

# Humanizing the Economy

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**The Co-op Connection**

# Co-ops in the world

- First modern co-op: Ambelakia 1772; Rochdale 1844
- 1 Billion members in 145 countries
- In US, 30,000 co-ops employ 2 m.
- In 2010, the US 100 largest agriculture co-ops reported near record revenue (\$118 billion).

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# Top Co-op Economies

**Rank – Cooperative Economy Index** (Membership, Employment, Annual Gross Revenue)

1 New Zealand	6 Netherlands
2 France	7 Germany
3 Switzerland	8 Austria
4 Finland	9 Denmark
5 Italy	10 Norway

Note: Two thirds of the countries listed in the top ten co-operative economies also make up 8 of the top 12 spots on the Social Progress Index.



# Top Social Progress Economies

**Rank – Social Progress Index (basic human needs, opportunity, access to knowledge)**

1 New Zealand	6 Sweden
2 Switzerland	7 Canada
3 Iceland	8 Finland
4 Netherlands	9 Denmark
5 Norway	10 Australia

UN Co-op Census, 2014

# Top Co-op Economies

At a national level, the co-op economy comprises over 10% of the GDP in 4 countries:

- New Zealand (20%)
- Netherlands (18%)
- France (18%)
- Finland (14%)

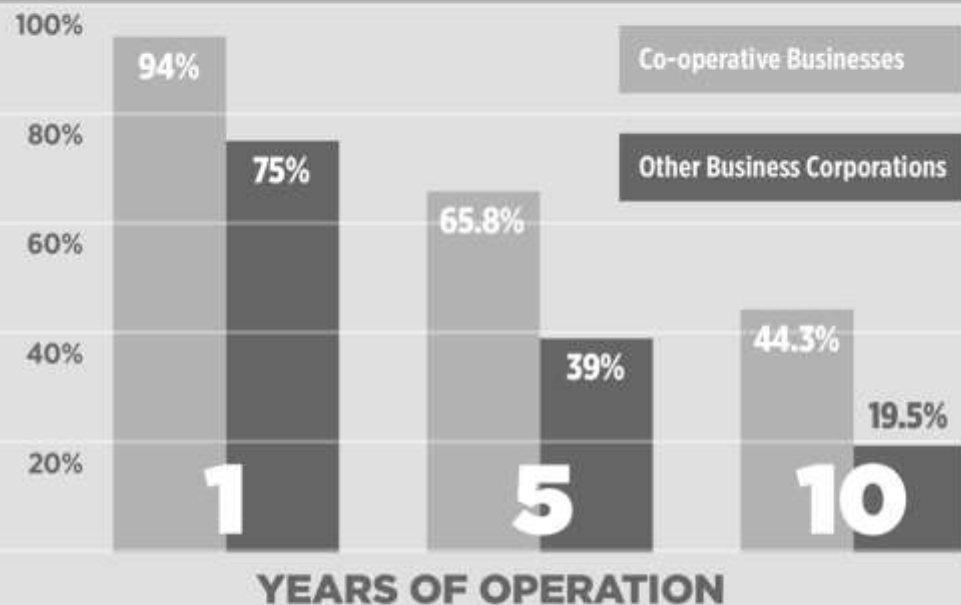
UN Co-op Census, 2014

# Global Sector Analysis

	Total Number	Membership	Employees	Assets	Revenue
1.	Agriculture	2	5	6	3
2.	Undefined	4	3	8	6
3.	Bank/Credit Unions	1	2	1	4
4.	Ed./Social	6	8	10	10
5.	Worker	7	4	9	7
6.	Consumer	3	7	4	5
7.	Purch./Marketing	5	1	3	2
8.	Housing	9	10	7	9
9.	Insurance	11	6	2	1
10.	Utilities	8	11	5	8
11.	Health	10	9	11	11

UN Co-op Census, 2014

# Co-ops outlive corporations.



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

**Sources:**

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



In 1900, Swiss-born & American-born  
co-founded North America's  
first credit union in Quebec.  
It is still thriving.

Ontario Co-operative Association  
**ontario.coop**



# **Co-operative Beginnings**

## **The Great Transformation**

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# A beginning: Social conditions in 19th-century Britain

- Mortality rates, Sheffield, 1837-42:

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

- Causes of death:

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

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



# Life expectancy by region, 1842

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

# What was going on?

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

# Co-ops & Globalization

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

# Co-ops & Globalization

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



# Co-ops & Globalization

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

# Current Trends in Co-operation

- Co-operative movement at a crossroads
- Confusion re: co-op identity; role as social change agents; vision for the future
- Increasing polarization and inequality within the co-op movement

- Four key tendencies
  - Large scale, international co-operatives (Mondragon, Italian multi-national co-ops, International Co-op Banks and Insurance groups (Rabobank; Co-operators)
  - De-Mutualization (Co-operative Bank/Co-operative Group, Large agricultural co-ops (Saskatchewan Wheat Pool, Agricore, etc.)
  - Social Co-operation (social/solidarity co-ops; health co-ops, community service/community development co-ops)
  - Commons/Solidarity start ups (cafes, food services, organics, urban commons (Bologna, Quito) digital commons etc.)

# The Future of an Idea

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



# Co-op system opportunities

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

# Key Issues – Large Co-ops

- Challenge of growth and scale
- Corporatization of organization & culture
- Challenge of capital – access; capital influence
- Managerial elitism
- Disconnection from membership
- Absence of political identity
- Absence of Co-operative Identity

# Key Issues – Small/Medium Co-ops

- Access to capital, training
- Absence of entrepreneurial & managerial skills
- Sectoral & operational Isolation
- Public Policy challenges (little state support; state control)
- Growing alienation from mainstream co-op institutions (e.g. International Co-op Summit – Quebec)
- Absence of institutional supports

# Emerging Sectors

- Food, organics, shared farming/agriculture
- Social care; health care
- Community Service
- Environmental stewardship/services
- Energy
- Small business succession and rescue; rural development
- Co-operative Capital (Opportunity Development Co-ops)
- Solidarity services



# Rise of Open Co-operativism

- Social Co-ops/Solidarity Co-ops
- Community Service Co-ops
- Digital and Material Commons
- Multi-stakeholder co-ops

# Co-operation and Reciprocity: Rise of social co-ops













# History

- Social co-ops appeared as part of a spectacular growth in Italy's social economy over the last 15 – 20 years.
- In the last 25 years, over forty thousand social co-ops have been formed, along with hundreds of new foundations.

# History

- Social co-ops were a response to the demand for new, and better, social services which were not provided by the public sector.
- The rise of civil society, particularly co-ops and Catholic charities, grew against a backdrop of an authoritarian, bureaucratic and inefficient state, and a freeze on public sector hiring.
- Changes in the role of government vis a vis public services, citizen dissatisfaction & cutbacks in funding have led to a rise in co-op models of service delivery.

