

CO-OPERATIVE CANADA

**CO-OPERATIVE CANADA**  
EMPOWERING COMMUNITIES AND  
SUSTAINABLE BUSINESSES

Edited by Brett Fairbairn and Nora Russell



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*This book is dedicated to our community partners –*

*the many community members and individuals from  
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CO-OPERATIVE CANADA

## Introduction

### Where We Stand – Place, Enterprise, and Community

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BRETT FAIRBAIRN

In the face of challenges and change, ordinary Canadians are renewing and revitalizing community economies through mutual self-help. They are creating sustainable businesses, jobs, and services by working together to meet local needs. This innovative, productive activity of citizens at the community level often gets overlooked. The headlines of the early twenty-first century have been shaped by market booms, busts, and scandals; by big takeovers and mergers; and by the growth or travails of giant corporations. Yet the self-confidence and enterprise of citizens is surprising in its scale and forms. Economic self-help is making a difference to people across the country, even in the face of global financial turmoil and economic restructuring. This book shows how and why.

Across Canada, communities are being affected by forces and trends originating far beyond their own borders – by globalization. While it is in the nature of modern economies to be volatile and interdependent, the speed and sensitivity of change are greater in the last generation. More frequently and directly than ever before, Canadians in Whitehorse and Winnipeg, Vancouver and Victoriaville, Toronto and Truro will see their pension funds, purchasing power, jobs, or incomes change in an instant because of events on the other side of the world. The financial policies of Lehman Brothers bank, demonstrations in the streets of Greece, a tsunami in Japan, and the investment strategies of the Government of China have become immediate

determinants of local wealth and prosperity in Canadian communities. It may seem that only very large companies with access to transnational resources can operate successfully in such a world, and indeed such companies do play large roles in local Canadian economies. But despite such impressions, not all sources of prosperity and stability are beyond the control of ordinary Canadians.

Local resources of entrepreneurial talent, skill at working together, and capital and purchasing power continue to build communities in turbulent economic times. The case studies in the following pages illustrate some of the diversity, successes, and unique challenges of community-based enterprise. Our focus here is on the portion of Canada's economy known as co-operatives – businesses broadly owned by community members for their own use – and described more fully later in this chapter.

This book explains the innovative and enterprising initiatives of Canadians in co-operatives. It does so not in abstract generalizations, dry analyses, or idealized success stories, but through specific examples that focus on the grit and pragmatic realities of communities. The focus is empirical – the realities of life, business, and co-operative invention in typical Canadian towns and cities. The authors do not lose sight, either, of the hope and imagination or the very real constraints and difficulties of everyday economic innovation. The book features new, never-before-presented research that will be of interest to academics, co-op practitioners, community development specialists, students, policy makers, and community leaders, as well as anyone interested in what Canadians are accomplishing by working together.

The stories in this book are as diverse in many respects as Canada's communities, but there are common threads running through the cases we have researched and chosen. First, these are all stories of community self-help in the face of economic, demographic, cultural, and social change, much of which can be understood in today's world through the concept of globalization. They are particularly concerned with the interplay between globalization and social cohesion – in other words, the ways in which changes in society reconfigure, or may be perceived to weaken, the connections that tie communities together.

The second element of the book focuses on organizations, the main units through which people come together to take action greater than what they can accomplish as individuals. The fact that in all cases the organizations we consider are co-operatives is another common thread. All organizations depend on cohesion among people, and co-operatives arguably especially

so. Community-based enterprises such as co-operatives are formed and often sustained by the cohesive relationships, attitudes, values, or needs in their host communities. Existing co-operatives are, then, potentially threatened by social and economic change in general and by globalization in particular. But the story does not end there.

The third piece of our research is the power of imagination and the ways in which ideas create bonds among people, inspire groups to find opportunity in change, and build surprising and unexpected successes that become stable and accepted over time. Of particular interest to our story are examples in which imagination creates new things – symbols, products, services, groups, or ideas – with which people identify, thereby strengthening social cohesion. Co-operatives often sustain and reinforce community identities and can be driven to do so as an important aspect of their economic functions. When communities, groups, or regions experience this kind of renewed sense of identity or cohesion, they are better able to act and influence their own development.

There is an outside/in, periphery/centre character to the imaginative process by which community-based enterprises and forms of social cohesion are created. Ideas that at first seem unfamiliar become rooted in practice until they are accepted and routine; what was marginal becomes central. Co-operatives travel this path, typically starting out small and not well understood, growing until often they become central to their communities in a variety of ways, and eventually becoming so taken for granted that they are almost invisible. In a curious way they are marginal, even when they are highly successful. At the same time, community organizations have their own margins. In becoming wedded to one idea or one form of community identity, co-operatives tend to resist others until or unless circumstances force them to redefine themselves. Often the impact of economic changes is what spurs co-operatives to new action.

Change can destabilize communities, but organizations, combined with imagination, can enable communities to regain some autonomy and space for meaningful local action in a globalizing age. Exposed to market forces but structured in such a way that they are dependent on community cohesion, co-operatives tend to respond to economic change by re-imagining themselves in ways that reinforce community identity and viability – at least when they are successful, which is not always the case. The stories in this book show how co-operatives are affected by and respond to changes in their environment in such a way that the success of the co-operative strengthens the community, even in turbulent economic times.



## Globalization and Community

Globalization, as described by Will Coleman in Chapter 1, involves the increasingly sensitive interdependence of local and global events, mediated by economic forces, transnational corporations, culture and ideas, or other vectors. This volume considers the ways in which globalization involves “reconfigurations of social space” that destabilize the foundations of Canadian communities. As Coleman writes, “While such destabilization challenges co-operatives’ existence and their capacity to build social cohesion, at the same time it creates new opportunities. On the one hand, as social space is reconfigured and shaped by new global influences, long-standing community connectivity is undermined; on the other hand, new methods of communication offer new means for finding social partners and building connectivity.”

Globally driven change is evident in some obvious ways in various communities: plant closures, expansions, contractions, or relocations; increases or decreases in investment, reflecting the priorities of big corporations; mammoth businesses like Walmart entering communities, sometimes at the expense of other businesses. A little less obviously, the world of work is changing as people follow different kinds of careers, often less certain and under terms, conditions, and policies set by corporations and chains with distant head offices. Patterns of life are changing as well due to mobility, urbanization, the shifting nature of employment, and the inequalities in job distribution. Urban areas in particular experience migration not just from the rest of Canada but also by immigrants to Canada. Rural areas near cities are transformed by similar trends (including, often, an influx of urbanites), while more remote rural areas may be driven by commodity cycles and experience an exodus of youth. Transportation and communication make people’s experience of place more flexible: we work, shop, conduct leisure and social activities, and access and share information over wider areas. While these changes offer a variety of new possibilities, no doubt they are often experienced as a decrease in security and stability, a loss of control and autonomy, perhaps even a crisis of identity. There is a legitimate worry that in such a changed world, people will feel less connection with each other, less commitment to common societal projects, and less social cohesion.

The view of Canadian communities presented in this book is one of both destabilization and building new forms of connectivity. In the following chapters, we present research and examples from every region of Canada, from urban and rural locales and from Aboriginal and non-Aboriginal communities, to show how ordinary citizens are working together to grapple

with issues of globalization and autonomy. The research on which this book is based comes mainly from a large, cross-Canada research study conducted over the period from 2002 to 2009 by a team of more than fifteen academics, representing seven disciplines, at nine universities.<sup>1</sup> The project was titled “Co-operative Membership and Globalization: Creating Social Cohesion through Market Relations.” It was funded by a strategic grant from the Social Sciences and Humanities Research Council of Canada; by contributions in cash and in kind from the universities, led by the University of Saskatchewan; and by contributions and co-operation from more than twenty community-based partner organizations. It was, and remains, the largest research project on co-operatives ever conducted in Canada, and in many respects it illustrates the potential of team-based interdisciplinary research in the social sciences and humanities. While the researchers used many disciplinary and interdisciplinary tools and concepts to do research in many different kinds of communities and co-operatives, we did so with common questions in mind: How are community enterprises responding to the pressures of globalization? How important is social cohesion to their success as enterprises? Which strategies are working (and which are not), and how is innovation apparent in the changes in older organizations and the emergence of new ones? The book presents our answers to these questions.<sup>2</sup>

We begin our selective survey in the North (see Chapter 2). The choice reflects two main goals of the book: to examine the characteristics of social cohesion where it is strongly imagined, and to learn from the margins that are often overlooked. Northern Canada – characterized by strong community identities and the stark needs of the people who live in such isolated places – has a lot to teach the south about the character and dynamics of community, and how community relates to business. In a northern setting, it is easier to see how a strong sense of community can drive inventiveness, and how co-operative enterprises reinforce the communities in which they are based. And perhaps the impacts of globalization are most apparent in remote places. In the North, people are moving from igloos to iPods in a single generation. What occupations will young people have? How will they earn a living? How will remote communities participate in a commercialized global economy without losing their distinct sense of the local, tied to land and place?

Questions such as these can also be asked of towns and neighbourhoods closer to the urban metropolises of the south, such as the small communities outside the fringes of Winnipeg, for example. Global economy and

urban culture mean that young people often move away from such communities, or that new residents move in; either way, old forms of local identity are challenged or lost. In rural Saskatchewan, in urban Calgary, and in scattered towns in the Atlantic provinces, community enterprises emerge to respond to local needs; locally based, they compete in today's economy because they work together in networks. These community enterprises are real, viable, and adaptive; they are sometimes struggling, but they have a lot to offer in terms of lessons in practical, community-based innovation.

While there are tried and true models that demonstrate the commercial success of community self-help, there are also new models and new partnerships in Canadian communities. The state remains an important force in a globalizing world. Sometimes, in order to pursue self-help, citizens need to engage the state and participate in the governance of their sector or region. In northern Quebec, forestry workers do this, and also invest in competitive modern jobs, through co-operatives. In urban areas such as Toronto, where poverty, migration, and various social tensions have become evident, the state intervenes in housing policy – a key issue of social cohesion. In cases like these, the state is either “in the way” or is part of a solution (providing co-operative housing, for example). In western Canada, partnerships among the many co-operatives that make up the Co-operative Retailing System (CRS) are the key to the system's success.<sup>3</sup> Where resources are thin, as in parts of rural Quebec, brand-new models such as multi-stakeholder co-operatives may bring together a variety of partners to ensure effective services and good jobs.<sup>4</sup> Partners are also an issue in Aboriginal communities, which, in some ways, represent Canada's future. On the one hand, Canada's Aboriginal communities embody all-too-numerous examples of poverty, unemployment, housing shortages, and ineffective services. On the other hand, youthful Aboriginal populations and new economic models promise strength and opportunity for the future. In Aboriginal communities and in Canada generally, the future depends on critical, emerging partnerships that link enterprise to (Aboriginal or non-Aboriginal) culture and governance.

All the examples above are examined in the pages that follow, through the lens of co-operatives, that is, organizations of people in business to meet their own needs. This lens brings into sharp focus the intersection between community and economy. The hidden story is one of economic and social change, globalization and its myriad but patterned impacts on the places and ways people live, and the varied responses by which communities seek to regain autonomy.

### Co-operatives: The Old Is New Again

All in all, communities face considerable pressures in an age of globalization, and community-based enterprises such as co-operatives are on the front lines of change. There are approximately nine thousand co-operatives, including credit unions, in communities of all sizes, and eighteen million members across Canada.<sup>5</sup> And these numbers have continued to grow since the 2008 recession. Further, studies over the past few years in three provinces have shown that co-operatives have higher survival rates than do traditional businesses.<sup>6</sup> Yet despite the fact that over half of Canadians are members of one or more co-operatives, the term “co-op” and the abstract concept of a co-operative are only poorly or vaguely understood by much of the public. The current section will describe and define co-operatives more fully. But to add to the confusion, academics, policy researchers, consultants, and developers use additional, overlapping terms, including “social economy,” “social enterprise,” “not-for-profit” or “nonprofit corporation,” or “community economic development.” The Appendix, “The Enterprise with Many Names: Establishing a Common Language,” discusses these various terms for the benefit of students, academics, and others who have encountered them and who wonder how co-operatives are similar or different.

Co-operatives are well organized regionally, nationally, and internationally, and through their networks have adopted a fairly simple and standardized definition of themselves. According to the International Co-operative Alliance (ICA), a co-operative is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”<sup>7</sup> This definition reflects more than a century of discussion. It contains several important elements, including the substantives *association* and *enterprise* and the concept of needs-based activity, as well as the qualifiers *autonomous*, *voluntary*, *joint*, and *democratic*. Where the specified conditions are met, the definition may apply to all organizations, regardless of their legal form of incorporation.

As noted above, co-operatives, broadly speaking, are groups of people in business to meet their own needs. And there are truly astonishing numbers of them. The ICA estimates that there are about 1 billion co-operative members around the world.<sup>8</sup> Co-operatives generate more than 100 million jobs worldwide and employ nearly a quarter of the world's population.<sup>9</sup> And, as already noted, more than half of Canadians are co-op members.<sup>10</sup>

Co-operatives were more or less the original wave of community-based business (though as described in the Appendix, other terms and approaches

developed during the twentieth century). Beginning with the first known, official co-operatives in the north of England in 1760, they spread throughout the European world and European colonies of settlement, and then in the twentieth century throughout the world.<sup>11</sup> The first in Canada was likely created in Stellarton, Nova Scotia, in 1861, before Canada became a country.<sup>12</sup> We have to say "official" because various communities, including Aboriginal communities in Canada, practised many forms of shared or mutual economic activity, even before the introduction of modern legal systems. No matter what we want to call these things, the point is that communities keep inventing them – and have done so since long before globalization, world markets, and international migration have been making impacts on local places.

Co-operatives are spread throughout Canada today, but they have made an impact on the public imagination mainly through well-known regional movements: the Desjardins movement and agricultural co-operatives in Quebec after 1900; the Prairie farm co-operative movement after 1906; the Antigonish Movement in the Atlantic Provinces during the interwar years; Arctic Co-operatives in the North since the 1960s. With the exception of particular sectors and regions such as the North, housing co-operatives, and worker co-operatives, most of the large, well-known co-operative movements had peaked by the 1940s. For this reason, co-operative movements are often perceived as old, a perception that tends to obscure the fact that such movements are strong, growing, and changing in Canada today.

The down-to-earth, practical concerns of co-operatives and their leaders have contributed to the underestimation of the movement on many fronts. When we invited co-operative leaders into our discussions and planning at the outset of our project, one of their clearest messages was: "Co-operators are driven by vision and values, yet are fundamentally pragmatic." A former leader told us, "The bottom line for the co-operative is that it must contribute to the enhancement of its members' social and/or economic welfare, and it must do so in competition with other providers of goods and services."<sup>13</sup>

Despite, or indeed, because of their pragmatic concerns, co-operatives are intimately bound up with community processes for the formation of identity and social cohesion. Each of them is a microcosm of what is happening to communities, and each offers insights into community response to challenge. The authors of this book argue that, when confronted by the necessity of change or the opportunity for innovation, co-operatives call on reservoirs of social cohesion or social capital in their communities; the

effect of their doing so is to create new social capital and to strengthen the sense of community identity among their members. Because of their typical connections to defined groups of members, mediating between the needs of these members and the market, co-operatives are agents for the redefinition and reconceptualization of community.

