-operative model to contribute to CED goals. The historical development of the two movements revealed similarities in the motives and ideals that indicated that co-operatives would be well-suited to CED. Emphasis was placed on the benefits CED initiatives could realize from the technical and political experiences of the co-operative movement.

The role of the co-operative sector as an economic force in the Canadian economy provided strong reinforcement for the potential of the co-operative model to make significant contributions to CED. It was emphasized that many CED concerns could be alleviated by co-operative structures that provide communities with the ability for local control, the opportunity to create stable development, and with practical responses to market deficiencies and the impacts of globalization.

The role of co-operatives as a social force in the Canadian economy was revealed in chapter three. The nature of co-operatives, with their dedication to serving member needs and their

commitment to the democratic involvement of members, was recognized as an important feature for achieving CED goals regarding the equitable distribution of wealth and fair access to decision-making.

Chapter three showed that co-operatives, in general, have great potential as vehicles for fulfilling the aspirations of CED initiatives. It was noted that not all co-operatives have the same attributes to offer CED. Worker co-operatives, in particular, were identified as having the type of structure that holds the most promise for meeting people's needs and alleviating problems of unemployment, poverty and economic instability.

Chapter four brought theory and reality together as the contributions of the worker co-operative structure were explored using a well-established organization as a model.

A review of the history of CRS Workers' Co-operative had lessons to reveal for the CED movement. A high degree of commitment by founding members, clear goals, good management and technical skills, early financial support from the government, and an atmosphere which encouraged "learning by doing" were all cited as important factors in the success, especially during the early years, of the organization.

Chapter four demonstrated that the nature of ownership at CRS, guided by principles of democratic control and equitable distribution of surplus, provides the foundation for members to control their own economic lives. CRS showed that it is possible to recognize concerns for fairness and equity, and emphasize human

needs, within an economic decision-making structure and still compete successfully in a profit-driven capitalist economy.

The potential of the worker co-operative structure was exhibited in the economic and educational benefits produced by CRS. CRS was shown to be a place of stable and lasting employment where people have the opportunity to have meaningful control over their workplace and working conditions. The educational experience available to members of CRS was shown to extend past the formal technical training of courses. The opportunity for members to gather knowledge was also shown to be available through democratic structures that rely on the exchange of ideas and perspectives from a rich diversity of participants.

Throughout the co-op's history CRS has struggled to maintain a balance between making efficient and effective business decisions while at the same time maintaining a level of democratic control which is empowering to each member on a personal level. Juggling the needs of the businesses with the needs of the members and the needs of the co-op is a constant battle at CRS and one which any CED organization must be prepared to face.

The socio-economic climate in British Columbia has changed a great deal since CRS first started. Many of the experiences in the early development of CRS could not be duplicated today. The early members of CRS had strong ideological beliefs with roots in the social movement of the late 1960s. Their lifestyles reflected their beliefs and they made significant sacrifices to support the development of the co-operative. This is not to say that

dedication to beliefs is not possible in the 1990s, it is just that times are different. Government funding, UIC in particular, is much more scarce and what funds are available tend to be more tightly administered than when CRS was applying for grants. The experiences of CRS may not be easily duplicated in today's socio-economic climate but the lessons remain valid.

In order for new co-operatives and CED projects to be developed with a reasonable success rate they will need a high degree of commitment over a long period of time. They will need skilled management, clear goals and steady financial support, particularly during the early stages of development. The challenge is in securing financial support and finding or developing people who are interested in alternative economic structures. Co-operatives and community development will not spontaneously emerge. In order for worker co-operatives and other CED initiatives to be developed with a reasonable success rate they must be fostered and supported:

While the view of co-operatives and community development as economic enterprises responding to economic changes and opportunities is important, this is only half of the equation. The other part is that co-operatives and community development projects involve associations of people who have to be supported and educated in order for the development initiatives to be successful (Ketilson et al 1992, 4).

The role of "fostering and supporting" the development of worker co-operatives and CED projects belongs to two main players: the established co-operatives and the government.

Co-operative development will require considerable collaboration between provincial and federal levels of government

and the co-operative sector but the ultimate responsibility for new co-operative development is with the established co-operative organizations.

In this context the term "established co-operatives" is meant to apply mainly to national co-operative organizations such as the Canadian Co-operative Association (CCA) and the Canadian Worker Co-operative Federation (CWCF), but where appropriate, it may also include some of the larger, more well-established co-operative institutions.

You cannot expect to develop alternative business and economic structures if people do not understand the basic principles of CED or co-operatives. Established co-operatives must be the driving force in generating awareness in government and in the general public about co-operatives. They must also be the driving force in organizing the co-operative movement in Canada. Established co-operatives must be prepared to support the development of the co-operative model, lobby governments, and provide education in the ways of co-operation.