# Size of social co-op sector

- Today, social co-ops in Italy account for more than 200,000 employees of which 30,000 are disadvantaged workers.
- In Bologna, over 87% of the city's social services are provided by social co-ops under contract to the municipality and public bodies.

# Legislation

- According to law 381, the purpose of a social co-operative is to “pursue the general interest of the community in the human promotion and social integration of citizens”.
- Legislation also stipulates that social co-ops have a special mandate to provide for the integration of disadvantaged persons into society.



# Types of social co-op

The law recognizes two types of social co-op:

- Type A - Community service co-ops, which manage social welfare, health & educational services
- Type B - Employment, education & training co-ops, which undertake commercial or social activities with the purpose of integrating disadvantaged persons

- Type B social co-ops must employ at least 30% of their employees from “disadvantaged groups”
- Law 381 also provides that the ownership structure of social co-ops may be comprised of several categories of members (workers, users, volunteers, investors, public bodies)
- Social co-ops that employ 30% of their workers from disadvantaged groups are exempted from paying tax, and statutory employee costs are provided by the state.

- Social care services provided by social co-ops are not seen as a *replacement* of public services; they are seen as a *complement* to public services.
- Social co-ops receive public funding for the care they provide.

- At both regional and national levels, social co-op federations negotiate directly with governments and municipalities on
  - Funding levels
  - Quality standards
  - Evaluation of services
  - Regulatory systems
  - State oversight



- The future role of social co-ops is seen not only as a source of social care, but also as a means to hold government accountable for the provision of public services.

# Role of municipality

- The law recognizes an affinity in mission between public bodies and social co-ops and emphasizes the possibility of collaboration between them.
- Municipalities & public bodies play a crucial role in the designation of needed services, and in the contracting of social co-ops to provide them.

# From Welfare State to Caring Society

- A new role for the social economy - the creation of a caring society
- The realignment of sectors
  - public
  - private
  - social
- The maturation of the social economy

# The Social Market

- A social market is the space where social goods are produced and exchanged in service of the common good.
- Reciprocity as the basis for exchange
- Social Capitalization of care
  - Rethinking non-profit
  - Reclaiming the market
- Social investment
  - A social currency exchange



# The Social Market

- Furrei Kippu – Japan
- Fondazione del Monte di Bologna e Ravenna

# Co-operative Urban Commons Bologna Regolamento

- The Commons City Project - started in June 12 in city of Bologna
- Focus on collaborative governance between the city and civil society for the creation and stewardship of new and existing commons
- Three initial projects: a public square, section of the city's portici, and a public building.



- The Regulation on Co-operation Between Citizens and Government on the Care and Regeneration of Urban Commons is a framework for the joint care and management of urban commons.
- The underlying principles of the regulation include the following:
  - Recognition of commons as essential to the generation of individual and collective well-being;
  - Mutual Trust between the municipality and the civil groups engaged in commons work;



- Autonomy of citizens to engage and organize in the pursuit of commons aims;
- Flexibility and informality of arrangements and agreements for the co-management of commons;
- Identification and allocation of public assets as resources for collective life and enjoyment;
- Openness, Accountability, and Transparency in the co-management of commons;
- Promotion of social economy organizations as a priority for the production and preservation of commons goods and services.

- The regulation refers to the care and stewardship of a broad range of public assets and services that fall under its jurisdiction. These are described as including,
- *Assets of urban municipalities and tangible, intangible and digital property that the citizens and the Administration recognize as instrumental for realizing individual and collective wellbeing and ... to share with the administration the responsibility of their care or regeneration in order to improve the collective enjoyment.”*

- The regulation also promotes the creation of a range of social economy organizations for implementing this work.
- *The municipality pursues the objectives referred to in this article encouraging the creation of co-operatives, social enterprises, start-ups in social vocation and the development of economic, cultural and social activities and projects.*



- A key provision of this regulation is the requirement for local authorities to designate municipally-owned assets as resources to be used for the realization of these aims.
- *Spaces and buildings referred to in this regulation constitute a resource functional to the achievement of the purposes referred to in this article. The City reserves a portion of these assets to projects that foster social innovation or the production of collaborative services.*

- Bologna has also provided material support for the creation of Iperbole – a Civic Network that promotes telemedia as an “instrument of electronic democracy and socio-economic development of the territory” and the mobilization and engagement of citizens for the care, restoration, and expansion of the commons.
- *To this end, the City agrees with the parties that participate in civic life and the evolution of the network and provide the collaborative environment and civic skills for the co-design and realization of innovative services, data, spaces, infrastructure and digital platforms, such as the medium of the Civic Network.*





# Allianza Solidaria - Quito











# The Emilian Model

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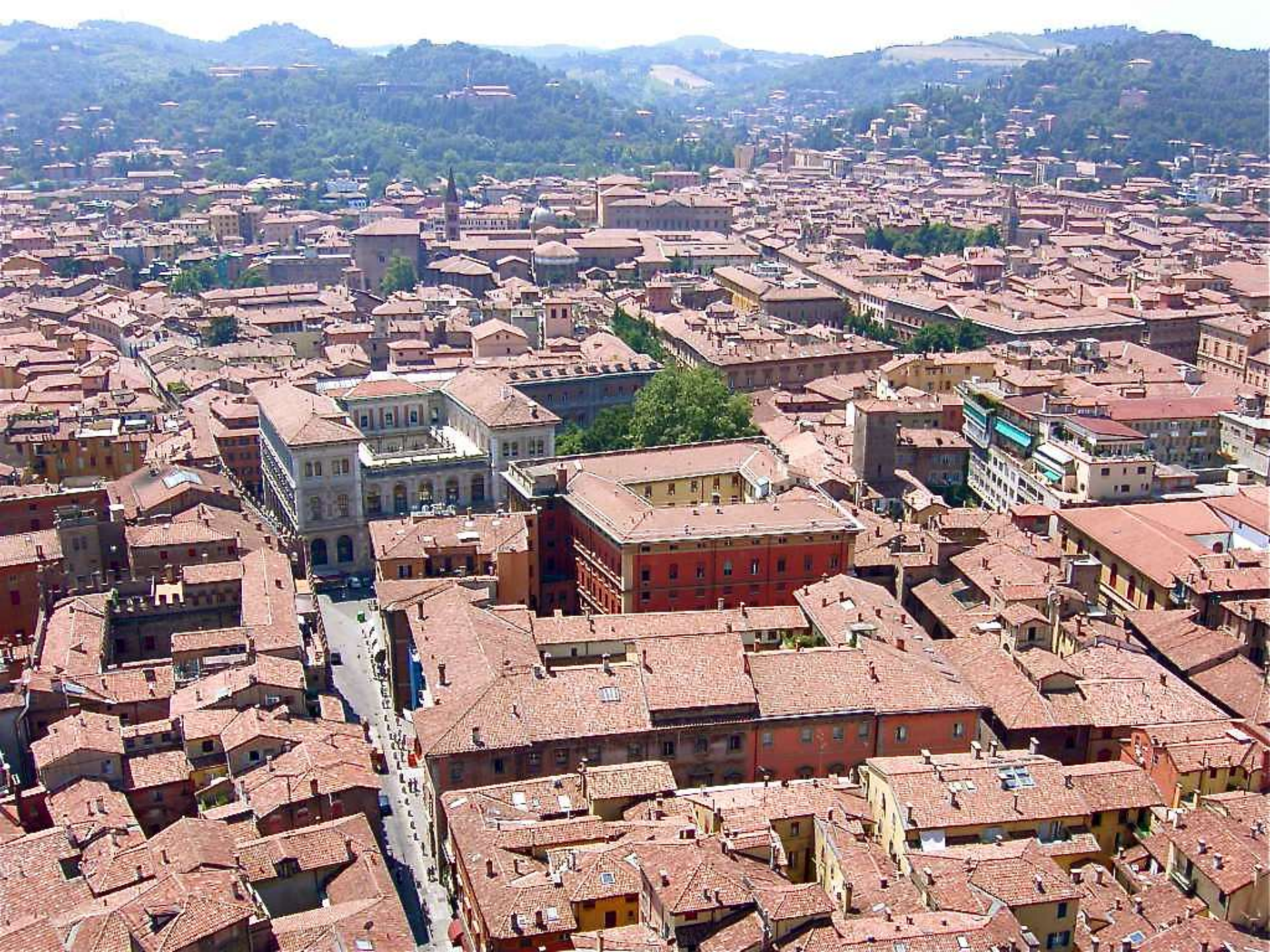
**Framework a Co-operative Economy**