Co-ops represent a distinct approach to community economic development. First of all, they address specific needs of specific groups of people. This distinguishes them from general-purpose development organizations such as community development corporations. Second, they aim to meet the needs of their members, not of outside groups. This differentiates them from charitable, philanthropic, and public-service organizations run by one group in order to serve others. In reality, mixed-form organizations have always existed. Large co-operatives tend to serve more or less the whole community, not just a narrow membership group. Volunteer leaders in co-ops are often motivated by a desire to benefit others, not themselves. However, in comparison with other forms of enterprises and not-for-profit organizations, co-operatives are distinguished by a relatively strong *self-help, economic dynamic* and a *clear membership focus and structure*. They are also exceptional in their principles of democratic member control and member economic participation. Co-operatives are controlled by their members, who are the co-operative's users or employees. Representatives elected from the membership compose co-op boards, and members actively participate in setting policies and making decisions about the organization. And members also contribute equitably to, and democratically control, the capital of their co-operative. Profits may be distributed in a variety of ways, including a refund to members based on their patronage of the co-op and contributions to community activities approved by the membership.<sup>14</sup>

Co-operatives are unique in the extent to which they typically operate as parts of networks. Communities alone rarely have the resources to deal with issues of market restructuring. When they need to, co-ops can call on outside resources, but this exposes a basic tension: Communities can win greater economic autonomy only by entering into wider networks and connections. Networks are the most important mechanism today for co-operative community development and renewal.

By choosing to focus on co-operatives in this book, we aim to accomplish two purposes. First, we wish to stress the organic continuity of community consciousness and experience. Globalization is not a wholly new thing. Communities have long responded to it, and they don't actually require outside experts to tell them how to do this, although help and consideration

may be welcome. The second purpose in highlighting co-operatives, however, is to highlight change. Precisely because they adhere to a long-established model, co-ops show how organizations do not and cannot remain static. The story of community economic development is not about creating one perfect structure and preserving it. The story is about innovation, imagination, and change – including successive generations of innovation, changing already-existing organizations, and thinking up brand-new ones. All of these processes are going on in Canadian communities right now.

For thousands of communities and millions of people, co-operatives are a framework within which Canadians confront their economic issues. Can a community-owned business survive in competition with transnational corporations? Can it find a niche meeting needs that larger corporations do not? Will it have to reorganize or transform itself to survive, and, if so, can it preserve its core values in the process? What trade-offs have to be made between profitability and accessibility, centralized efficiencies and responsiveness to local needs? Canadians across the country are de facto grappling with these issues whenever they make choices about their enterprises. For some – elected citizens who serve on community-based boards of directors, senior managers, knowledgeable staff – these are important decisions that consume large amounts of time, passion, and attention. For others, particularly consumer-members or employees, these are questions that are addressed less self-consciously as part of the judgments and purchasing and work decisions they make in the course of everyday life. The combination of all these decisions by all these Canadians helps shape the future of community enterprise, and of communities themselves.

### **Identity, Imagination, and Autonomy**

Language and naming are important for alternative organizations because of their need to establish legitimacy – to be understood or accepted. A new government organization or a new corporate business usually does not need to explain its form and structure; these models are ready-made, so to speak, in people's minds. Government and for-profit private businesses are readily understood and entrenched societal institutions. But a co-operative has to explain its form sufficiently so that people are not puzzled or put off; at the same time it has to establish itself as a commercial business, just as any other business would have to. Most community-based enterprises justify and explain themselves simply, on a daily basis, in the course of doing what they do – perhaps through something as simple as signage, design, publicity, or staff behaviours. This is the semiotics of social enterprise – the

messages conveyed by everything from words to images to practices to built environments.

In the longer term, a key problem for alternative organizations of all types is institutional isomorphism: the tendency of human creations, however different or unique they were at the time of their creation, to conform over time to one model or a few models that are conventional and widely known. Thus people may know at the outset that a co-operative is different because of the circumstances surrounding its creation. Over time, however, the initial understanding may fade in memory. The business itself, under competitive pressures in the market, may look and behave much like its competitors. People may forget that it is different (or that it is supposed to be different), and in the end they may perceive it to be (or it may actually be) just like a conventional business. Isomorphism can also happen along the public boundary of the social economy, where social enterprises – community health clinics, for example – may over time become like, or become perceived to be just like, government-run agencies.

Alternative enterprises address the need to maintain a clear identity through a variety of strategies that reproduce their key ideas, values, or practices, particularly from one generation to another. Many of them do this through conferences of practitioners and leaders; education of staff and citizens; codification of central beliefs; the use of symbols and representations; recruitment and networking; and deliberate engagement with youth. Using these and other means, social enterprises remind themselves of their social purpose. Co-operatives have their own statement of identity and principles, one of which is the education of members, staff, and the general public in the practices of co-operation.<sup>15</sup> For co-operatives, the touchstone to which people return to renew their commitment is usually the membership and its needs. Some co-operatives articulate the voice of their members externally in policy discussion and advocacy. Others conduct special programs for youth or even found special branches operated by young people. These are ways of expressing and reinscribing the organization's distinctiveness through both words and actions.

Whichever mechanisms may be used, imagination is a key to creating and renewing co-operatives. When they are created, and periodically or continuously after that time, community-based economic organizations need to imagine how they are different from the conventional models – that is, they need to know where their distinctive identity lies. Because they are dynamic and changing, just like the communities and economies around them, one generation's imagining may not work for those who come after.

For this reason, the use of imagination is not a one-time event, but an ongoing process. Even after a co-operative is well established and operating successfully, imagination is required to conceptualize and execute an innovation. For a credit union to decide it can perform better than a bank, or for a retail co-operative to decide it can survive in the same environment as Walmart – these decisions are acts of the imagination. As the examples make clear, this act of imagination is not (just) abstract or Utopian. This is imagination that engages with the boundaries of practical realities – and pushes against the boundaries of what is considered practical in conventional assumptions.

And there is an important interplay between imagination and experience, between theory and reality. People discover the possibility of a model, and gain confidence in it, by experiencing its successes in small ways. They do not typically leap from an inspiring theoretical vision to a full-blown community example, but instead proceed step-by-step, gaining confidence and skills along the way. Practical, empirical experience is important to communities, and critical to how they imagine new realities. The stories in this book are examples of step-by-step building of alternative institutions by small, cumulative acts of imagination, most of which occur in a definite place and context.

We refer repeatedly in this book to the importance of place. In the organizations and communities we studied, a sense of place remains a primary focal point around which Canadians concentrate their efforts and their identities. This does not have to be the case: There are non-geographic, or geographically extended, communities and identities. We encounter these in cross-Canada organizations such as Mountain Equipment Co-operative, Canada's largest co-operative retailer. We also encounter something similar on a smaller scale in regionalized and multi-branch co-operatives, which represent a newer and more abstract sense of locality or community, where individual towns or neighbourhoods may have had clearly distinct identities and organizations in the past. The community represented by community-based enterprises is fluid – and this is partly a good thing, because inherited communities were not all ideal or viable. While community at every level is imagined, our research shows that place and location remain important to how Canadians imagine themselves.

The place-based, community-focused nature of typical co-operatives seems to lend itself to certain kinds of imagination and reinvention. From their inception, co-operatives have always stood for local, open, democratic autonomy within a centralizing economy; they have also served to reinforce

local places in an environment that tends to destabilize them. Imagination, place, and autonomy make a powerful combination for co-operatives, one that can energize renewal for both the co-operative and its community.

The process of envisioning a distinct role or mandate creates space for a social enterprise. It pushes back the encroaching mental models of purely market- or government-based approaches, and creates a space wherein an organization can be different – at least a little different, although constrained to be sure by its context – but different in chosen ways according to its principles. In a globalizing world where international markets, migrations, cultural transmissions, and state restructuring place pressure on individuals and communities, it is imagination that creates the collective autonomy that enables people to act together on practical issues of common concern and offers them a chance to win back some freedom of action.

When we look at the speed and enormity of global events and their pervasive impacts around the world, it may seem remarkable to think that local people, using local resources, can reshape their own communities and renew their social and economic futures. Indeed, it is remarkable – but when we look at local communities, we see that people are doing it all the time. *How* Canadians do it is a fascinating and under-examined story, one full of insights for communities and organizations. Chapter 1 looks at what autonomy means and why it is important to communities in a globalizing world.

#### NOTES

1. Authors have done their best to update material from the 2002-09 research period in order to provide readers with the most current findings. In some cases this has not been possible, for a variety of reasons – key informants have moved on, new people do not have the institutional memory, organizations have gone out of business, and one of the authors of this book died in 2009.
2. Most researchers used a qualitative, interview-based, case-study methodology. We did interviews with key informants and organizational leaders, such as members of the boards of directors and the management team, with staff, with members of the co-operative, and in some cases with members of the community. Some researchers supplemented individual interviews with focus groups, and others used surveys; the different approaches were all conducted under independently reviewed and approved ethical procedures. The idea was to conduct semi-structured interviews that would tease out perceptions and experiences the participants considered to be important, and focus on the relationships between the co-operative and its members or community. We were also interested in the perceived reasons for the co-operative's success, and the difficulties it had faced. In each case, the research was conducted under an overarching partnership agreement with the organization in question, which ensured the co-operation of the organization and enabled it to provide input

- into the research. We experienced excellent levels of openness and participation from the people and organizations concerned, and we did not have to restrict our inquiries in any way except as needed to protect confidentiality. On the conceptualization of the project, see Brett Fairbairn and Nora Russell, eds., *Co-operative Membership and Globalization: New Directions in Research and Practice* (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004).
- 3 The CRS is North America's largest networked group of retail consumer co-operatives. Together, the co-operatives own a central wholesaling organization, Federated Co-operatives Limited, which acts as a wholesaler, manufacturer, and marketing organization for the group. For more information, see Chapter 4, note 5.
  - 4 Multi-stakeholder, or solidarity, co-operatives allow three categories of members as opposed to the one featured in the traditional co-op model: user members, worker members, and supporting members. This form of organization has the capacity to mobilize a large number of participants and has the advantage of a capitalization structure. Its flexibility makes possible the involvement of a variety of local stakeholders in socio-economic development, and it is perfectly suited for cases that require both economic viability and social returns. For a detailed discussion of this type of co-operative, see Chapter 8 in this book, "Co-operation Reinvented: New Partnerships in Multi-Stakeholder Co-operatives," by Jean-Pierre Girard and Geneviève Langlois.
  - 5 For information on co-operatives, including detailed guides and resources on how to start a co-op in Canada, see the websites of the Canadian Co-operative Association (<http://www.coopscanada.coop>) and the Co-operatives Secretariat, Government of Canada (<http://coop.gc.ca>).
  - 6 Richard Stringham and Celia Lee found that the three-year survival rate for co-ops incorporated in Alberta between 2005 and 2008 was 81.5 percent, compared to 48 percent for conventional businesses. *Co-op Survival Rates in Alberta* (Port Alberni, BC: BC-Alberta Social Economy Research Alliance, and Alberta Community and Co-operative Association, 2011), 10-12. This publication references earlier, five-year survival studies in Quebec and British Columbia that showed similar, if less spectacular, results – 64 percent (in Quebec) and 65.8 percent (in British Columbia) for co-operatives, compared to a survival rate of 35 percent and 39 percent, respectively, among conventional businesses.
  - 7 Ian MacPherson, "The ICA Statement on the Co-operative Identity," in *Co-operative Principles for the 21st Century* (Geneva: International Co-operative Alliance, 1996), 1.
  - 8 See ICA: International Co-operative Alliance, <http://www.ica.coop/>.
  - 9 International Labour Organization, "Co-operatives," <http://www.ilo.org/global/topics/lang-en/index.htm>.
  - 10 Such statistics always incorporate some double counting, since some people are members of more than one co-operative. However, one of the national surveys we conducted for our project – a statistically valid, random, cross-country telephone survey – indicated that 40 percent of respondents were able to identify themselves as members of credit unions or other co-operatives.
  - 11 On the origins of the British movement, the best single work is still G.D.H. Cole, *A Century of Co-operation* (London: Allen and Unwin, 1944). On the international

- movement, see Johnston Birchall, *The International Co-operative Movement* (Manchester: Manchester University Press, 1997).
- 12 Ian MacPherson, *Each for All: A History of the Co-operative Movement in English Canada, 1909-1945* (Toronto: Macmillan, 1979), 22.
  - 13 Fairbairn and Russell, *Co-operative Membership and Globalization*, 284 (first quotation from Karen Philp of Canadian Co-operative Association) and 285 (second quotation from Bill Turner).
  - 14 MacPherson, "The ICA Statement on the Co-operative Identity."
  - 15 *Ibid.*

PART 1

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GLOBALIZATION, AUTONOMY,  
AND COHESION

# 1

## Globalization, Co-operatives, and Social Cohesion

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WILLIAM D. COLEMAN

As indicated in the Introduction, the relationships between globalization and social cohesion are complex and merit extensive investigation. At first glance, globalizing processes would seem to be dangerous for social cohesion. Many observers see these processes as leading to the emptying out of rural communities, for example, the substitution of virtual relationships across the globe for face-to-face relationships within communities, and the restructuring of workplaces and industries in most countries in the world. Such restructuring often leads to a loss of jobs in one area and an increase in employment in another. Social disintegration can result from such changes. Despite neo-liberal rhetoric praising the independent, self-sufficient individual as the building block for economic growth, people everywhere continue to seek out social relationships and to build communities. These social relationships may take new, virtual forms, and these communities may be less tied to physical place, but they remain sources of affection and emotional connection nonetheless. Accordingly, globalization might also lead to social cohesion emerging in new ways, involving different means for maintaining relationships.

Nevertheless, the changes in the constitution of communities arising from globalization do present challenges to many long-standing institutions, including co-operatives. Historically, co-operatives reinforced social cohesion through activities in bounded territories or places. They became a force within communities for making the environment more livable.



Working with other local organizations, they built connections and created close ties among the economic, social, political, and even religious organizations in the community. Democratic and member-based, they worked to create public spaces where recreation, discussions, and community building could take place. By contributing to their communities in these ways, they helped generate the kind of affection for a locality and the people who inhabit it that is central to building social partnerships and cohesion.