In order for the co-operative sector to become more fully developed there must be a basic level of comprehension "out in the world" regarding the co-operative model. Different groups have different educational needs, ranging from an introduction to the structures and benefits of co-operatives for government officials and staff, to generating interest for the co-operative model in the general public, to providing start up educational resources to new co-operatives and CED groups.

Established co-operatives must educate the government about the role co-operatives have to play in community development. They must collaborate with government to help create the types of policies, legislation, and programs that are needed to foster co-operative development.

Established co-operatives must be prepared to use their resources, knowledge and technical expertise, to further the development of the co-operative movement. They must work to increase integration within the co-operative movement and to encourage more co-operation among co-operatives.

The 1992 Report to the Federal/Provincial Task Force on The Role of Co-operatives and Government in Community Development had a number of recommendations for the role of established co-operatives. The focus of these recommendations was on the role of established co-operatives to provide education and training, leadership, technical expertise, and funding support to newly developing co-operatives and community development organizations (for a detailed list of these recommendations please see the Appendix).

In 1993 there were also a number of recommendations regarding the role of the co-operative sector in the economic development of British Columbia put forward in a Report of the Working Party, The Consultative Group on the Role of Co-operatives in Community Economic Development (please see Appendix for detailed list of recommendations). Similar to the Task Force recommendations the Working Party recommendations focus on the role of co-operatives in

providing education and generating awareness. The Working Party recommendations, however, go a step further because they also emphasize the need for widespread consultation between government and co-operative representatives to ensure that appropriate legislative and taxation changes are made and to encourage the creation of policies and programs which will help foster co-operative development.

Both sets of recommendations reflect the need for established co-operatives to take an active role in developing the CED and co-operative movements in Canada. The primary areas of activity identified in these recommendations include: generating awareness, providing education, training and support, investigating legislative and taxation changes, providing input into the development of policies and programs, and investigating funding arrangements. Both sets of recommendations suggest that relations with the government are the key to any of this work. Without the ongoing collaboration and support of the government, the pace and quality of CED and co-operative development will be limited.

Provincial and federal levels of government must be open to exploring the possibilities of alternative forms of development, they must be willing to collaborate with the co-operative sector and active CED groups, and they must be prepared to make changes in the way development is approached.

The government must be willing to provide policy support to co-operatives in general and workers' co-operatives in particular. They must also be willing to include the co-operative sector and

CED groups in consultations concerning new policies (i.e., policies regarding economic development, social welfare, or education).

The government must provide legislative support to co-operatives. This includes making changes to regulatory and taxation legislation that would provide incentives and remove barriers to co-operative development and ensure that co-operatives enjoy the same treatment as traditionally structured businesses. For example, the Employee Investment Act (EIA), which governs the Employee Share Ownership Program (ESOP) and the Working Opportunity Fund (WOF), prevents participation by co-operatives. The Small Business Venture Capital Act (SBVCA), which governs the Equity Capital Program, also precludes the participation of co-operatives. This means that tax credit incentives to encourage equity investments are not available to co-operatives. Lack of financing is often a problem for co-operatives and not having access to government incentive programs is a significant barrier to co-operative development.

The government can nurture the development of CED and co-operative enterprises by committing adequate resources to provide information and to support training for these new types of initiatives.

The government must be willing to provide the kind of financial support that will foster CED and co-operative development. Few governments are in the position to commit large amounts of new resources to new initiatives but by restructuring

existing development programs and policies it is possible that adequate financial support could be made available.

There needs to be support for the creation of development agencies/resource groups to help promote and distribute information on co-operatives and CED enterprises. These resource groups could also initiate pilot projects and support the start up of new initiatives.

Education is the key to the development of alternative approaches. CED is based on a very democratic, participatory approach to decision-making that requires that everyone involved have a certain level of knowledge and skill not only as far as the operation is concerned but also in terms of working with others in a democratically run organization. This means that interpersonal skills must be developed right along with technical business skills such as planning and budgeting. There needs to be considerable investment in developing education and training programs that suit the unique needs of CED and co-operatives.

Overwhelmingly, the most serious problems to arise in any CED project stem from either management difficulties or a lack of financial resources (Wisner and Pell 1983, 74). There needs to be support for research into what can be learned about the funding arrangements and management structures of successful ventures.