# Emilia Romagna Facts

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









# Emilian Framework





# Institutional Ecosystem

- Government Support
- Enabling Legislation & Public Policy
- Sector-wide associations – Second & Third Tier
- Co-op Development Programming
- Targeted Financial & Tax Supports
- Financial Services – Co-operative Capital
- Training & Education
- Research & Policy Development – University links
- Regional co-op development networks

# The Co-operative Economy

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

# Key Elements

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

- The key thread that ties all of the elements together is a cultural and political strategy that focuses on collective solutions to the challenges of economic and social development.
- Many of these solutions are enacted through the work of associations in the social and private economies, both of which manage issues with government at the regional level.



- Over the years, this approach has been adapted to meet the changing political and economic environment.
- Also, because it is such a highly integrated system, when one of the structural elements changes, the effects ripple throughout the system.

# Capitalist Economy

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

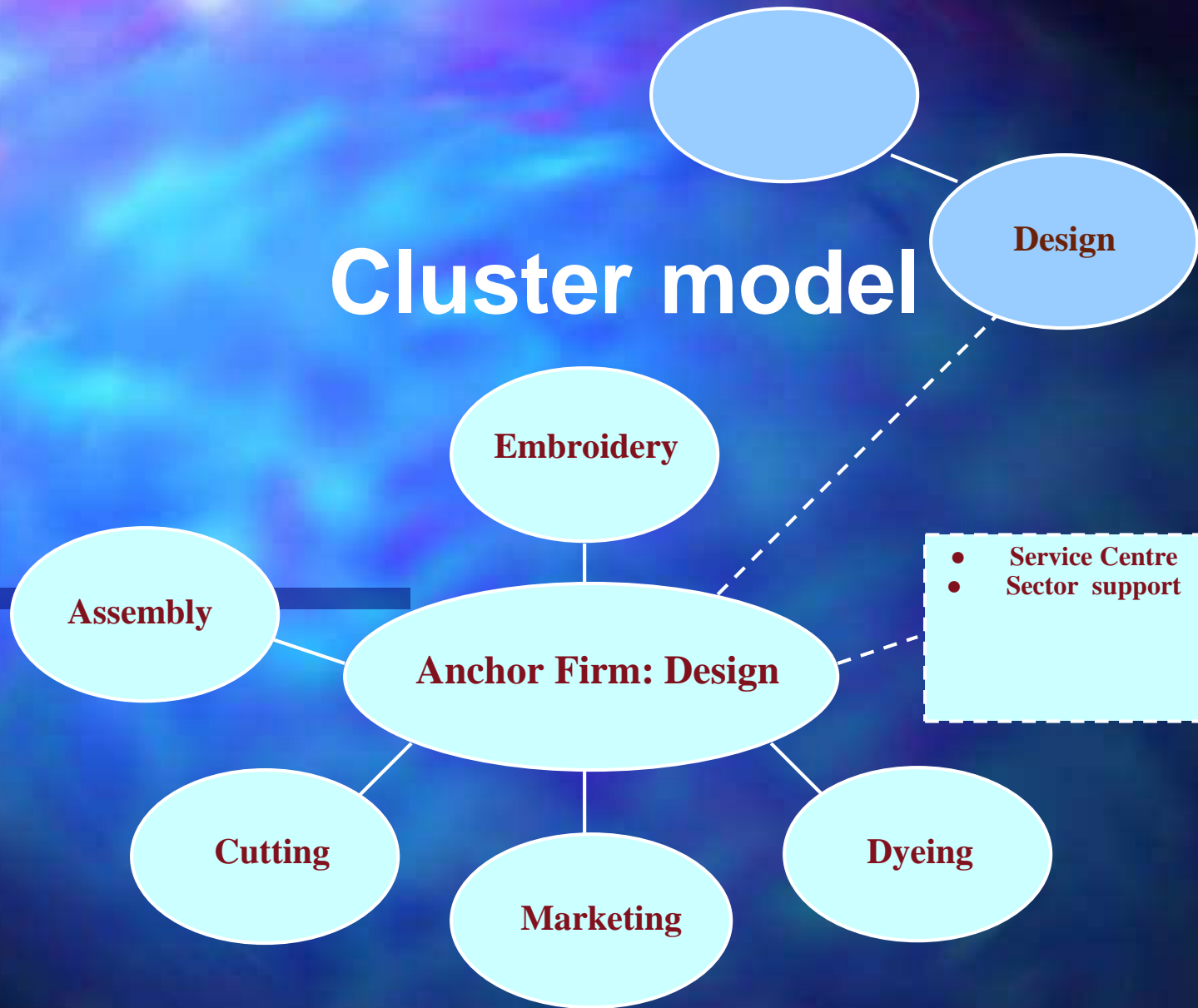
# The Emilian Model

## Key Features:

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



# Cluster model



# Regional Government

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

# Cross-sectoral co-operation

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



# Diffusing Reciprocity

- Transformation of institutional culture
- At both regional and national levels, social co-op federations negotiate directly with governments and municipalities on
  - Funding levels
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# The Partner State

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## The Co-op Connection

# What is a Partner State?

- The Partner State is an *enabling state* in which active citizens for the creation of social value through direct, co-operative democracy is a defining feature.
- In a Partner State, democracy is *generative* – not passive.
- It is the political expression of a society in which knowledge, economics, and social policy are all in service to civic values and the common good.