Globalization destabilizes these processes and, as a result, the roles that co-operatives have often played in the past. Importantly, this destabilization results from the social-space reconfigurations made possible by globalization, changes that lead to new understandings of territory and to new direct linkages between local places and other localities around the world. While such destabilization challenges co-operatives' existence and their capacity to build social cohesion, at the same time it creates new opportunities. On the one hand, as social space is reconfigured and shaped by new global influences, long-standing community connectivity is undermined; on the other hand, new methods of communication offer new means for finding social partners and building connectivity.

This chapter explores some of these challenges and opportunities for co-operatives in the contemporary globalizing period and then reflects on their implications for social cohesion and public policy. I begin with a discussion of globalization and suggest a definition for the purpose of this analysis. Next, I examine the implications of globalization for territoriality, a traditional building block for co-operative organizations. I then look at the relationships between autonomy and social cohesion within communities and how these two characteristics have enabled co-operatives to assist in building strong communities. Building on this analysis, I explore how globalization is destabilizing the manner in which co-operatives have traditionally contributed to building autonomy and social cohesion in communities. I then consider how co-operatives might respond to these changes, and follow up with an analysis of the role to be played by governments in creating the social and economic space for co-operatives to fashion their responses.

### Globalization

Since the early 1990s, globalization has been a topic of careful reflection in the humanities and social sciences. Upon reviewing many of the competing definitions of globalization, political scientist Jan Aart Scholte suggested that globalization involves "the spread of transplanetary – and in most recent times also more particularly supraterritorial – connections between

people."<sup>1</sup> By "supraterritorial," Scholte refers to relations that are somehow "above" or "beyond" territory, that is, they are relatively unconstrained by one's physical location. John Tomlinson, a sociologist who has written on globalization and culture, characterizes the "empirical condition" of supraterritoriality as one of "complex connectivity," a set of "connections that now bind our practices, our experiences and our political, economic and environmental fates together across the modern world."<sup>2</sup>

Saskia Sassen and Robert Latham amplify this point by commenting on the role played by communication and information technologies in reshaping social space, particularly in terms of its scale. They write:

What has tended to operate or be nested at local scales can now move to global scales, and global relations and domains can now, in turn, more easily become directly articulated with thick local settings. In both types of dynamics, the rescaling can bypass the administrative and institutional apparatus of the national level, still the most developed scalar condition. As a result of the growing presence and use of these technologies, an increasing range of social relations and domains have become de facto transboundary.<sup>3</sup>

Thanks to these technologies, some of these social relations have qualities of transworld simultaneity (they extend potentially everywhere across the planet at the same time)<sup>4</sup> and transworld instaneity (they move everywhere on the planet at the same time). In this respect, globalization brings far-reaching changes to the nature of social space: social space is less defined by the physical location in which we live than it might have been in the past.

A final characteristic of globalization is that individuals across the world are increasingly conscious that globalization is happening and that their imaginations are expanded by these changes. Robertson refers to "an intensification of consciousness of the world"<sup>5</sup> or increasing globality in many societies, where "globality" refers to the consciousness of the world as one place. Appadurai approaches the issue differently and speaks of a changing role for the imagination. He suggests that under present globalizing conditions, imagination becomes a social practice, "a form of negotiation between sites of agency (individuals) and globally defined fields of possibility."<sup>6</sup> In this understanding, individuals place themselves in a world context and are more likely to imagine themselves doing new things in ways different from before.

With these points in mind, I provide a working definition of globalization for the purposes of this chapter: globalization is the growth of transplanetary connections among people. In the contemporary era, many of these connections take a supraterritorial form. In this respect, globalization creates a complex series of connections that tie together what people do, what they experience, and how they live across the globe. In participating in these connections, individuals and communities see the world increasingly as one place and imagine new activities and roles for themselves in this world.

### Territoriality

This definition of "globalization" suggests that, in some important respects, social space is becoming increasingly uncoupled from physical place and locality. Accordingly, in challenging long-standing notions of territorial borders, globalization presents a challenge to how co-operatives constitute themselves. Throughout their history, co-operatives have formed in local places. These local co-operatives may have become networked to co-operatives founded in other localities and thereby achieved some economies of scale. Even with these networks, however, an individual co-operative succeeds or fails depending on the services it provides, the workers it employs, the connections in the community it builds, and the democratic relationships it forms in a given locality. In rural areas, that locality might have been a farming community or a small town. In cities, co-operatives often supported workers in factories or served as adjuncts to trade-union locals. In Quebec, many financial co-operatives were founded to serve the persons belonging to a parish of the Catholic Church, whether in the city or in the country. Common in all cases was the co-operative's intimate connection to a territorially delimited, sometimes functionally defined, place. The social relations that formed and gave life to the co-operative were principally confined to that territory.

To understand the challenges faced by co-operatives in the contemporary period, therefore, it is useful to reflect a little more on how local places, including cities, are changing in response to globalization. Manuel Castells argues that since the early 1970s, a new mode of development that he terms "informationalism" has replaced the industrialism that grew out of the first and second industrial revolutions. Among others, he suggests that the interaction between this new mode of development and the capitalist mode of production gives birth to a new form of capitalism. This new form of capitalism is "global," Castells writes, in that "for the first time in history, it shapes social relationships across the whole planet." Through the use of information

and communication technologies, capital "works globally as a unit in real time; and it is realized, invested, and accumulated mainly in the sphere of circulation, that is, as finance capital."<sup>7</sup>

The structural changes accompanying the new form of global capitalism and the information technology revolution are creating what Sassen calls new "spatiotemporal orders."<sup>8</sup> Again, Castells is helpful here. He defines space as the "material support of time-sharing social practices."<sup>9</sup> Traditionally, these social practices were heavily dependent on physical contiguity. In the present era, however, with the recent changes in technology, spaces can become less dependent on physical proximity, to the point where Castells identifies a "space of flows": these flows are "purposeful, repetitive, programmable sequences of exchange and interaction between physically disjointed positions held by social actors in the economic, political, and symbolic structures of society."<sup>10</sup> Such a space of flows is constituted in three layers: a circuit of electronic impulses; a series of nodes and hubs – places where strategically important functions are located; and the spatial organization of dominant managerial elites. Sassen highlights the role of "global cities" in providing the nodes for the space of flows. Echoing Castells, she writes: "We see here a relation of intercity proximity operating without shared territory. Proximity is deterritorialized."<sup>11</sup>

Sassen adds that the more geographically dispersed corporate activities are in the global economy, the more complex and strategic become the corporation's central functions, that is, the work of managing, co-ordinating, servicing, and financing the firm's network of operations. These central functions become so complex that corporations outsource them to specialized firms, those that provide services in accounting, legal, public relations, advertising, computer programming, telecommunications, and so on. These specialized firms, in turn, are subject to agglomeration economies, leading them to group themselves together. They may do so near the headquarters of their corporate clients, but not necessarily so; they can build their required, focused information loops in other places as well. These specialized service firms, in turn, must provide a global service, which has meant the development of a global network of affiliates or some other forms of partnership. Consequently, there has been an increase in the number and complexity of cross-border, city-to-city transactions and networks. Hence, Sassen writes, there is no such thing as a single global city: all cities are linked in transnational networks. Finally, the presence in cities of growing numbers of high-level professionals and high-profit-making services firms effectively increases the spatial and socio-economic inequality evident in these cities.<sup>12</sup>

In the same cities that are becoming more tied into global, horizontal networks, we can observe the transmigration not only of new professionals working in service firms but also of workers accompanied by new cultural forms as well. In the city of Toronto, for example, there are currently more than eighty nationality groups with a population of ten thousand persons or more. In many other cities in Canada and elsewhere, there is a massive demographic shift towards a growing presence of women, minority-member citizens, and immigrants in the work force. In many of the larger Prairie cities, we also find the rapidly increasing presence of Aboriginal people.

Within many of the immigrant communities in Canada, globalizing processes are also important in the cultural, economic, and political realms. They are noteworthy economically in the sending of remittances to family members in home countries, something made much easier with the globalization of banking. Culturally, globalization enables immigrants to retain links with home countries through travel, Internet communication, and low-cost telephone services; it also enables immigrants to establish the "comforts of home" in Canada, through the importation of foods, clothing, movies, and so on. On the political front, the politics of home often played out here rather than at home (Sikh nationalism, debates within Islam, the communal violence in Sri Lanka, and so forth). As a consequence, the populations of cities become more socially disaggregated, more tied into global processes as well as national ones, and more socially unequal.

Of course, most people, in both developed countries and developing ones, live in bounded places and perceive their space as place-based. Nonetheless, because power and domination are increasingly organized in the space of flows, the meanings and dynamics of these places are changed by the globalization of flows. Using this analysis, Castells offers a compelling hypothesis: "dominant functions are organized in networks pertaining to a *space of flows* that links them up around the world, while fragmenting subordinate functions, and people, in the multiple *spaces of places*, made of locales increasingly segregated and disconnected from each other."<sup>13</sup>

These kinds of changes have significant impacts on the "places" within cities where co-operatives were historically built. Some, perhaps many, of these places are disappearing. These changes often undermine the territorial base of co-operatives. In the cities, many of the types of industrial factories that served as the reason for co-operatives and union activity have disappeared or moved off-shore. Trade unions themselves are less prominent and less powerful than they were in the past. The social segmentation of

those who live in the cities but work in the spaces of flows from those who live and work in local places has expanded and inequalities of wealth have increased within cities. Many of the neighbourhoods that served as the "homes" for co-operatives have disappeared beneath avenues of condominiums. Social segmentation may be enhanced further by the tendency on the part of members of immigrant communities, often composed of visible minorities and adherents of non-Christian or non-Judaic religions, to live in close proximity to one another.

Rural communities have also experienced changes that affect the territorial base of co-operatives. Not only do these communities contend with integration into a larger national community, but they must also adjust their operations to address the displacement of a national economy by a global one. Their viability no longer depends principally on economic changes in their own country but on the ups and downs of global economic processes. Sectors of economic activity such as primary products and manufacturing are ever more sensitive to global factors, and the terms of trade in these sectors suffer relative to service and knowledge-based industries.<sup>14</sup> In addition, in the information-based capitalism of today, profits and growth are more closely linked to transaction costs, giving cities with their economies of agglomeration an even greater economic advantage than they already had over rural communities.<sup>15</sup> These kinds of changes undermine the community base of many rural co-operatives in Canada.

### Social Cohesion, Autonomy, and Co-operatives

A community is socially cohesive when the persons living in it feel mentally attached to the community and to the people they recognize as fellow members. Such cohesion is built when services are, by and large, locally based and there are a host of other organizations (cultural, religious, sporting, government, education) that also can be identified as part of the community. The presence of such services and organizations creates opportunities for more frequent face-to-face interactions between community members, leading to a deeper sense of community and to individuals' meaningful identification with that community.

We should recognize as well that such cohesion can also be exclusionist in character, if certain persons living in the community are not recognized as members (women, Aboriginal peoples, those professing certain religious beliefs, visible minorities, and so on).<sup>16</sup> The social criteria that determine who is recognized as a member and who is not vary over time and occasionally by economic circumstances. Exclusionist views can carry over to include

persons in neighbouring communities. Social cohesion will also vary in degree over time, depending on the economic pressures on the community members, changing ways of communicating with persons within and outside the communities, and patterns of inward and outward migration. Just as communities and their definitions are fluid, so are patterns of social cohesion.

The realization of social cohesion will depend, in part, on whether individuals and the communities of which they are members possess autonomy. Historically, in many countries, including Canada, workers, farmers, small-business owners, and others have chosen to form co-operatives as a means to secure autonomy. Grain growers in Western Canada in the early twentieth century refused to be controlled by a few large grain-storage and -shipping companies and set up co-operatives to help challenge the biases of oligopolistic markets. In Quebec, many French-speaking farmers, small-business proprietors, and workers were unable to get credit from the large, commercial banks controlled by English-speaking Canadians. Alphonse Desjardins, taking his inspiration from the work of Friedrich Raiffeisen and other Europeans confronted by similar conditions, proposed the establishment of credit unions, or *caisses populaires*, parish by parish, in order to secure both credit and the possibility of greater autonomy for *Canadiens français*. One of the key questions of this book is whether or not co-operatives remain important institutions for securing and building autonomy in the contemporary world.

We can speak of two forms of autonomy: collective, and individual or personal. Cornelius Castoriadis, a French philosopher of Greek origin, helps us to think about the meaning of collective autonomy by recalling the Greek roots of the term: to give oneself laws.<sup>17</sup> In this respect, autonomy is the opposite of heteronomy: being unselfconsciously subject to the power of another. According to Castoriadis, to be collectively autonomous, a society has to have a place for "politics," public spaces where citizens are able freely to ask themselves "are the rules and the laws under which we exist the right ones?" "Are they just?" "Could they be better?" For Castoriadis, therefore, collective autonomy exists when a society is more reflexive, more able to look at itself critically.<sup>18</sup> The exercise of collective autonomy becomes possible when a society's members are free; have access to public spaces; and possess the resources, understanding, and education necessary to interrogate the society and its laws.

What is also clear about autonomy in this sense is that it involves an act of the imagination, or, as Castoriadis terms it, the "radical imagination."<sup>19</sup>

Individuals and groups are able to imagine different futures, different ways of living, and different arrangements in their own lives. They are able to talk about an idea and imagine how it might work in practice, and then take action to try to implement it. In this respect, collective autonomy depends strongly on personal autonomy. And the relationship is dialectical: sustaining individual autonomy requires collective autonomy over the longer term.

Co-operatives are socio-economic organizations whose members seek to build collective autonomy in this sense. The grain growers of Western Canada wanted a voice in the rules governing how their grain was stored, graded, sold, and shipped. The *Canadiens français* sought a means to shape the rules under which they might save money and gain credit, rather than be at the whim of the large anglophone banks in downtown Montréal. In imagining ways to secure this kind of autonomy, both groups saw the co-operative organizational form as a way of living that offered them more control over the conditions in which they participated in markets and organized their communities.

Building on the work of Sen<sup>20</sup> and Nussbaum<sup>21</sup> on the notions of "capabilities" and "functionings," Doyal and Gough offer a helpful approach to thinking about individual autonomy.<sup>22</sup> They work with the notion of "need" as a particular category of goals that are believed to be universally relevant. If such needs are not satisfied, "harm" of some objective kind will follow. In particular, such harm is an impediment to successful social "participation." They suggest that participation in some form of life without serious arbitrary limitations is "our most basic human interest."<sup>23</sup>

To pursue this universal goal of social participation, Doyal and Gough argue that there are two basic needs: health or physical capacity and mental capacity or autonomy: "To be autonomous in this minimal sense is to have the ability to make informed choices about what should be done and how to go about doing it."<sup>24</sup> Here "autonomy" means being able to formulate aims and beliefs about how to achieve one's choices and to evaluate one's success based on empirical evidence in working towards these aims.