Access to financial resources is a continuous problem (Clague 1985b, 4, Shera 1986, 126). There is a need for financial resources during the start up phase and in the day-to-day operation of any organization. Established co-operatives and CED groups must

work to develop existing community funds (i.e. credit unions, union pension funds, church investment, community venture accounts) but there is still a large role for government to play in providing financial support to new initiatives in the form of loan guarantees, interest subsidies, start up grants, and venture capital funds.

The 1992 Report to the Federal/Provincial Task Force on The Role of Co-operatives and Government in Community Development outlined recommendations for the role of government in Community Development (please see Appendix for detailed summary of these recommendations). To understand the complete rationale behind these recommendations, one would obviously need to consider them in the context of the Federal Task Force Report in which they were written but for the purposes of this summary it is enough to suggest that government must be seen as a facilitator and supporter of co-operative development through the provision of business and organizational assistance, through appropriate legislation, and through educating and training its own personnel about co-operatives (Ketilson et al 1992, 5).

The Federal Task Force recommendations on the role of established co-operatives and the role of government in creating a climate for co-operative community development were written by a research group from the Centre for the Study of Co-operatives in Saskatoon. This research group was commissioned by the federal and provincial ministers responsible for co-operatives. The Provincial Report recommendations on the role of co-operatives in community

economic development were written by a committee of individuals including government officials, representatives of co-operatives, credit unions, Community Economic Development organizations and trade unions.

As efforts that involved extensive collaboration with two levels of government and considerable input from the leaders of the CED and co-operative movements, the recommendations contained in these two reports represent the best available opinions on the future direction for the development of co-operatives and community economic development in Canada. If even a portion of these recommendations are realized, many Canadians will have the opportunity to improve the quality of their lives through interesting new perspectives and new economic structures.

Planners have a role to play in bringing some of these new perspectives and new structures to fruition but to help make changes happen planners must be open to alternative forms of development. They must be willing to educate themselves about the CED approach and they must be familiar with the co-operative model and all the strategies CED has to offer.

Planners must work towards educating local community officials about CED options. They must be willing to collaborate with CED groups and the co-operative sector in facilitating discussion and education of the co-operative model and the CED approach in the community.

Planners must be prepared to experiment with these different approaches in their work. The planner must be able to understand

the relationship between the economic and the social development of a community and to identify tradeoffs that have to be made by communities engaged in CED (Boothroyd 1991, 1).

The role of the planner will vary according to community goals but in general the planner needs to have a broad perspective, must be willing to make planning processes more participatory and must be able to provide information and guidance to the community on the use of a variety of CED structures.

The purpose of this thesis is to generate awareness about the potential of CED and the co-operative model as alternative approaches to alleviate some of Canada's current social and economic difficulties. At the very least, CED has proven to be useful in encouraging communities and individuals to consider more than just the growth aspect of development. By opening up the perspective on concepts of economy, community, and development, CED causes people to consider a variety of goals, priorities, and tradeoffs when making decisions. There are co-operatives and CED initiatives operating in the nooks and crannies of communities across the country. CED offers a promising approach to many of Canada's social and economic problems; for this reason it deserves to be developed further. By exploring the general concepts of CED and co-operation this thesis lays the groundwork for research that can focus more on the details of how various CED institutions can be created, organized and sustained over time.

There is much to be learned from cases like CRS and the many other co-operatives and CED activities currently operating in

Canada. Aside from the many spontaneous initiatives, there are also provincially supported worker co-operative development programs in Quebec and Manitoba (Webb 1987, 84). British Columbia could benefit substantially from studying the funding models, the successes, and the failures of these programs.

In order for the CED and Co-operative movements to continue to develop, weaknesses must be limited and strengths must be built upon. This can only happen if experiences are documented and studied. The arena for further research on CED and co-operatives is wide open.

APPENDIX

A. ROLE OF ESTABLISHED CO-OPERATIVES

(1992 Report to the Federal/Provincial Task Force on The Role of Co-operatives and Government in Community Development)

- 1.0 It is recommended that co-ops educate their members, elected officials and staff, and the general community regarding the importance of community development initiatives to the long-term viability of the community, and hence, the long-term viability of the co-ops.
- 2.0 It is recommended that co-ops become actively involved in providing the infrastructure required for community development. This includes:
 - 2.1 Providing resources to allow communities to conceptualize the problems they face and solutions that can be attempted.
 - 2.2 Providing education and training regarding co-op and community development organizations; and
 - 2.3 Providing technical expertise for such activities as project feasibility assessment, the design of co-op specific financial management systems, and exploring innovative funding mechanisms.
- 3.0 It is recommended that the established co-operatives provide leadership in providing recognition and support to community development initiatives. This would include:
 - 3.1 Publicly recognizing the importance of an initiative to a community, and lobbying on its behalf; and
 - 3.2 Lobbying government on behalf of an initiative to assist the project in dealing with regulators.
- 4.0 It is recommended that co-operatives and credit unions take a lead role in providing loans, investments, and loan guarantees for co-op community development activities.
- 5.0 It is recommended that examples of funding models such as those provided in the case studies be further supported, studied, and evaluated by co-operatives and credit unions for their general application to co-operative models of community development.