# What is a Partner State?

- The contemporary Market State is an extreme extension of utilitarian notions of economics in which social relations are subjected to the priority of capital accumulation, and individual self-interest eclipses the interests of society as a whole. Personal worth becomes a function of personal wealth.
- Such a State and such an economic system are not only incapable of redressing the economic and social ills described above – they are the mechanisms by which these social inequities are perpetuated.

# What is a Partner State?

- Access to the essentials of a productive and rewarding life are not a function of market power but rather of the rights of citizenship. Such a policy is also indispensable for the development of a society that is decent, which is to say, a society whose institutions do not humiliate its members.
- The emergence of a decent society is thus intimately linked to the democratization and humanization of its public institutions.

# What is a Partner State?

- The Partner State is an enabling State. Its primary purpose is to maximize the capacity of civil society to create social value and to act as an equal partner in the formation and delivery of public policy for the common good.
- This includes both social and economic policy.



# What is a Partner State?

- The social economy is a source of innovation, of distributed production, and in particular of relational production – something essential to the provision of human services. It is a space of *personal and productive democracy* in contrast to the state's *representative and deliberative democracy*.
- The two domains manifest the requirements of collective versus personal citizenship and each is the necessary complement to the other.
- A new social contract must be based on this fundamental framework.

# Elements of a Partner State

- Democratization & Co-construction of Public Goods & Services
- Guarantee of Minimum Economic Independence – Social Income
- Democratization of the Economy & Restructuring the Productive Matrix – Sector Development (ER)
- Securing the Commons – Common vs. Public (The Commons City)
- Cultural Factors – The Co-operative University

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

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



# Co-op system opportunities

- Co-op values connect to changing values & demands of consumers (ethical consumption, corporate social responsibility, etc.).
- Co-ops provide a model for mobilizing the broader society around common issues - e.g. social services.
- Co-ops provide new strategies for small businesses to survive in a global economy.
- Community empowerment - co-ops offer strategies to meet the challenges of globalization.
- Co-ops provide a way for people to connect to community; to become *proactive* citizens.

# The Co-op Effect

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

# The Co-op Effect

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



# The main point...

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

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# Thank You

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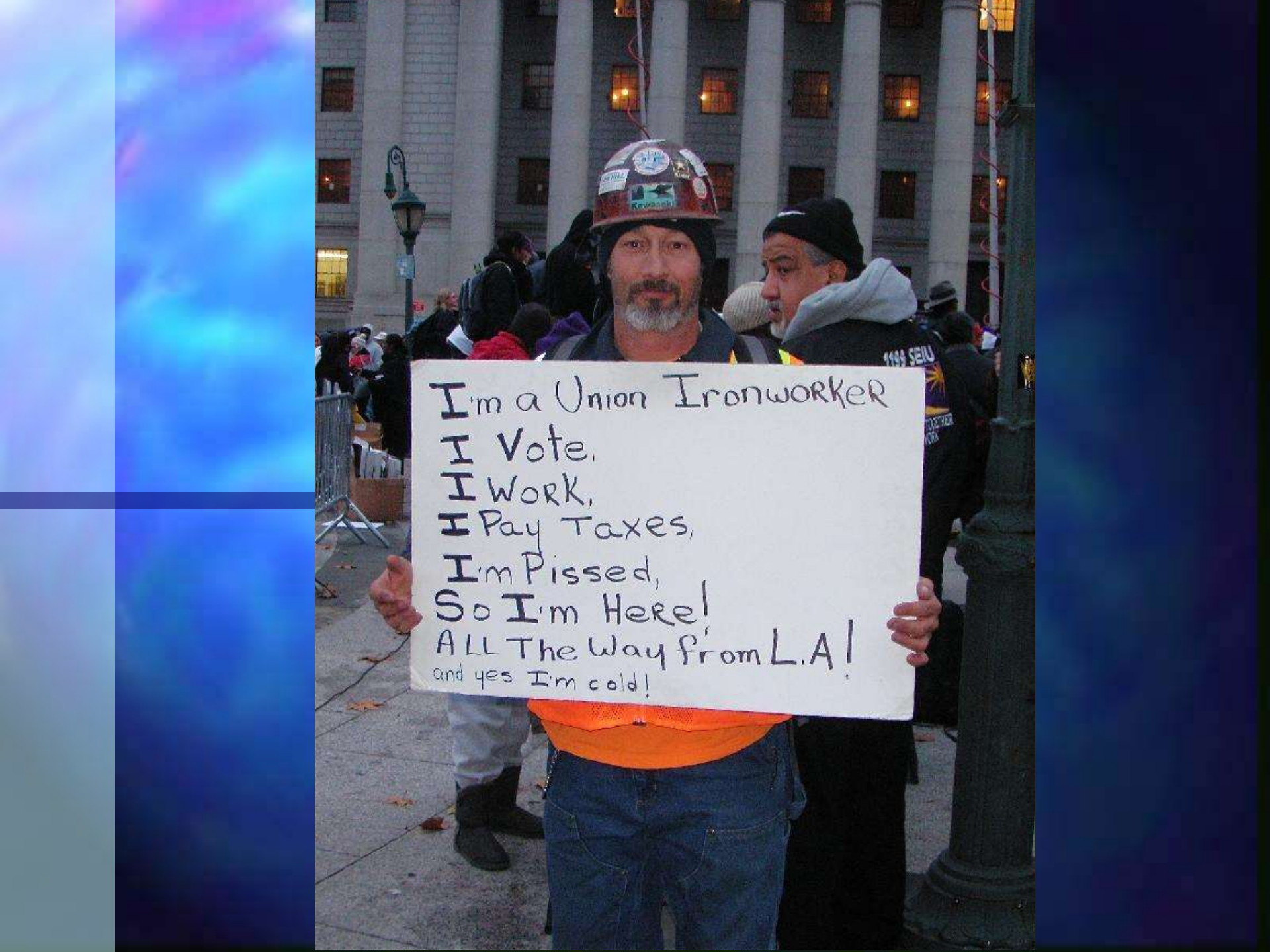
[johnrestakis.net](http://johnrestakis.net)

# Community in Crisis

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**The Co-op Connection**



A man with a beard and a hard hat is holding a large white sign. He is wearing an orange shirt and blue jeans. The background shows a building with many columns and windows, some of which are lit up. There are other people in the background, some wearing winter clothing. The scene appears to be a protest or demonstration.