Doyal and Gough go on to identify three key factors that shape the degree to which individuals might enjoy autonomy.<sup>25</sup> First, they must have the *cognitive and emotional capacity* to initiate action. Doyal and Gough suggest that across cultures one can identify a common set of disabling symptoms that undermine this capacity: hopelessness, indecisiveness, a sense of futility, and a lack of energy. Second, individuals must have *cultural understanding* that permits them to understand and situate themselves in their culture and to know what is expected of them in their daily life. Such understanding

requires teaching and learning, whether in the family, through community practices and ceremonies, or in schools.<sup>26</sup>

Finally, Doyal and Gough refer to *critical capacity*, the ability "to compare cultural rules, to reflect upon the rules of one's own culture, to work with others to change them and, *in extremis*, to move to another culture."<sup>27</sup> To exercise this critical capacity, Doyal and Gough add, requires some freedom of agency and political freedom. Held adds to this point by listing some human rights necessary for such critical capacity: freedom of thought, freedom of expression, and freedom of association.<sup>28</sup>

Weaknesses in these three factors have long been a concern for disadvantaged groups and marginalized communities. The sources for these weaknesses are complex, with deep historical roots, making it difficult to speculate how globalization might contribute to their continued presence. At this point, based on the analysis of globalization presented above, I venture several preliminary observations. First, higher levels of individual autonomy are much more likely to characterize those living and working in spaces of flows than in spaces of places. The three factors Doyal and Gough postulate as critical to the fostering of individual autonomy are more likely to be present and available to individuals in spaces of flows. Hopelessness and depressive symptoms affecting mental and emotional capacity, and thus the ability to initiate action, are more likely to occur in response to the rigidity of boundaries found in spaces of places. Depressed economic conditions and the constant stress of finding means to subsist from one day to the next will undermine family structures and limit access to schooling, both key institutions for building cultural understanding. Weaknesses in these two capacities will inhibit critical capacity, an inhibition hindered further by the lack of civil and political rights found in the "regulatory fractures"<sup>29</sup> that affect the lives of many in spaces of places.

In short, to the extent that globalization widens the gaps in these capacities between persons living in spaces of flows and those in spaces of places, it may reduce individual autonomy for many. Such a reduction in individual autonomy is bound to inhibit social and economic development. Moreover, individuals lacking personal autonomy will be less capable of taking the steps needed to build up their social, economic, and political collective autonomy.

Historically, co-operatives have often served as organizations that address this lack of capability, by seeking to open up public spaces in which individual autonomy of the marginalized might be nurtured and expanded over time. To the extent that co-operatives are successful in this regard, they

reinforce the collective autonomy of the communities in which they are based. Co-operatives help build the emotional and cognitive capacity in individuals, helping them to shake off depression and hopelessness. Co-operatives increase cultural understanding by offering avenues for educating their members and the people they serve about their own economic and social situation and how it might be changed. In the process, co-operatives also offer an avenue for strengthening the critical capacity of their members and others in their communities, a capacity necessary for initiating and persisting with social and economic reform.

When they function to build autonomy, co-operatives are also well placed to contribute to social cohesion. They may make certain services and products more accessible to community members, thus contributing to the number of interactions. Because they are based in a community, they offer employment to some community members. To the extent that the employment is fair, employees build attachment to the co-operative and to the community as a whole. Under socially responsible leadership, co-operatives often build linkages to other businesses and support cultural, sporting, and other community activities as well as schools and hospitals. Community members may become involved in the democratic processes of the co-operative. In each of these dimensions, co-operatives can help enhance the attachment to a shared symbolic community that is characteristic of social cohesion.

### Globalization and Social Cohesion

In reducing some of the physical, territorial constraints that shape the social spaces in which persons live, interact, and build relationships, globalization can undermine social cohesion in this territorialized sense. The use of information and communication technologies to build relationships well beyond the local territory and to sell services and products can lower the frequency of face-to-face interactions locally. Changing transportation modes and infrastructure can make services offered further away more accessible. Stronger competition from businesses abroad may undermine the local economy, forcing some community members to search for jobs elsewhere, or even to leave. As Brydon observes,<sup>30</sup> scholars looking at the relationships between globalization and community ask questions about "the *functions* that communities serve, how they are formed, and how they are changing in response to global deterritorializations (as some communities become less dependent on their location in one particular place) and global flows (as members of different communities become more mobile, migrating and interacting beyond the traditional boundaries of their community)."

As a consequence, she adds, values long associated with community, such as rootedness, belonging, and connection to others, come into question.<sup>31</sup>

With such changes, the institutions that built and promoted identities lose some of their legitimacy, whether these institutions are nation-states, churches, trade unions, or co-operatives. In the process, persons living in an increasingly globalized world begin to search for meaning elsewhere and to construct and reconstruct new identities. They are more likely to build those identities based on what they believe they *are* rather than on where they *live* or what they *do*.<sup>32</sup> Identities become multiple, even contradictory. Since the memberships of co-operatives are often built around smaller localities or places where they work, they are vulnerable to these shifts in individual identities.

Persons living in diaspora communities demonstrate in sharp relief some of the contradictory aspects of identity. For example, writers of fiction about South Asian women who have immigrated to North America speak to these complexities. In her short story "The Names of Stars in Bengali," Chitra Banerjee Divakaruni writes about a mother from India who visits her recently married daughter in America. The woman feels so out of place that she falls physically ill, much to the distress of her daughter:

Finally, without opening her eyes, her mother said, Khuku, send me home. The daughter sat by her mother for a long time, massaging her feet. They did not talk, though they wept a little. They were coming to terms with erosion, how it changes the balance of a landscape ... they had stepped into a time machine called immigration, and when they fell from its ferocious spinning, it was into the alien habits of a world they had imagined imperfectly. In this world, they could not inhabit a house together, in the old way.<sup>33</sup>

Persons living in diasporas thus experience particularly intensely the multiple and contradictory identities that become more common under globalization. In her autobiographical article, Ang captures this tension:

The experience of migration brings with it a shift in perspective ... for the migrant it is no longer "where you're from," but "where you're at" which forms the point of anchorage. However, so long as the question "where you're from" prevails over "where you're at" in the dominant culture, the compulsion to explain, the inevitable positioning of yourself as deviant vis-à-vis the normal, remains – especially for those migrants marked by visible difference.<sup>34</sup>

Admittedly, most persons living in globalization will not face to the same extent the violent shifts in identity experienced by those migrating and living in diaspora communities. Still, the issue of identity comes to the fore in particular ways with the changes in social spaces fostered by globalization. These changes, in turn, complicate more established processes for building and maintaining social cohesion.

### Responding to Globalization: Co-operatives

Of course, co-operatives are themselves dynamic organizations, with many capable of seeing the opportunities for change offered by globalization and thus of addressing its challenges. In this capacity, they remain an important avenue for building and securing collective and individual autonomy and thus for reinforcing social cohesion. Their effectiveness in this new environment will depend on how well they imagine and then help create new, more regionally extensive, communities.

In this regard, Sassen notes that the changes to social space that come with digital technologies create the potential for building "micro-environments with a global span."<sup>35</sup> Following Appadurai, Sassen suggests that in the presence of this potential, globalization also creates new opportunities for the social imagination.<sup>36</sup> The same processes that link local communities with the global economy but that weigh down rural communities and spaces of places in cities also open up vistas for the imagination – vistas that were not perceivable before.<sup>37</sup> In particular, notions of the "local," based on geographical/physical proximity and sharply defined territorial boundaries, can be rethought.<sup>38</sup> At the same time, the nesting of the "local" in traditional hierarchies of scale (local/provincial/national/regional/international) can also be questioned. Avenues for bypassing this hierarchy are more available than they were in the past. Sassen concludes: "A community of practice can emerge that creates multiple lateral, horizontal communications, collaborations, solidarities and supports."<sup>39</sup>

Co-operatives are in a strong position to engage in this kind of social change. Three factors contribute to this: the skills and knowledge of persons already involved in co-operatives; the opportunities made available by digital technologies; and new avenues for connectivity.

First, the democratic character of co-operatives and the large number of them mean that in many countries there exists a core of skilled persons who have taken leadership positions in the face of economic and social obstacles. For example, in Canada in 2005, at least seventy thousand co-op members served on co-operatives' boards of directors. This volunteer role develops

local leadership and management skills and is an important part of the success of co-operative enterprise. Often these volunteers are also leaders in their communities and open to considering new ways of operating a co-operative. Thus, co-operatives have on hand skilled individuals with talent, commitment, and records of leadership in their communities. These persons may be more willing to imagine new roles and new communities for co-operatives.

Second, the use of digital technologies is crucial to the task of defining and building more extensive regional communities of reference. Garcia suggests that contemporary networking technologies are better suited to support rural economies, and by extension the more functional urban communities traditionally served by co-operatives, than earlier communications technologies, such as the telegraph and the telephone.<sup>40</sup> These technologies are flexible, versatile, and increasingly easy to use. In addition, they can be organized on a decentralized basis and more easily customized to the tasks of building a customer base and, with it, a sense of community. This customization can easily support the kinds of horizontal relationships and local ties necessary for redefining the "region" of interest of a co-operative.

Within these new regions, Garcia notes the utility of a web portal structure, which would "allow remote communities from across an entire region to link up and to co-operate with communities elsewhere, thereby reinforcing local knowledge, restraining destructive competition among communities, and limiting the drain of resources to more urbanized areas."<sup>41</sup> The portal permits the recouping of greater economies from agglomeration, enabling communities to use their resources in a more effective manner.

In reconsidering the territory in which they function and in utilizing digital networking technologies to build a new social space in a broader "region," co-operatives may also be able to develop new ways for making their services accessible. The development of e-commerce in banking, retailing, and the sale of many other services and goods permits co-operatives to use more effectively the resources in a given region. Moreover, e-commerce may encourage co-operatives to draw on resources available in the larger national and international networks to which they belong. In improving accessibility to goods and services through "local" means, co-operatives can build bridges to customers they might have overlooked or failed to serve in the past.

To the extent that they are able to improve accessibility to an expanded range of services in a new region, co-operatives will also be better placed to offer interesting jobs under fair employment conditions. As Fairbairn and

Dobrohoczki show later in this book, larger corporate businesses plugged into the global economy often reduce fairness in their employment practices and strip jobs of personal contact in their attempts to become more "efficient." This happens, for example, in the financial services sector and in retail, where global corporate chains such as Walmart are known for their low wages and working conditions in which unionization is prohibited. Frustrated by their work environment, conscientious and skilled employees may be tempted to work for co-operatives, where such approaches to employment practices are not taken.

Third, it follows that the same technologies that have the potential to create a new social space for co-operatives and to expand their palette of goods and services can also help improve connectivity between co-operatives and other organizations in the redefined region. Digital technologies permit the building of synergistic relationships with other businesses, public institutions, and community organizations, despite their physical distance from the co-operative. Improved transportation ensures that face-to-face contact can be used when necessary to cement social relationships and agreements, although increased availability of visual communication technologies can provide similar alternatives.

### **Responding to Globalization: The Role of Government**

As proponents of social cohesion and as potential contributors to the establishment of collective and personal autonomy, co-operatives are important elements of social structure in many societies. Their continuing ability to play such a role is dependent not only on co-operative leaders seizing the opportunities available through globalizing processes to reconfigure the social space in which they function but on other factors as well. As suggested later in chapters by Gingras and Carrier and by Girard and Langlois, governments also have a role in creating a favourable social and economic context in which co-operatives can respond dynamically to change. Their studies indicate that particular public policies are needed to create both the market opportunities and the resources needed by more aggressive and creative co-operatives. Three areas for government action are particularly important: building partnerships, technology support, and the higher valorization of co-operatives in strategic policy planning.

### **Building Partnerships**

The analysis of the factors favouring dynamic co-operatives in Quebec shows that despite some early rhetoric in globalization studies, governments are

not fatally disabled by globalization nor are their policy-making capacities restricted to the point that they are helpless in the face of it. To the contrary, as Weiss has argued, under certain institutional conditions, states can be *enabled* by globalizing processes.<sup>42</sup> In an earlier work,<sup>43</sup> Weiss argues that variations in *transformative capacity* across states help to explain why some states are more successful than others in steering economic adjustment. Crucial to transformative capacity is the nature of the linkages between governments and economic sectors. Strategies for adjustment and change are formulated and implemented not by the state alone but through policy linkages among politicians, relevant bureaucratic agencies, and sectoral actors. Weiss describes this type of negotiating relationship as "governed interdependence."<sup>44</sup> State actors and industry representatives retain their autonomy but negotiate and then agree to work towards broader goals set and monitored by state actors. As Weiss argues,

Of central importance is the state's ability to use its autonomy to consult and to elicit consensus and cooperation from the private sector ... Through its linkages with key economic groupings, the state can extract and exchange vital information with producers, stimulate private-sector participation in key policy areas, and mobilise a greater level of industry collaboration in advancing national strategy.<sup>45</sup>

Several factors are conducive to the kind of partnership at the centre of transformative capacity if it is to facilitate the responsiveness of co-operatives. The state actors responsible for co-operatives must have adequate *expertise* and a *capacity to co-ordinate* activities among themselves when necessary. The interest associations representing co-operatives in policy-making fora must have *sufficiently encompassing domains* that they can speak for the large majority of the co-operatives concerned. Finally, negotiations between state actors and representatives of the co-operative sector must be *institutionalized* and *regular* rather than ad hoc and spasmodic.

### Technology Support

To the extent that these institutional conditions are in place, negotiations can come to centre on both technology deployment and technology diffusion in more marginal areas. *Technology deployment* refers to processes to promote the installation of advanced networking technologies in all parts of society. *Technology diffusion* denotes the "process by which technologies

and technical innovations are extended and adapted over time and space, and integrated into day-to-day social and economic activities."<sup>46</sup> "Diffusion" means that persons and organizations in given social spaces must also be encouraged to develop the capabilities of adapting networking technologies to the particular needs of those living in these spaces. These capabilities would normally include mechanisms for information learning and for information exchange. In short, technology deployment is a necessary but not sufficient condition for the successful adoption of digital technologies.

When there are inequities in technology deployment and diffusion between rural areas and poorer areas of cities on the one hand and larger, urban-based markets on the other, co-operatives cannot address these inequalities on their own. Governments have a role to play in several respects:

- 1 Governments need to ensure that networking technologies are equally accessible in all parts of society. This will require the agreement and co-operation of Internet service providers, normally very large businesses that act across borders. For example, service providers in Canada such as Bell Canada, Rogers Telecommunications, and Telus have tended to be slow in making high broadband capability available in rural areas and small towns.
- 2 Governments should ensure that adequate financing is available for both deployment *and* diffusion. Credit unions may be able to help in this regard, but seed funding programs will also assist in the initial stages of development.
- 3 Governments can provide support to ensure that adequate technical assistance is available in given areas. Such assistance is necessary for ensuring that organizations and businesses in a given social space can learn to make full use of the networking technologies in the area.
- 4 As the chapter by Gingras and Carrier indicates, governments must work to ensure that markets are not monopolized by large transnational actors. If they are, governments must reconfigure market-shaping rules so as to create market spaces in which co-operatives can establish themselves and build economic and social relationships.