- 6.0 It is recommended that issues relevant to the fuller participation of women, aboriginal people, visible minorities and the disabled in co-ops be discussed, reported and given priority by co-ops and credit unions.

B. ROLE OF ESTABLISHED CO-OPERATIVES

(1993 the Report of the Working Party, The Consultative Group on the Role of Co-operatives in Community Economic Development)

- 1.0 Recommended that efforts be continued to ensure that existing legislation treats co-operatives fairly.
- 2.0 Recommended that the co-operative sector in British Columbia and B.C. government officials, in consultation with the Co-operatives Secretariat of the Federal Government, develop an appropriate strategy for the collection of more complete statistics on the B.C. co-operative movement.
- 3.0 Recommended that the co-operative sector and Provincial Government jointly develop an awareness campaign aimed to promote the sector's development.
- 4.0 Recommended that a Working Party be appointed to consider how access to training for managers for new co-operatives and community development enterprises might be improved.
- 5.0 Recommended that representatives from the Ministry of Education be identified to meet with representatives of the co-operative sector to:
 - 5.1 Review the existing curriculum to evaluate its treatment of the co-operative sector.
 - 5.2 Identify ways in which unfair or incorrect references to co-operatives can be removed.
 - 5.3 Advise on how information on co-operatives can be included in the curriculum in the same way that information is provided on the private sector.
- 6.0 Recommended that the co-operative sector and the Provincial Government enter into discussions as to how co-operative studies might be encouraged in post secondary institutions.
- 7.0 Recommended that co-operative representatives be considered for inclusion on more government commissions, boards of enquiry, and crown corporations.
- 8.0 Recommended that B.C. co-operatives be consulted and, as appropriate, involved in all relevant provincial trade initiatives.

- 9.0 Recommended that the British Columbia Government ensure that co-operatives are treated equally in all the development activities in which it is engaged.
- 10.0 Recommended that representatives from the co-operatives sector and the B.C. Government ascertain the approximate economic value of the roles played by co-operatives in the province; and that co-operative development expenditures reflect the co-op sector's role in the economy.
- 11.0 Recommended that the British Columbia Government consider extending taxation benefits to members investing in their co-operatives.
- 12.0 Recommended that the Government of British Columbia work closely with the worker co-operative sector to encourage the further development of that sector.
- 13.0 Recommended that the B.C. Government, along with representatives of the First Peoples, appropriate representation from the federal departments concerned, and representatives from the B.C. co-op sector, investigate ways in which First Peoples in the province might become better informed about co-operatives.
- 14.0 Recommended that the Government of British Columbia designate a Minister in a major Ministry responsible for relations with co-operatives; that his or her Ministry allocate resources to foster government relations with co-operatives; and that his or her Ministry allocate resources to foster a better understanding of co-operatives among all government ministries.
- 15.0 Recommended that the Minister responsible for co-operations consider appointing a committee of co-operative leaders to advise him or her on issues of concern and potential of new co-operative programmes.
- 16.0 Recommended that the Provincial Government identify a working group from the Government Departments concerned with economic development that could work with representatives from the B.C. Region of the Canadian Co-operative Association to investigate ways in which new co-operatives might be encouraged.
- 17.0 Recommended that an ongoing Advisory Committee on the role of co-operatives and credit unions in community economic development be established; that a working party of this Advisory Committee be established to initiate action on the recommendations contained in this report and other recommendations generated by the Advisory Committee.

C. ROLE OF GOVERNMENT

(1992 Report to the Federal/Provincial Task Force on The Role of Co-operatives and Government in Community Development)

- 1.0 It is recommended that government develop appropriate policy, legislation and programs that are flexible and adaptable to specific project settings, adopting an "initiatives" focus rather than a "specific programs" focus.
- 2.0 It is recommended that the role of government be one of support rather than active development and that this support extend to co-operative initiatives that will create sustainable development, such as co-operative development agencies not just new co-operative development.
- 3.0 It is recommended that government take a leadership role in recognizing the importance of community development initiatives.
- 4.0 It is recommended that community development programs promote intercommunity co-operation, not competition.
- 5.0 It is recommended that government develop programs which contribute to the development of skills within the target communities, rather than providing for the flow of resources and skills to those outside the community.
- 6.0 It is recommended that core funding for community initiatives be provided for a minimum of five years.
- 7.0 It is recommended that provincial loan guarantee programs be used to back up local funds, developed to provide loans for startup and expansion of community development initiatives.
- 8.0 It is recommended that government be willing to accommodate wide variation in the funding models employed and that examples such as those provided in the case studies be further supported, studied, and evaluated for their general application to other provinces.
- 9.0 It is recommended that government provide adequate staff and resource support for training local people to deliver education programming in their own communities and that this educational programming focus on four areas: education specific to community development; education specific to the operation of business; education specific to co-operatives as an institution; and, education specific to the initiative.