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

**WE  
ARE  
THE  
99%**





Figure 1  
Average membership rate in 32 national  
chapter-based voluntary associations, 1900-1997

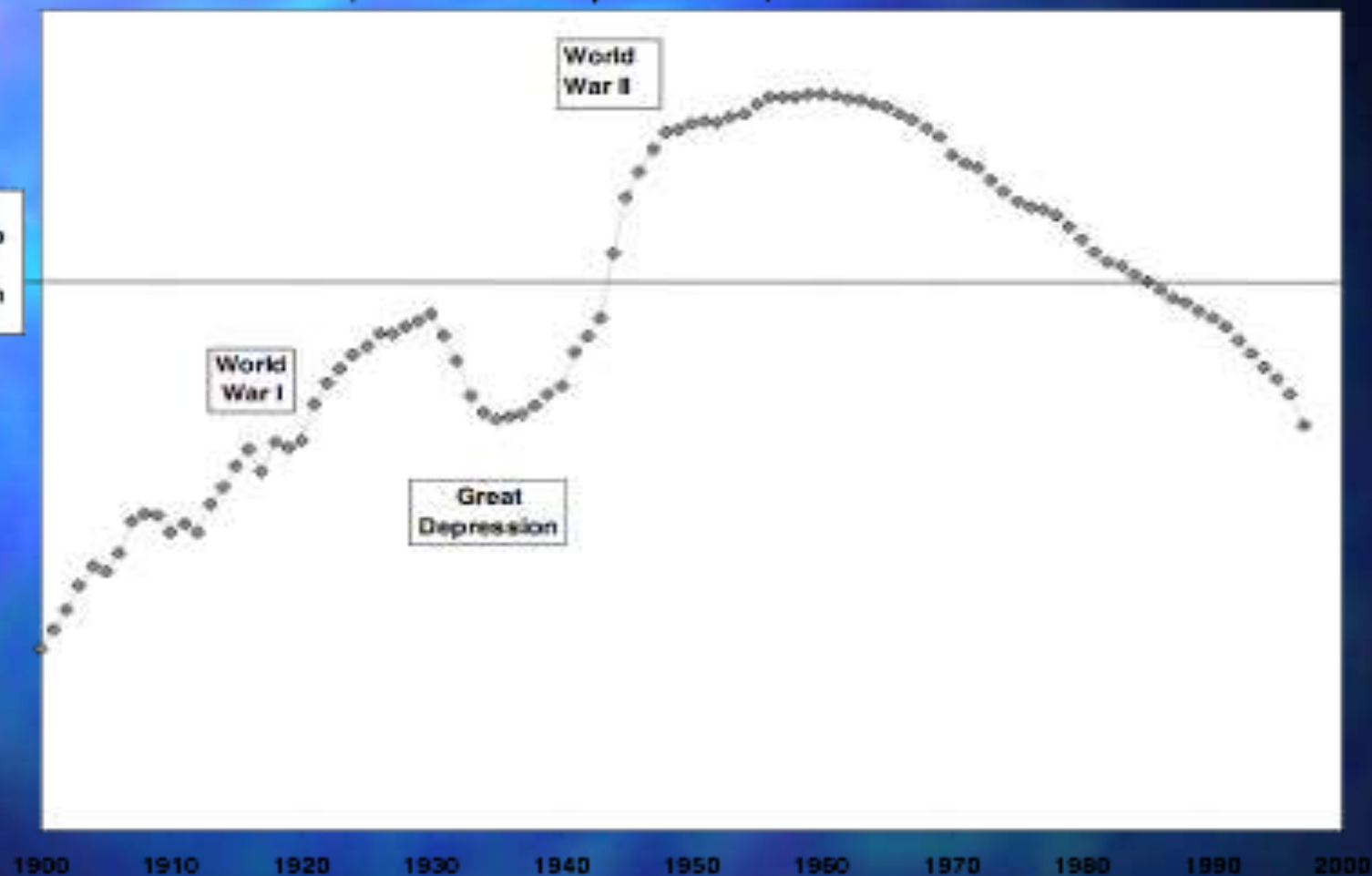




Figure 3  