### Higher Visibility for Co-operatives

This last area of potential government action raises a broader point. Co-operatives and their representative organizations must convince politicians and the officials that serve them that co-operatives are fully legitimate,



market-making economic organizations. There is a tendency on the part of some politicians to consider co-operatives as minor niche players inherited from a bygone era. The neo-liberal thinking dominant in policy circles over the past two decades puts strong emphasis on the rugged, individual entrepreneur and on the notion of the self-regulating market. This thinking tends to overlook oligopolistic and monopolistic practices by large corporations. It also fails to recognize that markets are socially and politically embedded in rule systems built up over time to favour some forms of economic actors at the expense of others. Neither markets nor community social development is generated spontaneously out of thin air. They are formed through the actions of many, including the governments that set the legal and economic rules within which they operate. Ensuring fair opportunities for co-operatives must be part of the rule-making process.

### Conclusion

Globalizing processes present challenges to the future of co-operatives because they destabilize the territorial and functional boundaries of the social spaces in which the co-operatives are established. If left unaddressed, these challenges have the potential to weaken both the personal autonomy of individuals and the collective autonomy of the communities in which these individuals live. With the destabilization of co-operatives and the weakening of autonomy may come a decline in social cohesion. But some globalizing processes also create opportunities for those co-operatives willing to imagine new types of boundaries for the social spaces in which they function. Acting on this social imagination requires not only dynamic leadership within the co-operative but also the deployment and diffusion of digital technologies. It also demands public policies that provide the social and economic conditions that permit entrepreneurial co-operatives to exploit openings for growth and change that arise from globalization.

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## 2

## "Nuna Is My Body" What Northerners Can Teach about Social Cohesion

ISOBEL M. FINDLAY

*Inuit are an original people of the country now known as Canada, and our history ... is not just a story about an early chapter of Canadian history. Indeed it is an epic tale in the history of human settlement and the endurance of culture. Each chapter of our story provides valuable lessons and insights about issues that matter to cultures everywhere. Our history is ... about dealing with change as well as the causes and consequences of change forced on us through colonialism; and ... about how we as a culture are able to live in balance with the natural world.<sup>1</sup>*

Although the "true North strong and free" is a key part of the Canadian national imagination, and Inuit art has for many come to symbolize Canadian identity, "the North" is a place that most Canadians do not know or understand as well as they could. If former governor general of Canada Adrienne Clarkson had her way, with a Bill Gates-sized budget, she would send "every kid in Canada between the ages of 12 and 15 to the North for a month" as a means of broadening Canadians' sense of the "dimensions, geographical and psychological" of their country. In the summer of 2009, then Governor General Michaëlle Jean created a furor in Canada and beyond – including talk of "bloodlust" and "bizarre," and "Neanderthal" behaviour – when she ate raw seal heart at a community feast to help celebrate Nunavut's tenth

anniversary.<sup>2</sup> While both women wished to broaden our understanding of the rich diversity of Canadian cultural practices, their wishes look unlikely to be fulfilled any time soon. While many Canadians view the North as a marginal place of ice and snow (with its fabled two hundred words for that allegedly permanent presence),<sup>3</sup> a place of solitude and survival in a desolate landscape, for those who live on the land, the North can be a place of subtlety and sustenance; of power and prosperity; of rich reserves of wildlife and natural resources; of culture, community, and breathtaking beauty. So profound is the Inuit's relationship to the land that one Inuk has described it as "my life; *nuna* [the land] is my body."<sup>4</sup> Although technically "Nunavut" means "our land," one Inuk woman has said that for those with a more profound understanding of the language, the deeper meaning is "our homeland" or even "we share in this together, unconditionally."<sup>5</sup>

By studying what northerners have accomplished, southern Canadians can learn a great deal about the nature of community, identity, and social cohesion – and about the possibilities for these to be renewed and reaffirmed in the face of encroaching globalization. Such learning is important at a time when some argue that "Canada is developing a social-cohesion deficit."<sup>6</sup>

Although the territory of Nunavut is vast – close to two million square kilometres, or one-fifth of Canada's land mass – the Inuit ("people" in Inuktitut) population is small (24,640 of a total population of 29,474 in twenty-eight villages or communities) and, according to Statistics Canada's 2006 census, the youngest population in Canada, with 33.9 percent under the age of 14 and a median age of 20.1 years. Yet, at 85 percent of the territory's population, the Inuit represent a powerful force for change.<sup>7</sup> In a forty-five-year period, the Inuit have moved from a nomadic lifestyle to settled communities, from igloos to iPods.<sup>8</sup> Not only have the people survived government policies promoting "resource development, exploitation, assimilation and colonization," but they have also faced forced relocations to serve interests other than their own, negotiated incursions of multinational interests since the 1960s and 1970s, endured presumptions about a vast geographical "emptiness" ideal for military testing, worked for environmental protection and sustainable development, promoted peace, and secured comprehensive land agreements and self-government in a remarkably short period of time.<sup>9</sup>

They have succeeded in "rechannelling the frequently intrusive hand" of the Qallunaat (non-Inuit)<sup>10</sup> and forging new alliances and relationships,

representing a unified northern perspective while preserving Indigenous knowledge. Their achievements include the national Inuit Tapiriit Kanatami ("Inuit are united in Canada"), incorporated in 1972 and committed to a politics of change and to the promotion of Inuit language and culture; the 1977 Inuit Circumpolar Conference, which in 1984 gained NGO status at the United Nations; Pauktuutit, the Inuit Women's Association, incorporated in 1984; and the Canadian Inuit Business Development Council, founded in 1994 to organize co-operative networks and develop economic co-operation.<sup>11</sup> Since the 1960s, co-operatives and the art (mainly drawing, printmaking, and sculpture) they promote have played a key role in the "resurgence of pride and self-determination,"<sup>12</sup> a role supported by various federated structures, including the International Co-operative Alliance and Arctic Co-operatives Limited (ACL), which amalgamated with Canadian Arctic Producers and Canadian Arctic Co-operative Federation in 1982. Indeed, despite enormously high costs of living (\$5 for a litre of milk, for instance), the North is where Aboriginal peoples in Canada "have achieved the most in terms of political influence and institutions appropriate to their cultures and needs." Although "levers of political and economic power continue to be held outside the North and in some cases, outside Canada," Aboriginal communities in the North combine traditions with a mixed economy and economic and political development with environmental stewardship.<sup>13</sup> In a 2007 survey of living conditions in the Arctic, Inuit in Canada were the least likely to want to move away.<sup>14</sup> We can all learn from their example, from a history of sustained entrepreneurial enterprise in the face of significant challenge.

As indicated in the epigraph at the beginning of this chapter, the story of the Inuit is a persistently powerful extended narrative and not simply "an early chapter of Canadian history." To those immersed in mainstream messages about Canadian confederation and dicta about progress and the inevitabilities of a globalizing economic logic, Arctic Co-operatives Limited and Koomiut Co-operative Association Limited in particular (like the Inuit Tapiriit Kanatami) offer an appropriate caution that the Inuit story is far from a belated report on belatedness, the Indigenous echo of the nineteenth-century industrial underclass. Owned and controlled by thirty-one co-operatives in Nunavut and the Northwest Territories, ACL is one of the largest co-op federations in Canada, one that would make the top five hundred publicly traded companies while contributing to the physical infrastructure and social capital of communities.<sup>15</sup> In addition to reporting in

2008 a total revenue for member co-operatives of \$164 million, net savings of \$4.6 million, and patronage refunds of \$8.1 million to member co-operatives, ACL has presented to the federal Standing Committee on Aboriginal Peoples, worked proactively with the Government of Nunavut to develop a new *Language Act*, and continues to be, after government, the largest employer in the North.<sup>16</sup>

Drawing on twenty-five interviews and focus groups on the meaning of co-operative membership with board, staff, and regular members (young and old, men and women, new and long-established) of Koomiut Co-operative Association, we focus on distinctive – indeed, unique – identities, institutions, and situations; identifications and misidentifications; and the mixed consequences of government policy. What the Inuit story offers is a cautionary, inspiring, yet practical encounter with the blind spots inherent in globalization processes, which are replicated only too exactly in the presumptions of the colonial. Patterns of elite ignorance and inattentiveness raise questions about how we define success and how success can be measured outside the hierarchies that still subordinate sustainability to growth and public goods to privatized interests.<sup>17</sup> In sum, the chapter tests academic theory against social realities in their persistent or apparently obstinate forms in an effort to enrich and challenge what is commonly or even expertly understood as co-operation or social cohesion.<sup>18</sup> The stories shared here stress the capacities involved in multiple encounters and adjustments in the face of opportunity and imposition. The Inuit are especially interesting on the contradictions in the term *terra nullius*, since they live in the most sparsely populated and vast territory – a cause of wonder that should be an occasion for learning. There are multiple histories of self-determination and federation, including renaming this territory within federalism so as to acknowledge the benefits of multiple belonging and the need to renew and reform an overarching and enabling understanding of cohesion within the entity of the nation.<sup>19</sup> The Inuit stories insist on a post-diffusionist world where knowledge no longer moves (if it ever did) exclusively from centre to periphery.<sup>20</sup> The North is only a margin for those who don't understand it or who wish to reduce it to a lucrative periphery (worth \$84.8 billion, or 6.6 percent of the national GDP in 2009).<sup>21</sup>

In sharing the stories of one Inuit community and co-operative in Nunavut, then, this chapter explores what co-operative principles and a co-operative model can mean for Aboriginal-community economic development, for social and cultural life, and for economic security and sustainability. It also considers how membership contributes to social cohesion

and what Aboriginal initiatives and entrepreneurial spirit in remote communities can mean for the future of co-operatives and for Canada's understanding of globalization, individual and collective identities, and social cohesion. In particular, the chapter strives for the productive convergence of academic theory and community knowledge, the specific histories and geographies of communities, and the power of contexts and the contexts of needs.

### Resisting Globalizing Logics

Today's northern communities, caught up in complex renegotiations of realities and relationships while responding to pressures from the state, the market, and the media – from traditional and modern models, from national and transnational institutions, from local communities and the environment itself – are challenged to assess the opportunities and threats of globalizing processes, and to make decisions that meet multiple needs and aspirations while serving the long-term social, environmental, and economic health of communities.<sup>22</sup> Mere remoteness is no defence against planetary prospectors. The globalizing threats are as real now as they were in the past and as apparently anonymous and impersonal as ever. Try shaking hands with a satellite, throat-singing with a bulldozer, or sharing a meal with a numbered company. The migration patterns of investment capital bear little relation to the migration patterns of the seal, the bear, or the caribou.

As Zygmunt Bauman has argued, "The principal actors in the [globalizing] drama are 'terms of trade,' 'market demands,' 'competitive pressures,' 'productivity,' or 'efficiency requirements,' all covering up or explicitly denying any connections with the intentions, will, decisions, and actions of real humans with names and addresses."<sup>23</sup> And those strategically anonymous forces constructing rather than bridging gaps between and among groups are felt most keenly by Aboriginal communities around the world and especially the women and children, who are often left behind in the chain of development. Even in the context of "Global Apartheid" – that is, the growing gap between rich and poor whereby the richest 20 percent earns 82.7 percent of global income and the poorest 20 percent earns only 1.6 percent<sup>24</sup> – Inuit, like other Aboriginal peoples, challenge the inevitabilities of the way things are. Believing that humans can change what humans devised in the first place, resisting the "merciless war ... waged against the age-old traditions of communal solidarity,"<sup>25</sup> and insisting on their own acumen and agency, they work and think outside the old colonial boxes, reinvigorating community in the process.<sup>26</sup>

For many Inuit (and other Indigenous peoples), the answer lies in co-operative principles that have sustained communities over the years: "Aboriginal people have practiced the seven Co-op principles for generations," says Bill Lyall, president, ACL, one of Canada's largest co-operative federations and an Aboriginal success story. Speaking to the Standing Senate Committee on Aboriginal Peoples on 23 November 2005, Lyall appealed to the "extraordinary things" accomplished by "[o]rdinary people in communities across the Arctic." Like so many in the co-operatives he represents, Lyall tells a story that is guided not by an exclusionary and hierarchical Western binary logic but an inclusive perspective that promotes meaningful participation and respects interests from the local to the national: "Through our Co-operatives we have laid the foundation for future generations of Inuit, Dene, and Métis to participate in a meaningful way in the economies and social affairs of our communities, our territory, and our country."<sup>27</sup>

Inuit co-operatives address globalizing threats in as many ways as possible by redefining identities and responding to member needs and desires and continuing to be dynamic in response to change – change that has been ever-present in the Arctic, from the time the first European explorers "discovered" some of this vast territory in the sixteenth and seventeenth centuries (Martin Frobisher in 1577 and William Baffin in 1616) to the nineteenth-century incursions of John Franklin and John Simpson. Of course, as is made clear in recent advertisements by Inns North (the Arctic Co-operatives Limited member-owned network of twenty hotels in Nunavut and the Northwest Territories), the explorers had reason to winter in the Arctic: the parties! And Inns North continues the tradition by representing the "annals of history in the Canadian Arctic ... filled with stories of the perilous and the miraculous" and proudly inviting people to join them and learn from Inuit expert knowledge. Recycling colonial language and presumption as humorous, savvy hospitality, Inns North extends its invitation: "Discover the real Arctic with us ... Let us introduce you to our local colour. We know the North and we're delighted to share our knowledge with you."<sup>28</sup>

Displacing distance and disinterest as research values, the Inuit place primary importance on Inuit powers, knowledge, and experience in community-based practice. Like the Royal Commission on Aboriginal Peoples (RCAP), the Inuit challenge narrow economic thinking in linking economic development with choice, values, identity and institutions, and survival and sustainability:

*"Nuna Is My Body"*

[Economic] development is much more than individuals striving to maximize incomes and prestige, as many economists and sociologists are inclined to describe it. It is about maintaining and developing culture and identity; supporting self-governing institutions; and sustaining traditional ways of making a living. It is about giving people choice in their lives and maintaining appropriate forms of relationship with their own and with other societies.<sup>29</sup>

And also like RCAP, they know that economic development cannot fulfill its promise without urgent and "significant, even radical departures from business as usual."<sup>30</sup> This is but part of the Inuit difference that we as researchers needed to understand and respect if we are to do justice to the ways that Inuit describe and give meaning to their lives.