- 10.0 It is recommended that government employees attend an orientation program regarding the characteristics of co-operative organizations, most notably, their viability as an organization with both economic and social objectives.
- 11.0 It is recommended that government employees attend an orientation program regarding the characteristics of co-operative models of community development.
- 12.0 It is recommended that a process to eradicate the barriers faced by marginalized groups be established through education, legislation, policy and program development.

ENDNOTES

1. The "crisis of the welfare state" is referred to by many authors. Please see; Boothroyd and Davis (1993), Bruyn (1987), Hunsley (1986), Ross (1986), MacLeaod (1986), and Clague (1985).
2. For views relating CED to concerns about the impacts of "globalization" and the degradation of the natural environment please see; Nozick (1992), Plant & Plant (1992), Fairbairn et al (1991), Dauncey (1988) and Morehouse (1989).
3. The term "communities" is meant to include geographically defined communities as well as communities of interest.
4. This is by no means an exhaustive list of all the CED activities and ideas which were being developed in the early 1980s but for a sample of some of the things that were happening across Canada please see: Wismer & Pell (1981), Campfens (1982), Dorsey and Ticoll (1982) and Clague (1985a).
5. Please see Nozick (1992), Fairbairn et al (1991) and Benello (1989) for more information regarding concerns over the impacts of globalization and environmental degradation.
6. The ideas of Fritz Schumacher are referred to by many CED activists and writers. For further reference please see: Schumacher (1973), McRobie (1981), Wismer & Pell (1981), Ross & Usher (1986), Nozick (1990), and Boothroyd & Davis (1993).
7. Please see Wismer & Pell (1983), Newman et al (1986), Fairbairn et al (1991) and Boothroyd & Davis (1993) for references regarding the historical relationship between the co-operative and the CED movements.
8. Please see Circles of Strength: Community Alternatives to Alienation edited by Helen Forsey (1993) for examples of intentional communities.
9. Please see Boothroyd and Davis (1993) or (Boothroyd (1991) for details on their CED typology.
10. For detailed definitions of community, economy and development please see Boothroyd and Davis (1993) pp 230-231.
11. Please see Boothroyd and Davis (1993) 234 for further references on comanagement, nature conservancies, community land trusts and cooperative housing.
12. See also Clague (1985), Wismer and Pell (1983) and Newman et al (1986) for similar explanations of CED principles.

13. Please see Brett Fairbairn's paper "Co-Operatives and Globalization: Market-driven Change and the Origins of Co-operatives in the Nineteenth and Twentieth Centuries" in Globalization and Relevance of Co-operatives for an extensive description of the effects of the Industrial Revolution on "Community" in Britain.

14. The figure of 12 million comes from the 1991 edition of statistics from the Co-ops Secretariat and includes the combined membership of all Consumer Co-ops, Credit Unions, Housing Co-ops, Marketing Co-ops, Service Co-ops, and Worker Co-ops across Canada.

15. (Co-op Working Party Report 1993, 18 and McGillivray and Ish 1992, 20 but really originally came from the ICA, "Report on Cooperative Principles, p35)

16. Housing and financial co-operatives are also considered "user-based" co-operatives but their contribution to the Canadian economy is significant enough to warrant separate descriptions in this section.

17. The following is a statement of purpose from CCEC which bears many similarities to the statement of purpose at CRS:

1. To promote group solutions to individuals' problems through the development and maintenance of co-operatives and self-help groups responding to basic human needs and community needs, and supporting one another.

2. To support and promote responsible action in the areas of social justice, racial and sexual equality, worker democracy, and conservation.

3. To develop, support, and promote models for economic organization that foster and further community, consumer, and worker control, and membership participation.

4. To provide ourselves with needed financial services at reasonable costs.

5. To educate ourselves and the larger community in the areas of finance, economics, and politics, towards the end of obtaining a more equal distribution of wealth.

6. To maintain a workplace open to worker participation in determining responsibilities, accountability for work performed, and the quality of worklife. (CCEC Credit Union Pamphlet 1991)

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