Club meeting attendance dwindles, 1975-1999

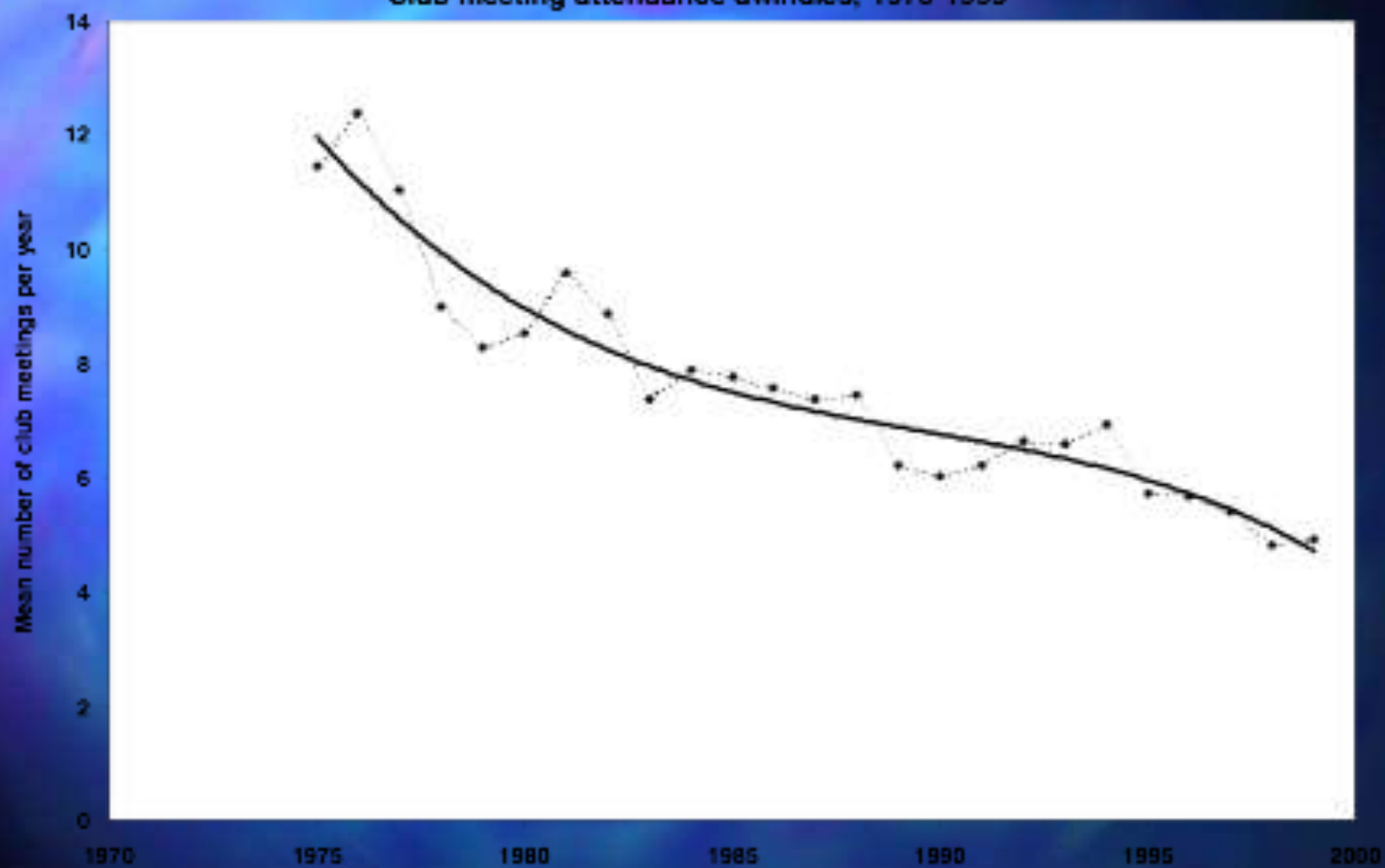


Figure 4  
Four decades of dwindling trust  
Adults and teenagers, 1960-1999

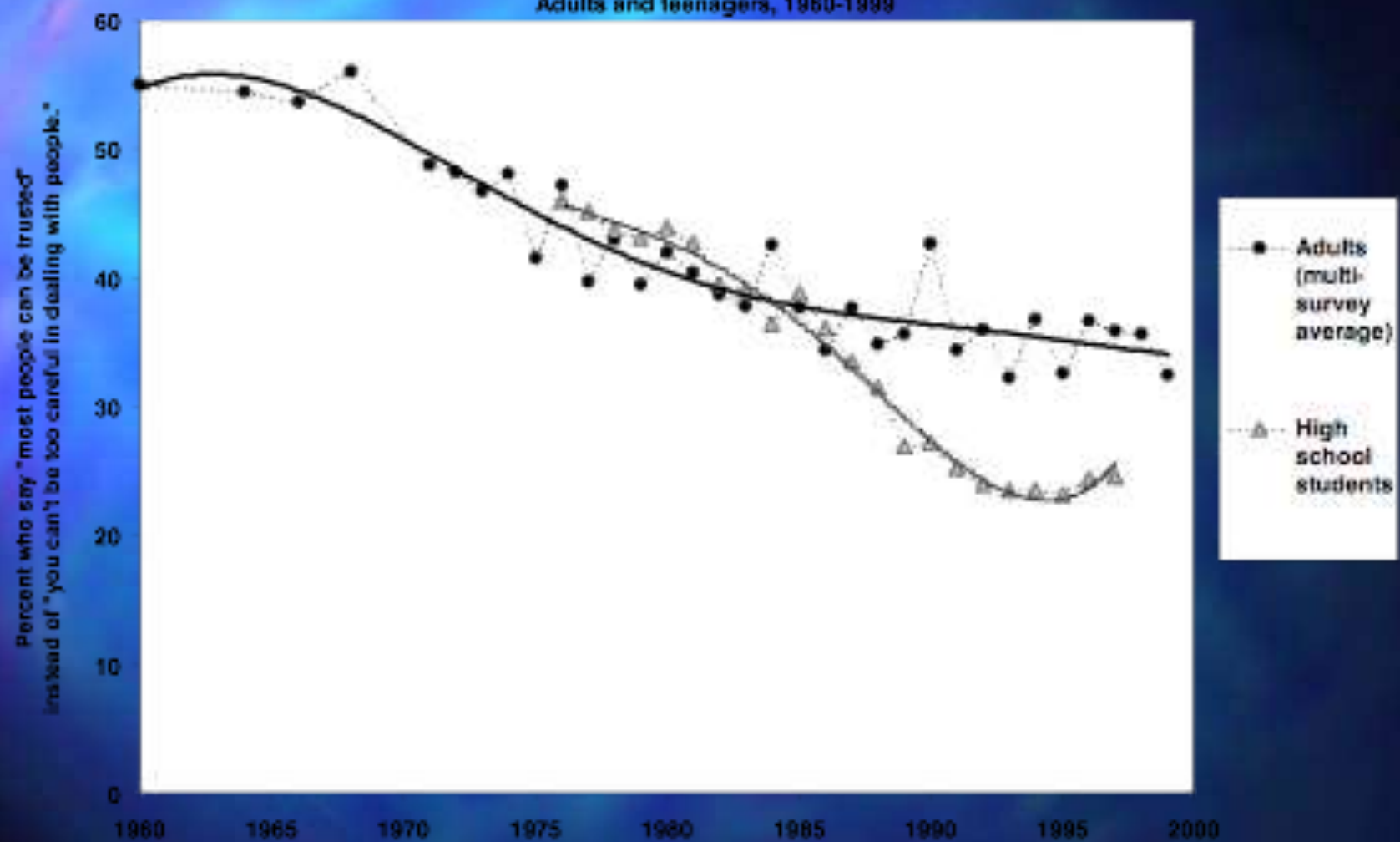
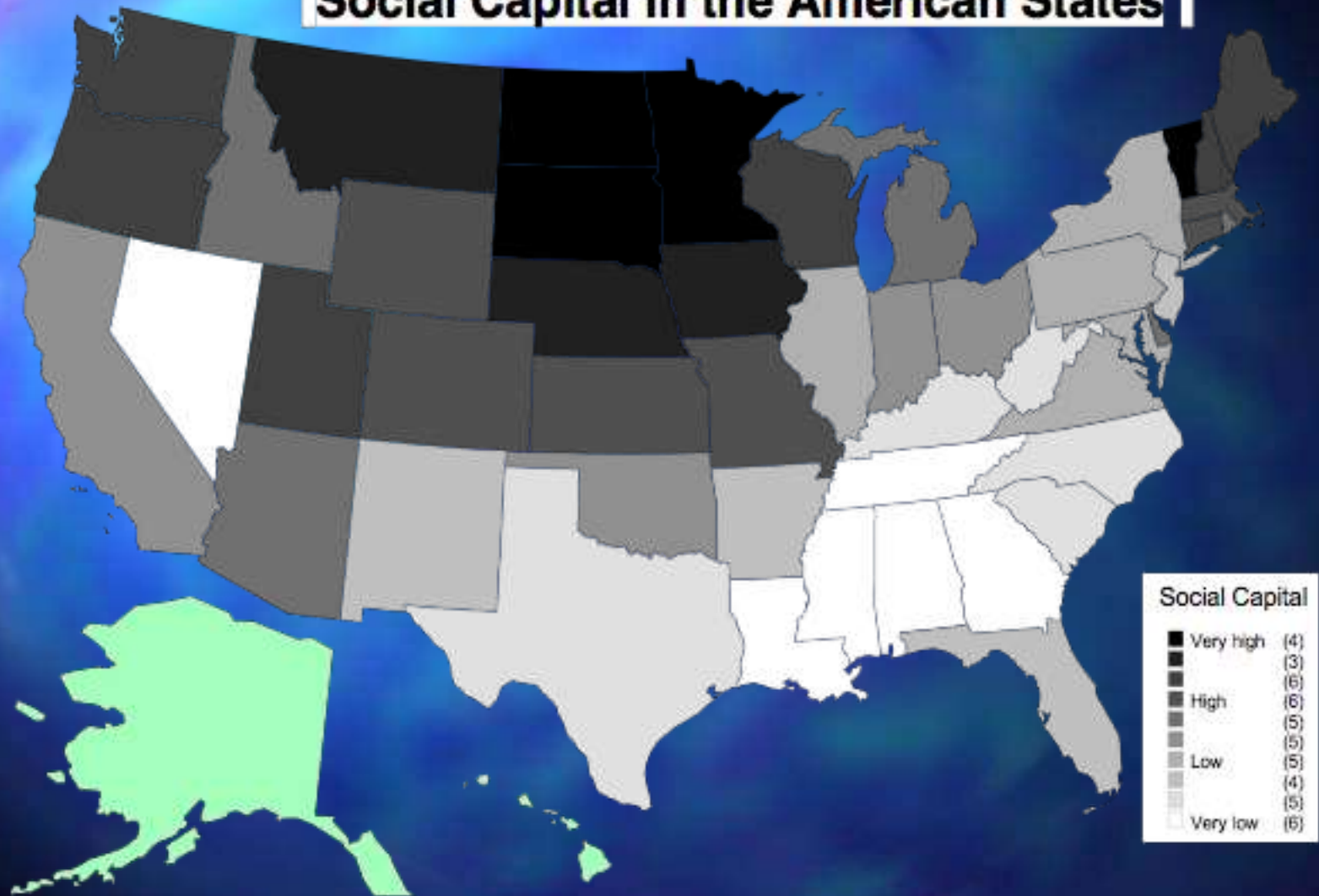