For the Inuit (as well as the Dene and Métis in the North), the "Co-operative model was the best way for us to meet our goals." In co-operative principles, they found something "very close" to their own "sharing culture." Community-owned and -controlled enterprises allowed members to prevent "people from outside their communities coming in and establishing businesses to provide services": "We wanted to develop the services ourselves. We wanted to keep the profits from any businesses in our communities and we wanted to use those profits to develop new and better services. We also wanted to provide employment for our members of our communities."<sup>31</sup>

Like those building First Nations co-operatives in the South (described in Hammond Ketilson's chapter later in this book), the Inuit see in co-operatives potential for renewed pride and revitalized communities. Like them, too, they are reimagining and redefining the meaning of co-operation.

Co-operatives as social enterprises are embedded in communities, often multiple communities of place and identities or interests, and these communities are themselves embedded within broader historical and institutional contexts. Such enterprises, like the Inuit themselves, then, are continually negotiating boundaries that would circumscribe who they are and can be, whom they may represent and serve, what they can do and how, and with whom they can forge links – all within an environment of dwindling resources. In this context, the growth and vigour of Inuit co-operatives in Canada depend on the innovation, improvisation, and collective intelligence of its key players; performing new identities and relationships; inhabiting institutional and other spaces in new ways; and interrupting the

privileges and priorities of centre-periphery relations. Co-operative enterprises have been a means of celebrating diversity and ending practices that waste, neglect, or discard rich resources of people and knowledge. They have helped build new relationships for healthy people and vigorous and sustainable economies.<sup>32</sup>

### Rewriting to Reright Inuit Realities

The caution that "research is probably one of the dirtiest words in the Indigenous world's vocabulary"<sup>33</sup> recalls colonial research models embedded in fragmented social science disciplines focused on "problems" to be resolved by "disinterested" experts monitoring and measuring marginalized populations. The uncoupling of thought and knowledge from spiritual, ecological, and social relationships was but one version of the violence done to Aboriginal peoples in Canada and Indigenous peoples around the world. In the process, local knowledge was disdained, ignored, or destroyed, or at best trivialized as "folk wisdom," while self-serving expertise was legitimated – which justified, in turn, colonial exploitation of peoples and their resources as the "natural" order of things. Heroic tales of whalers, traders, missionaries, and police obscured the systematic exploitation of land and people in what has been termed the "economic serfdom" in relation to the Hudson's Bay Company and "moral serfdom" in relation to the missions.<sup>34</sup>

This produced a cognitive terra nullius, as it were, where different epistemological, spiritual, territorial, and other orders were reduced to caricatures or empty shells and discarded in favour of colonial calculation, indifference, or caprice.<sup>35</sup> According to the thinking of the dominant, Aboriginal peoples needed to develop in order to catch up with mainstream standards and values. The challenge was to fit Aboriginal peoples into mainstream institutions rather than learning from Aboriginal peoples and thereby improving those institutions. Likewise, poverty was the problem of individuals and the solution understood to be the direction of government policy at business development, the education and training of Aboriginal peoples,<sup>36</sup> and the building of social capital for more efficient economic participation. In the current wave of globalization, of course, state intervention is itself on the increase while simultaneously characterized as standing in the way of the development process.<sup>37</sup> Meanwhile, the blundering interventions of the First World are marketed as refinement, effective targeting, and the surgical incursions of the cutting-edge.

It is against this history that Aboriginal peoples in general and the Inuit in particular have in recent decades asserted their self-determination,

redefining expertise, promoting local knowledge, injecting values into the research (socio-economic and other) processes, and taking control of past, present, and future.<sup>38</sup> According to the Inuit Tapiriit Kanatami, "This is a story that we must begin to tell for ourselves":

Unfortunately until now, most of the research on our culture and history has been done by individuals who come from outside our culture ... It will take time to change this situation and we as Inuit are certainly prepared to work cooperatively with those who have devoted their professional lives to the study of our culture. In the meantime we will reinterpret the information gathered by others to help us speak about ourselves.

A strong sense of purpose guides the historical storytelling and remapping of the territory: "To be of value, our history must be used to instruct our young and to inform all of us about who we are as Inuit in today's world. We do not want our history to confine us to the past."<sup>39</sup>

Thus, the Inuit insist that they will do the telling and teaching on their own terms to bring their communities back to health. Martha Flaherty, president of Pauktuutit, the Inuit Women's Association of Canada, for instance, told RCAP on 2 November 1993:

The overall health and well-being of our people are intrinsically tied to the social, political and economic development of our communities. We can no longer afford to pay the price of dividing issues into manageable portfolios, programs and services. A holistic, integrated approach is necessary at every level and in relation to every issue or problem.<sup>40</sup>

So the lessons here have much to teach us about the shifting relations between centre and periphery, about the vigour and vitality of identities when they resist definition and dictation from above, and about the mainstream as a homogenizing force and the so-called margins as a haven of diversity and value where "personal and collective responsibilities" are linked to "responsibility to Creation, including the other beings that are part of Creation."<sup>41</sup>

### Koomiut Co-operative Association Limited, Kugaaruk, NU

Named for Sir Henry Pelly, a nineteenth-century governor of the Hudson's Bay Company, Pelly Bay lies about 250 kilometres north of the Arctic Circle on the tundra of Simpson Peninsula. The community developed around a

Roman Catholic Oblate mission founded there in 1935. In the 1960s, as a result of government interest in protecting northern sovereignty and as a bureaucratic investment in facilitating the administration of government largesse, a permanent settlement was established and Pelly Bay became the first hamlet incorporated in the Central Arctic. It was also the last to receive permanent housing, ending the nomadic life though not the traditional hunting and fishing or the traditional knowledge (*qaujimajatuqangit*) of its people.<sup>42</sup> Renaming Pelly Bay Kugaaruk or, alternatively, Arviligjuak, the Inuit (or Netsilingmiut, "people of the seal") insist on their special relationship to the land that continues to sustain body and soul. They take every opportunity to be out on the land doing what they always have, leaving behind work and chores to enjoy the natural bounty. When they are not fishing and hunting, the people are inspired to paint, print-make, or carve by the hills and mountains, open land, wildlife, and seas that surround them. Renaming themselves and retrieving identities obscured and diminished by government-issued identity numbers,<sup>43</sup> the Inuit chose among the always genderless names that "are the essence of souls" and a "vital aspect of Inuit social and cultural life."<sup>44</sup>

Accessible only by air and sea, and by sea for only a couple of months of the year (hence the huge expense of everything from travel to services to groceries and other necessities), Kugaaruk is nevertheless connected in multiple ways to the outside world: from the youth with their iPods, to Internet connections, to the satellite dishes that complement the stretched furs around the brightly painted homes that add colour to the subtle variations of the landscape. They are connected, too, to Arctic Co-operatives Limited (ACL), which serves them from Winnipeg, where board members go to report activities, receive training, pass resolutions, and reaffirm their commitment to the larger co-op movement. As one board member put it, "We came up with Arctic Co-operatives Limited so that whenever one co-op or co-ops are having problems they help each other." Attendance at the ACL annual general meeting in Winnipeg is an important symbolic and cultural act, as presentations from the co-ops are made by board members, who share stories of success and challenge, celebrate past and present members, and repeat the oath of office.

Early co-operatives in the North (including Koomiut Co-operative, established in 1966 in what was then Pelly Bay) built on traditional ways – arts and crafts, fur, and fisheries – while diversifying to become multipurpose co-operatives serviced by other co-operatives (since Canadian Arctic Producers, now the art-marketing arm of Arctic Co-operatives Limited, was

established in 1965), offering marketing expertise; consolidating buying power; and providing accounting, auditing, development, management, and other supports. In this way, co-operatives were better able to meet consumer needs in the retail stores environment; enhance local employment by operating hotels and developing tourism; get involved in freight, fuel, construction, postal outlets, real estate, cable, and Internet service provision; and build a socio-economic infrastructure in the interests of engaged and cohesive communities.

Koomiut Co-operative is a leader in this regard, providing a broad range of services beyond its hotel and retail store – which serve as a meeting place – at the heart of the community. If you need a taxi to the airport or a bus for elders to visit around the community, or if you wish to purchase art, book a kayaking tour, get your vehicle fixed, cash a cheque, or order a cake to celebrate a birthday, the co-op is the place to go. Among other things, the co-op acts as an informal bank (in a community where no financial services are otherwise available), a furniture and appliance store, an art gallery, and a community hub. It is the place where people find the products and services they have requested, at prices they can trust, and where they can be served in the languages of Inuktitut and Inuinnaqtun. It is the place where people converge, a meeting of modern amenities and traditional practices. Members are proud of the fact that "the co-op is growing every year," that "all the money goes back to the community," that members "get a pretty good dividend back at the end of the year," that the co-op supports community events and training of local community members, and that their then Inuit manager was, as one member said, "a very strong man and he helps the local people." As another member said, "If there wasn't a co-op here and there was a Northern Store, then all the money would go down south." Members are proud of their large new hotel and store, where women arrive astride their snowmobiles with babies nestled comfortably in their mother's *amaulik*, a parka with an oversized hood or carrying pouch.

What is remarkable in the story of Koomiut Co-operative is the overlap and interrelationship of traditions and practices that produce cohesion through co-operation, and the recognition of interdependence as both a necessity and a value. Rather than scorning Inuit claims to have invented co-operatives (a claim that we encountered more than once) and rehearsing Eurocentric narratives of origins and originality and of individual and exclusive property regimes, it is important to respect this testimony to the history of co-operation within and across Inuit communities. With this claim, Inuit are transforming history into justice<sup>45</sup> by attesting to their own traditions

and capacities rather than deferring to or denying the inventive capacities of others. Nor do they understate the specific roles of outsiders, whether missionary or government, who promoted co-operatives. According to one member, "Well before the co-operative got started, most of the people were working together out on the land. That's called co-operative. So I think from that they learned, and I guess some people from outside saw that, and maybe they thought of starting co-operatives 'cause people work together most of the time." Similarly, it is less important to research how Inuit co-operatives might "fit into" Aboriginal communities<sup>46</sup> than to consider co-operation as central to multiple forms of sustainability through cohesiveness in multiple sites.

To reduce Inuit co-operation to a product of privation and a mark of the pre-modern is as foolish as characterizing massive economic activity in co-ops around the world as outmoded or interim stages on the way to "modernity," as global corporate elites choose to understand that term, seeking to impose their understanding on everyone and everything for their own benefit.<sup>47</sup> Rather, it is more useful to consider what Inuit have done with co-operatives, how they have used their autonomy and their critical capacities to interrogate their own and invasive modes of being and acting and to re-imagine co-operatives, making them serve their own socio-economic, cultural, and political aspirations.<sup>48</sup> If "all cultures are involved in one another" and none is "single and pure," as Edward Said has argued, what matters is not the fact of the hybrid and heterogeneous, but how a particular cultural group uses its hybridity, how it uses its difference from the mainstream to think, act, and imagine things otherwise.<sup>49</sup>

Koomiut Co-operative is "much more than a business," as one member put it, although members are proud of its business successes too. According to one board member, other Aboriginal communities should form co-operatives because the co-operative "is their own. You have your own control of it, your membership is your own people, and ... it's your own, your own, your own business." Members, manager, and board members alike take pride in "the young people that have become members to support their local co-op." As a result, Koomiut enjoys "a very young board of directors," one of whom takes particular pride in board work that is "helping the community to better their lives or be a better community." Co-op membership is almost synonymous with community membership (half of the community's population of seven hundred are members and in turn represent close to 99 percent of the population when children and elders are included). For

the board president, this is "a strong indicator" of the co-op's success, as is the large and engaged membership that participates in the annual general meetings. The AGM is "where the new ideas are coming from ... mostly from the local community and then sometimes the ideas come in from ACL." And the co-op pension for members (beginning at the age of fifty-five) is but one sign of a life-long connection to the co-operative – an indication of the ongoing commitment to the "benefits" brought by elders who had the vision to "start the local co-op here" and remain key stewards and teachers of cultural knowledge and skills. "The elders keep the traditions alive – the hunting – and they started the kayak building a few years ago," one member reported. In a community where elders may not have had pensionable employment, the pension program is invaluable.

Inuit autonomy and critical relationship to dominant views of globalizing forces and practices are a response to successive waves of globalization. In the past, Inuit identity was never strictly related to one geographic locale but instead has always been connected to the seasonal grounds of the traditional economy as well as being more profoundly tied to the land, understood as indivisible from the human body ("nuna is my body"), which is charged with the land's protection and stewardship.<sup>50</sup> In this way, Inuit epistemology and ontology challenge the boundaries of Western thinking and stretch understandings of identity, locality, and social cohesion. Although local resources and relationships rebuilt around common experience are a vital part of the story, the local is not imagined by the Inuit (or by this writer) as separate from the global, free from power inequalities, or beyond the destructive reach of negative strategies of difference, whether these are based on race, class, gender, age, sexuality, religion, or ability. Nor can it effectively negotiate global complexities without larger and international linkages.<sup>51</sup> Furthermore, the dominant claim that globalization obliterates the boundaries of nation and state is not compelling. To ignore the tools of democratic participation and the power of sovereignty to spurn neo-colonial infractions is to submit to the ideology of globalism and to advance globalization.<sup>52</sup> For a number of members of Koomiut Co-operative, "having a voice" in deciding community directions is a key part of the meaning of co-operative membership.

In any case, Inuit were never passive recipients of outsider knowledge but were always active sharers of their qaujimajatuqangit, which shaped all capacities to survive and flourish in the North. In no need of instruction from the so-called centre, Inuit have always been sustained by traditional



knowledge stored in memory and the practice of traditional laws, a source of "comfort and peace" immeasurably more valuable than any "comforts" offered by modern culture.<sup>53</sup> Although the South has its attractions, one member confirmed that "the majority would rather stay in the community. Home is home and they feel more safe here in their own community." And trade and commerce with explorers always overran boundaries between the inside and outside of communities. Acceptance of those from outside, according to one member, comes once a person has developed "a sense of belonging in the community," something that comes with "the attitude of respecting yourself, respecting others and the community traditions." While there are differences within and across Aboriginal communities, what is shared is an understanding of the land not as property but as a set of relationships linking people of the territory to the Creator and having profound spiritual implications. In other words, there has never been a secure inside and outside to community that is sustained in its territorial, federated, national, and international contexts.

To the extent that the spirit of co-operation is strong in the community, co-op members fear the idea of competition and are aware that it threatens the spirit of co-operation. Social cohesion is obviously important in the community and is both guarded and expressed in the commitment to co-operative values, which are widely understood by members to be the same as Inuit values. That commitment has been expressed in successive rebuffs of the Northern Store's attempts to establish itself in the community.<sup>54</sup> As one member pointed out, Koomiut Co-op members get "a pretty good dividend ... compared to communities with Northern Stores." Another insisted, "We said 'no.' We don't want Northern and that Northern guy was saying you get everything what you want but we said 'no,' we want to help the co-op, we want to help the people." Although the vote conducted by the hamlet in April 2006 was closer than usual, some ascribed the closeness to fatigue and exasperation with the persistent efforts by the Northern and the store's failure to respect community decisions.

Members are likewise sensitive to the Walmart discourse, of the competing values represented by such a dominant globalized player that claims the lowest prices, the greatest variety, and even the friendliest welcome, as well as a commitment to communities. Members are sensitive to the seduction of such discourse, and there is broad recognition that youth and adult support for the co-op cannot be presumed and that co-op benefits need to be powerfully communicated to ensure intergenerational continuity. While the elders feel connection to the co-op through radio and co-op meetings,

members were clear that multiple means (including an educational curriculum) would be needed to ensure that co-operative benefits remained evident to future generations. Pride of ownership in the co-op, independent decision making, employment opportunities, leadership training, a sustaining federated network, and co-operative values that are Inuit values and a vital tool of community development are every bit as important as the annual dividend cheque but they are something that neither Northern nor Walmart shoppers can ever hope for.

### Conclusion

Inuit survival in the North is a result of particular histories rooted in intrinsic and earned relations and capacities. Many are tempted to see communities and co-operative practices as a function of cultural and environmental deprivation. Viewed through the lenses of deficiency and underdevelopment, survival in a harsh environment means co-ops. According to this view, if the Inuit were living in abundance, they would be individualist, atomistic, and rapacious, just like the rest of us. But Inuit appreciation for what they know to be the plenty offered by the land confirms their obligation to Creation and community. If we reverse the flow of learning from North to South, we might achieve new forms of sustainability by rethinking scarcity (and plenty) and revisiting our apparently inevitable addiction to growth and choice, where more is never enough. Such rethinking is not about bringing the pre-modern into modernity but about recognizing the full range of relationships in which we participate and on which we depend, in the midst of economic and legal regimes that fetishize the individual while claiming to protect and respect him or her.<sup>55</sup> If the Inuit experience teaches us to build networks in order to build strength, to diversify in response to member needs and talents, to put the co-operative at the social and cultural centre of the community, to maintain cultural traditions and practices and consolidate a connection to place, it also produces new solidarities, renews commitment to principled practices, and breathes a new pluralistic meaning into multiple bottom lines. In its challenge to the non-co-operative economy, the Inuit experience stretches the terms of co-operative engagement, substituting interdependence for independence and reimagining the seventh of the seven co-operative principles – concern for community – to include the land and all that it sustains and is sustained by. If we all have much to learn from Inuit co-operative enterprise and resourcefulness, there are also important lessons to be learned about the value of the co-operative model for Aboriginal acts of self-determination.

Cohesion is often a euphemism for coercion – especially the forced relocation of people, which requires new relations to territory – but the examples of the Inuit (and the Dene in Northwest Territories) show both the coercive force of circumstances and government policy and also the capacities of resistance as relatedness and co-operation. Coercion leads, in the Inuit experience, to various kinds of common understandings and co-operation that grow out of the experience of relationships that are multi-directional, not unidirectional. Inuit capacities and resolve were never diminished or destroyed by hopelessness. Social cohesion was already so strong in Inuit communities that colonial powers and geopolitical forces could not simply impose Western ideals or implement First World projects. The Inuit continue to live the way they have done for centuries in the face of change in the region – a region that is seen for the most part by outsiders as a permanent, immutable, icy-white environment. Such outside observers all too often find it easy to reduce Inuit histories and all their relationships to a single moment in a frozen land, frozen in time. If our social cohesion is strengthened when we are challenged by views other than our own, when we are forced “to think through why [we] believe what [we] believe,” much is at stake in listening to and learning from Inuit experience and recognizing our “multiple others.”<sup>56</sup>

Taking up their role as “the teaching civilization” and not the more-or-less “willing learners of modernity,”<sup>57</sup> Inuit communities and co-operatives are continuing to define and redefine their relationships to Canada and to colonial history and to underline what their experiences mean for all of us. Although the current wave of globalization has done much to undermine traditional livelihoods and destabilize communities by valuing market relations over social and other relations,<sup>58</sup> it has also been the impetus for renewed interest in alternative (even alternatives to) development strategies, discourses, and performance indicators that put community values at the centre of things.<sup>59</sup> If fences – visible and invisible, physical and virtual – have been a key part of the colonial practices of capitalist modernity, encircling private property and cutting people off from public resources of land and water, food security and accessible health and housing, education and political participation, those fences are coming down “on the streets and in [people’s] minds.”<sup>60</sup> In their Conference Board of Canada report, Loizides and Wuttunee likewise insist that the status quo “is not acceptable” and that “community capitalism” incorporating Aboriginal values is key.<sup>61</sup>

Exposing the historical privileges of mainstream measures benefitting First World capital and economic individualism, Inuit (like other Indigenous

peoples within and beyond Canada) are “rewriting and rerighting [Indigenous peoples’] position in history ... It is not simply about giving an oral account or a genealogical naming of the land and the events which raged over it, but a very powerful need to give testimony to and restore a spirit, to bring back into existence a world fragmented and dying.”<sup>62</sup> Inuit resist mainstream tools and practices in the hands of government bureaucrats and corporate managers that have historically devalued and continue to marginalize Indigenous peoples, knowledge, and initiatives, subjecting them to canons of value and standards of evidence and accountability that are alien to Indigenous cultures.<sup>63</sup> It was modernity’s dominant/dominating story that allowed settler nations to imagine and legitimate their claims to territory and resources,<sup>64</sup> while depending on the knowledge of Aboriginal people to survive and prosper *and* dismissing Aboriginal peoples as uncivilized.

In the current wave of globalization, Koomiut Co-operative members facing forces that would reconstruct and reduce them to consumers and their broader relationships to mere matters of commerce are sustained by traditional views and by networks connecting them to other co-ops within and beyond ACL’s federated system. Networks are maintained not only by daily transactions, but also by area managers, managers’ meetings, and board representation at ACL’s annual general meeting, where social cohesion is reproduced in the symbolic staging of identities of interests. But responding to globalization threats means remaining vigilant about the dangers of taking on the competition only in crude economic terms. If the dominant is fond of singular identities that refuse forms of interrelationship, pluralities of identity can complicate economic and social exchange and introduce parity where historically there has been a massive disproportion of power.

If national identity is widely held to be a defining (if elusive) logic of life in this country, then why would not identity be a source of thinking, of collaborating, of debate in those parts where Inuit live? Canada’s ongoing and endlessly morphing project of identity formation must include the Inuit meaningfully – and not only in self-interested investments in Arctic sovereignty. In his attempts to recover Canada from its colonial obsessions, John Borrows argues, “We need a new story, new solutions ... We need a transformative message in a reactionary time.”<sup>65</sup> In the Inuit story we receive such a message. So this is not a story about Frobisher and Franklin and missionaries but about now and about a people’s inventive capacity to make the best of colonial and other intrusions, to maintain traditional ways and reconstruct relationships, to retell their rich histories, and to adopt and adapt what will best serve their needs. “Despite all of our natural obstacles,” says

Bill Lyall, "we have worked together with one voice, and have built a very impressive network of community-owned and -controlled enterprises. They have become a model for Aboriginal development in Canada."<sup>6</sup> And not only for Aboriginal development: The Arctic Co-operatives Limited story – its strong community-based enterprises and their important networks with each other – epitomizes approaches that can also work in communities in the South.

## NOTES

This chapter is based on research conducted with Wanda Wuttunee (University of Manitoba) in Nunavut (and the Northwest Territories) with the support of Koomiut Co-operative Association, Great Bear Co-operative, Arctic Co-operatives Limited, Nunavut Research Institute, and Aurora Research Institute, as well as the Social Sciences and Humanities Research Council of Canada project "Co-operative Membership and Globalization: Creating Social Cohesion through Market Relations," Brett Fairbairn, principal investigator. In April 2004 and April 2006, the project researchers conducted twenty-five interviews and focus groups with co-operative members (young and old, new and long-established) about the meaning of co-operative membership. Some of the research was presented in papers at the 2005 meetings of the Canadian Association for Studies in Co-operation and of the International Co-operative Alliance Research Conference. A short account of this research was published as "Putting Co-operative Principles into Practice: Lessons Learned from Canada's North," in *ICA Review of International Co-operation* 9, 1 (2006).

- 1 Inuit Tapiriit Kanatami, "5000 Years of Inuit History and Heritage" (Inuit Tapiriit Kanatami: 2004), <https://www.itk.ca/publication,2>.
- 2 Adrienne Clarkson quoted in Michael Posner, "Adrienne Clarkson: Take 65," *Globe and Mail*, 24 September 2005, F8; CBC News, "Governor General's Seal Snack Sparks Controversy," 26 May 2009, <http://www.cbc.ca/Canada/story/2009/05/26/jean-seal.html>.
- 3 Lanna Crucefix, "Ask Us @ U of T: Do the Inuit Really Have 200 Words for Snow?" <http://archive.is/7My52>.
- 4 Government of Canada, Royal Commission on Aboriginal Peoples (RCAP), *Report of the Royal Commission on Aboriginal Peoples*, vol. 1, *Looking Forward, Looking Back* (Ottawa: Minister of Supply and Services Canada, 1996), 491.
- 5 Ann Meekitjuk Hanson, "What's in a Name?" Nunavut '99 website, <http://www.nunavut.com/nunavut99/english/name.html>.
- 6 Michael Valpy, "The Friendship of Strangers: Is This the End of the Age of Our Social Cohesion?" *Globe and Mail*, 29 August 2009, A17.
- 7 Statistics Canada, "Aboriginal Population Profile: Nunavut," <https://www12.statcan.gc.ca/census-recensement/2006/dp-pd/prof/92-594/search-recherche/1st/page.cfm?Lang=E&GeoCode=62>.
- 8 See Sam Toman, "iPods vs. iGloos: The iPod Revolution Has Taken Root in the Arctic: Will It Spell the End of Traditional Inuit Music?" *Up Here*, April 2006: 49-62.

- 9 RCAP, 1:230-33, 454-66.
- 10 RCAP, *Report of the Royal Commission on Aboriginal Peoples*, vol. 4, *Perspectives and Realities* (Ottawa: Minister of Supply and Services Canada, 1996), 402.
- 11 RCAP 1:230-33.
- 12 Robert G. Williamson, "The Land of Failing Ice," *BlackFlash* 19, 1 (2001): 24.
- 13 RCAP 4:388-89. Although the so-called subsistence economy has value beyond the economic – providing nutrition and nourishing a sense of independence as well as interdependence with the land and community – it also plays a significant role as part of the larger Nunavut economy. Country food harvested in Nunavut is estimated at more than \$30 million (at least equal to the value of imported food). In addition, by-products of the hunt contribute to art and clothing. See Larry Simpson, "The Subsistence Economy," Nunavut '99, <http://www.nunavut.com>. See, too, RCAP, 4:468, on the extent to which the traditional-mixed economy and "land-based production in the typical northern economy 'subsidizes' both the wage economy and the social welfare system." See also Birger Poppel, Jack Kruse, Gérard Duhaime, and Larissa Abryutina, *Survey of Living Conditions in the Arctic: Results* (Anchorage: Institute of Social and Economic Research, University of Alaska Anchorage, 2007), <http://www.arcticlivingconditions.org>. This study confirms that well-being among the Inuit is associated with a mixed economy, traditional activities, and local control. According to Peter Kulchyski, gathering country food is itself "an embodied deconstruction of the binary opposition between work and leisure": *Like the Sound of a Drum: Aboriginal Cultural Politics in Denedeh and Nunavut* (Winnipeg: University of Manitoba Press, 2005), 224.
- 14 Poppel, Kruse, Duhaime, and Abryutina, *Survey*, 10.
- 15 For a fuller account of Aboriginal co-operatives in Canada, see Lou Hammond Ketilson and Ian MacPherson, *A Report on Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth* (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2001). On the particular role of Inuit women, see Julia Smith, "The Involvement of Inuit Women in the Formation of Arctic Co-operatives," <http://www.bcics.org/studentpapers/inuitwomen>.
- 16 Arctic Co-operatives Limited (ACL), "Financial Highlights," <http://www.arcticco-op.com/about-acl-financial-highlights.htm>; Arctic Co-operatives Limited/Arctic Co-operative Development Fund, 2005 *Annual Reports* (Winnipeg: ACL/ACDF), 3-7; Ian MacPherson, "What Has Been Learned Should Be Studied and Passed On: Why the Northern Co-operative Experience Needs to Be Considered More Seriously," *Northern Review* 30 (Spring 2009): 57-81.
- 17 Zygmunt Bauman is among the most vocal and prolific critics of globalizing modernity's wasteful ways, telling powerful stories to counteract master narratives that relegate some knowledge to the dustbin of history while individualizing and privatizing to the point where attention is diverted from the socio-economic roots of problems. See, for example, his *Globalization: The Human Consequences* (New York: Columbia University Press, 1988) and *Wasted Lives: Modernity and Its Outcasts* (Cambridge, UK: Polity Press, 2004). On globalization's production of the risk society that shares socio-economic bads instead of benefitting from goods, see Ulrich Beck, *Risk Society: Towards a New Modernity*, trans. Mark Ritter (New York: Sage, 1992).

- 18 For a useful survey of different approaches to social cohesion as issue and concept, as process and policy, and as site of contradiction and contestation, see David A. Gauthier and Polo Diaz, "Introduction: Rural Adaptation and Social Cohesion for Sustainable Development of the Prairies," *Prairie Forum* 30, 2 (Fall 2005): iii-xviii. For a thoughtful piece on neo-liberal discourses of globalization, on social cohesion as theory and politics, and on its utility as "an analytical tool, rather than as a causal construct that explains why places are successful or not" (229), see JoAnn Jaffe and Amy Quark, "Social Cohesion: Theory or Politics? Evidence from Studies of Saskatchewan Rural Communities under Neoliberalism," *Prairie Forum* 30, 2 (Fall 2005): 229-52. For a treatment of social cohesion measuring behaviours and perceptions of Inuit, see Gérard Duhaime, Edmund Searles, Peter J. Usher, Heather Myers, and Pierre Fréchette, "Social Cohesion and Living Conditions in the Canadian Arctic: From Theory to Measurement," *Social Indicators Research* 66 (2004): 295-314. While the dependence of Duhaime and colleagues on Émile Durkheim's distinction between mechanical and organic solidarity (see *The Division of Labor in Society*, 1893) is a progressive, well-intentioned attempt to highlight the salience of the social, it is regrettably revealing in its reinscription of European rights to frame and define the social. As a result of the distinctions with which they are operating, Duhaime and colleagues make no place for the role of co-operative membership.
- 19 Despite the painful experience of colonial incursions, Inuit commitment to Canada is clear in the naming of their national organization Inuit Tapiriit Kanatami and in its logo of a white maple leaf surrounded by four Inuit (representing the four Inuit regions of Nunatsiavut (Labrador), Nunavik (northern Quebec), Nunavut, and Inuvialuit (Northwest Territories). Similarly, John Amagoalik's "Looking Back", on the Nunavut '99 website, stresses that "a resurgence of Inuit pride" has not reduced that commitment: "we have become loyal Canadians." <http://www.nunavut.com/nunavut99/english/looking.html>.
- 20 On colonial diffusionist models, see James M. Blaut, *The Colonizer's Model of the World: Geographical Diffusionism and Eurocentric History* (New York: Guilford Press, 1993).
- 21 Heidi Martin, *Building Labour Force Capacity in Canada's North* (Ottawa: Conference Board of Canada, 2011), 7.
- 22 On the role of mainstream accounting measures in constraining communities' sense of their options for making economic development decisions, see Isobel M. Findlay and John D. Russell, "Aboriginal Economic Development and the Triple Bottom Line: Toward a Sustainable Future?" *Journal of Aboriginal Economic Development* 4, 2 (2005): 84-99. See also David A. Gauthier and Stephen Weiss, "Assessing Performance Indicators, Social Cohesion and Community Sustainability," *Prairie Forum* 30, 2 (Fall 2005): 313-28.
- 23 Zygmunt Bauman, *Wasted Lives* (Cambridge, UK: Polity Press, 2004), 40. See also Janice Gross Stein, *The Cult of Efficiency* (Toronto: Anansi, 2001) and Linda McQuaig, *The Cult of Impotence: Selling the Myth of Powerlessness in the Global Economy* (Toronto: Viking, 1998).
- 24 See S.B. Banerjee, "Who Sustains Whose Development? Sustainable Development and the Reinvention of Nature," *Organization Studies* 24, 1 (2003): 143-80.