Figure 6

## Social Capital in the American States

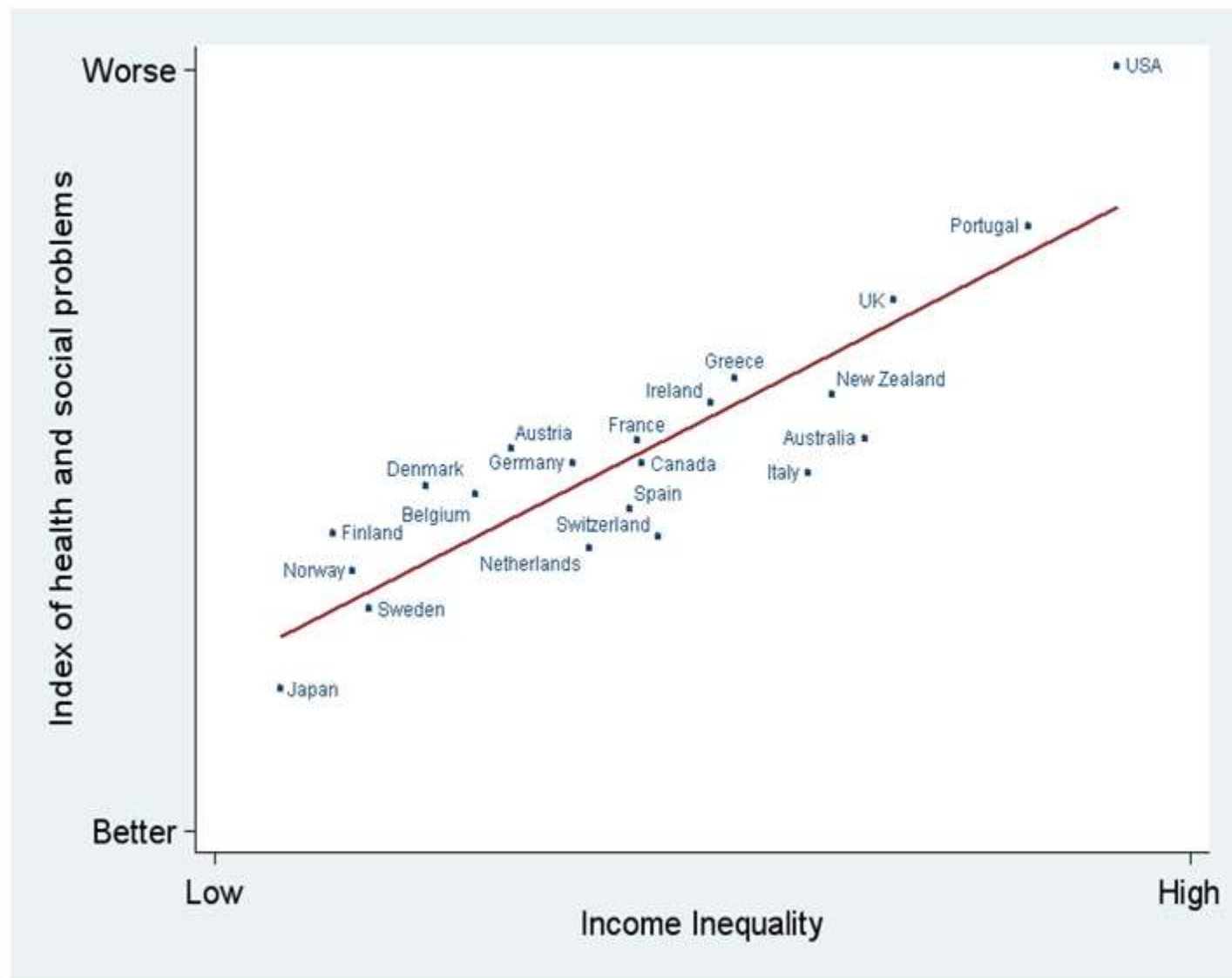




# Health and Social Problems are Worse in More Unequal Countries

## Index of:

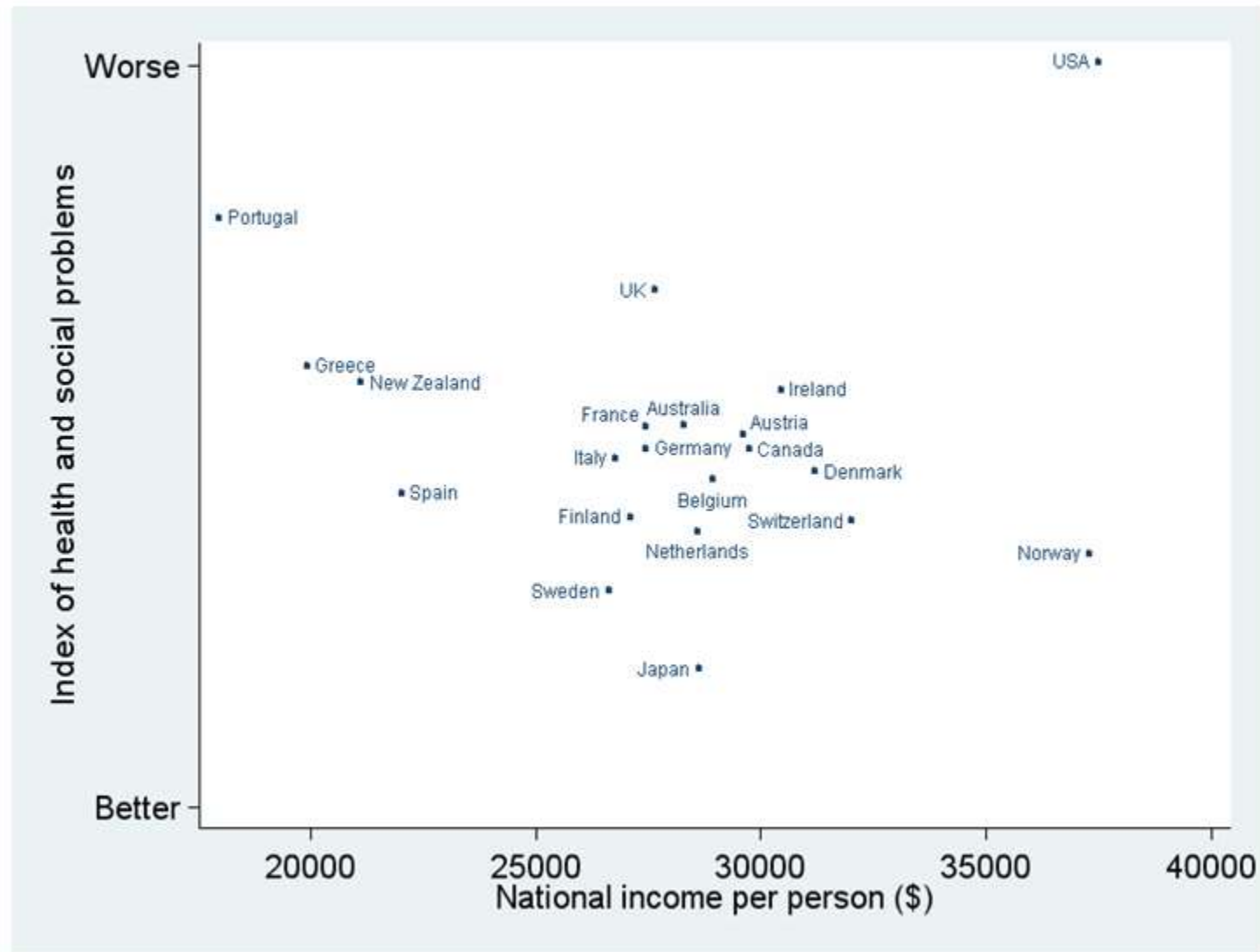
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



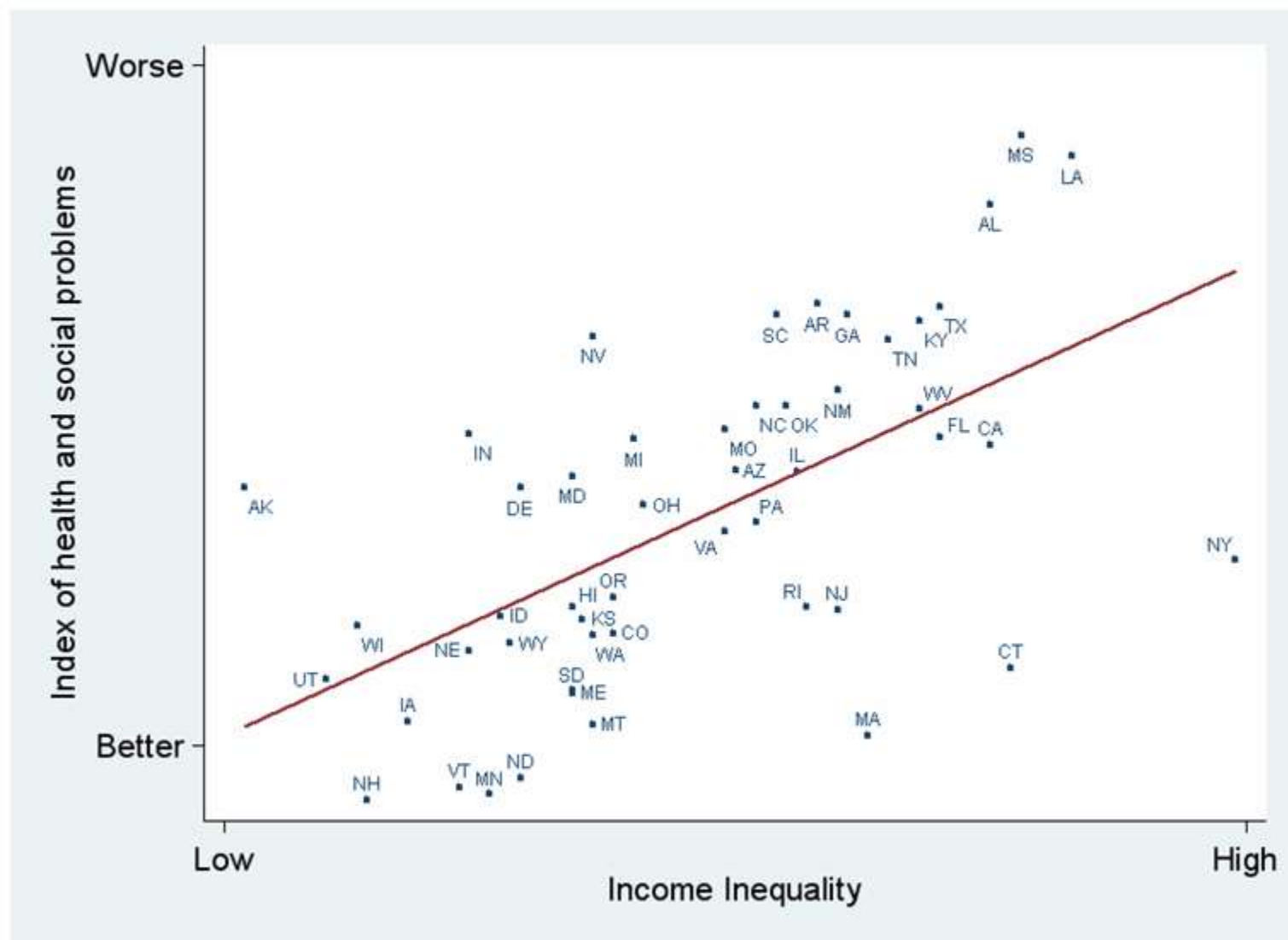
## Health and Social Problems are not Related to Average Income in Rich Countries

### Index of:

- Life expectancy
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# Health and Social Problems are Worse in More Unequal US States





## Levels of Trust are Higher in More Equal Rich Countries



## Levels of Trust are Higher in More Equal US States