- 25 Majid Rahnema and Victoria Bawtree, *The Post-Development Reader* (London and New Jersey: Zed Books, 1997), x.
- 26 In his *Like the Sound of a Drum: Aboriginal Cultural Politics in Denedeh and Nunavut*, Peter Kulchyski makes similar claims about what Inuit and Dene in the Canadian North can teach us about political democracy, resisting and stretching the terms that govern Canadian lives, although he does not discuss the specific role of co-operatives. While Marybelle Mitchell's *From Talking Chiefs to a Native Corporate Elite: The Birth of Class and Nationalism among Canadian Inuit* (Montreal and Kingston: McGill-Queen's University Press, 1996) discusses the role of co-operatives, she does so in the context of the presumptions and problematics of Western social science, supplemented by tentative and speculative reconstructions ("it can be assumed" and "it is impossible to determine" at 103-4.) that take too little account of the powers, agency, and resistance of Inuit peoples. On Aboriginal women's contributions, see Isobel M. Findlay and Wanda Wuttunee, "Aboriginal Women's Community Economic Development: Measuring and Promoting Success," *IRPP Choices* 13, 4 (August 2007): 1-26.
- 27 Cited in Arctic Co-operatives Limited/Arctic Co-operative Development Fund, *2005 Annual Reports*, 3.
- 28 The Inns North advertisement begins with two questions: "Ever wonder why Arctic explorers always wintered over? Ever hear about our parties?" before insisting on the local knowledge that will allow visitors to have "[l]ocal history, culture and the arts ... at [their] fingertips." The advertisement is printed in *Above and Beyond: Canada's Arctic Journal*, March/April 2006, 55.
- 29 RCAP, *Report of the Royal Commission on Aboriginal Peoples*, vol. 2, *Restructuring the Relationship* (Ottawa: Minister of Supply and Services Canada, 1996), 780. See also Wanda Wuttunee, *Living Rhythms: Lessons in Aboriginal Economic Resilience and Vision* (Montreal and Kingston: McGill-Queen's University Press, 2004).
- 30 RCAP, 2:775.
- 31 ACL, "History," <http://www.arcticco-op.com/about-acl-history.htm>.
- 32 On the human waste or wasted lives that are necessary products of modernization, "the dark, shameful secret of all production," see Bauman, *Wasted Lives*, 27. Human waste includes those branded "excessive" or "redundant" to modernizing processes and those whose modes of "making a living" are considered "unfit" or "undesirable." Globalization is but "the third, and currently the most prolific and least controlled 'production line' of human waste or wasted humans" (5-6). And the borderline "that divides, literally conjures up, the difference between ... the included and excluded" – a site of significant anxiety – needs careful policing (28).
- 33 Linda Tuhiwai Smith, *Decolonizing Methodologies: Research and Indigenous Peoples* (London: Zed Books, 1999), 1.
- 34 Helge Kleivan's phrase "economic serfdom," from *The Eskimos of Northeast Labrador: A History of Eskimo-White Relations, 1771-1955* (Oslo: Universitetsforlaget, 1966), is cited and supplemented in Hugh Brody, *The People's Land: Inuit, Whites and the Eastern Arctic* (Vancouver: Douglas and McIntyre, 1991), 31-32.
- 35 See Makere Stewart-Harawira, *The New Imperial Order: Indigenous Responses to Globalization* (London and New York: Zed Books, 2005).

- 36 See, for example, Hammond Ketilson and MacPherson, *Report*, 17; Giles Mohan and Kristian Stokke, "Participatory Development and Empowerment: The Dangers of Localism," *Third World Quarterly* 21, 2 (2000): 255-58.
- 37 On the enhanced role of the state in reproducing market rule, see also Adam Tickell and Jamie Peck, "Making Global Rules: Globalization or Neoliberalization?" in *Remaking the Global Economy: Economic-Geographical Perspectives*, ed. Jamie Peck and Henry Wai-chung Yeung (London: Sage, 2003), 163-81.
- 38 On the development of new research protocols to protect Aboriginal interests, see Warren Weir and Wanda Wuttunee, "Respectful Research in Aboriginal Communities and Institutions in Canada," in *Co-operative Membership and Globalization: New Directions in Research and Practice*, ed. Brett Fairbairn and Nora Russell (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004), 207-36. See also the United Nations emphasis on Aboriginal peoples as sources, guardians, and interpreters of their heritage that "benefit all humanity" in Siegfried Wiessner and Marie Battiste, "The 2000 Revision of the United Nations Draft Principles and Guidelines on the Protection of the Heritage of Indigenous People," *St. Thomas Law Review* 13, 1 (2000): 383-414.
- 39 Inuit Tapiriit Kanatami, "5000 Years," 2.
- 40 RCAP, 4:397-98.
- 41 *Ibid.*, 4:399. The Inuit concept of *isuma* – "the innermost thoughts and feelings a person has" – is relevant here. *Isuma* is so respected that it is not to be intruded upon. See Rachel Attitug Qitsualik, "Living with Change," Nunavut '99 website, <http://www.nunavut.com/nunavut99/english/change.html>.
- 42 From twenty families in 1960, the population grew to include "all the native population" in the territory by 1963-64 before becoming, in 1967, a "very industrious and successful" community with an active co-operative organization and an economy thriving with hunting, trapping, and handicraft production": David Damas, *Arctic Migrants/Arctic Villagers: The Transformation of Inuit Settlement in the Central Arctic* (Montreal and Kingston: McGill-Queen's University Press, 2002), 153-55. As part of a larger project of transferring Inuit *qaujimaqatuqangit* in Nunavut, a workshop was held in Kugaaruk, 20-27 June 2004, organized by the Inuit Elders Association in Nunavut and Laval University. See Association for Canadian Studies in the Netherlands, "ACSN News," <http://www.acsn.nl/>.
- 43 See Hanson, "What's in a Name?"; Kulchyski, *Like the Sound of a Drum*, 83.
- 44 Williamson, "Land of Failing Ice," 17. Just as the Europeans presumed to name the territory after themselves, so did they also presume to demarcate land unknown to them as *terra incognita* or *terra nullia*. For the Inuit, by contrast, names were "experiential and spiritual" markers of their kinship with the land and memories of human associations with it. Imposing Christian names (like government identity numbers) aimed to "civilize" the Inuit and disrupt relations to the land (Williamson, "Land of Failing Ice," 18-23).
- 45 Smith, *Decolonizing Methodologies*, 34.
- 46 A question posed by Hammond Ketilson and MacPherson, *Report*, 17.
- 47 On globalization as a "justificatory myth" acting as "the main weapon in the battles against the gains of the welfare state" and neo-liberalism's "very smart and very

- modern repackaging of the oldest ideas of the oldest capitalists" while dismissing "progressive thought and action as archaic," see Pierre Bourdieu, *Acts of Resistance: Against the Tyranny of the Market*, translated by Richard Nice (New York: New Press, 1998), 34-38.
- 48 William D. Coleman draws effectively on Cornelius Castoriadis's understanding of autonomy as the "radical imagination" in his "Globalization and Co-operatives," especially at 11-13 (in *Co-operative Membership and Globalization: New Directions in Research and Practice*, ed. Brett Fairbairn and Nora Russell [Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004]).
- 49 Edward Said, *Culture and Imperialism* (New York: Alfred A. Knopf, 1993), xxv. On the political uses of hybridity, see also Kulchyski, *Like the Sound of a Drum*, 246-47.
- 50 For a critique of a very different and less respectful relationship with nature, see Banerjee, "Who Sustains Whose Development?" Banerjee points to sustainable development's implication in the discourse of economic modernity, a discourse that transforms a multivalent "nature" into a singular, abstracted "environment." For Banerjee, it is affluence and not poverty that is the "problem."
- 51 Mohan and Stokke, "Participatory Development," 247-68.
- 52 Sandra Halperin and Gordon Laxer, "Effective Resistance to Corporate Globalization," in *Global Civil Society and Its Limits*, ed. Gordon Laxer and Sandra Halperin (Basingstoke, UK: Palgrave Macmillan, 2003), 1-21. Although the state has been a powerfully coercive and oppressive force in the lives of Aboriginal peoples in Canada, and states remain drivers of global capital, Halperin and Laxer rightly stress "national challenges at the level of the state and the citizen-people ... The solution to imperialism is 'sovereignty,' not global civil society" (2-3). The constitutional recognition of Aboriginal and treaty rights is important in this regard.
- 53 Inuit elder Anne Okalik's words are recorded in RCAP, 4:405. See also Kulchyski's critique (*Like the Sound of a Drum*, 238-50) of those commentators such as Menno Boldt and Alan Cairns, who presume they know what Aboriginal peoples think and feel and promote one-size-fits-all prescriptions that operate within the logic of the Canadian state. A strong feminist caution about such presumption is included in Joan Sangster, "Telling Our Stories: Feminist Debates and the Use of Oral History," *Women's History Review* 3, 1 (1994): 26.
- 54 The Northern Store, with 127 retail outlets, is the northern retailing division of the North West Company, established in Montreal in 1784 and a rival of the Hudson's Bay Company until the two amalgamated in 1821. Other North West Company operations include Giant Tiger, NorthMart, and Quickstop.
- 55 An important counter-trend underlining global interdependence and the burden of high-consuming lifestyles is exemplified by "The UK Interdependence Report" (2006) and subsequent reports produced by London's New Economics Foundation, <http://www.neweconomics.org>.
- 56 Christopher Waddell, Carleton School of Journalism, cited in Valpy, "The Friendship of Strangers," A17.
- 57 James (Sakej) Youngblood Henderson, *Indigenous Diplomacy and the Rights of Peoples: Achieving UN Recognition* (Saskatoon, SK: Purich Publishing, 2008), 48.

- 58 Zygmunt Bauman, *Globalization: The Human Consequences* (Cambridge, UK: Polity Press, 1998); Pierre Bourdieu and James S. Coleman, eds., *Social Theory for a Changing Society* (Boulder, CO: Westview Press, 1991).
- 59 Mario Blaser, Harvey A. Feit, and Glenn McRae, *In the Way of Development: Indigenous Peoples, Life Projects and Globalization* (London and New York: Zed Books, 2004). See also Mohan and Stokke, "Participatory Development," 258.
- 60 Naomi Klein, *Fences and Windows: Dispatches from the Front Lines of the Globalization Debate* (Toronto: Vintage Canada, 2002), 1.
- 61 Stelios Loizides and Wanda Wuttunee, *Creating Wealth and Employment in Aboriginal Communities* (Ottawa: Conference Board of Canada, 2005), i, 2.
- 62 Smith, *Decolonizing Methodologies*, 28.
- 63 Andrew Chew and Susan Greer, "Contrasting World Views on Accounting: Accountability and Aboriginal Culture," *Accounting, Auditing and Accountability Journal* 10, 3 (1997): 276-98; Sonja Gallhofer and Andrew Chew, eds., "Accounting and Indigenous Peoples," special issue of *Accounting, Auditing and Accountability Journal* 13, 3 (2000): 256-67. See also Findlay and Russell, "Aboriginal Economic Development."
- 64 See, for instance, Kathy Gibson, "Accounting as a Tool for Aboriginal Dispossession: Then and Now," special issue of *Accounting, Auditing and Accountability Journal* 13, 3 (2000): 289-305; Sonja Gallhofer, Kathy Gibson, Jim Haslam, Patty McNicholas, and Bella Takiari, "Developing Environmental Accounting: Insights from Indigenous Cultures," special issue, *Accounting, Auditing and Accountability Journal* 13, 3 (2000): 381-409.
- 65 John Borrows, *Recovering Canada: The Resurgence of Indigenous Law* (Toronto: University of Toronto Press, 2002), 140.
- 66 "Message from the President," 2005 ACL/ACDF *Annual Reports*, 3.

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PART 2

## SOCIAL ENTERPRISES AND NETWORKS

# 3

## “I Felt That I Had Lost Myself” Credit Unions, Economies, and the Construction of Locality

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BRETT FAIRBAIRN with ROB DOBROHOCZKI

*I've been working in financial institutions, or in finance, since I started my career. The majority of it was with a major bank. I very much enjoyed what I was doing; however, I felt very confined in being able to be myself in my position. It seemed that there was always a pattern that you had to fit. There were too many changes ... I felt that I had lost myself.<sup>1</sup>*

*– Loans officer, Sunova Credit Union, Manitoba<sup>2</sup>*

Globalization can feel like a diminution of identity, both for people and for communities. Communities may gain or lose in terms of jobs or people; either way, they seem to become more dependent on decisions made in corporate or government head offices far away. Local distinctiveness is lost. Store names, services, and marketing become more standardized as chain stores and integrated wholesale-retail corporations replace smaller independents. Jobs often become more uniform and regimented. There seems to be less local control and decision making as managerial authority is centralized in distant places. While everyone having everything the same may represent a gain for some communities, in other ways it is a loss.

Financial services are a case in point. Capital and information flow freely with today's technology, facilitating rapid change and the growth of large

national and transnational organizations. Financial products such as mortgages or mutual funds are bought and sold across vast markets, and many of the companies involved are gearing up for global scale and competition. It certainly can seem like this means less attention paid to ordinary Canadians on the street. Yet not all the changes in today's world are in the same direction.

Across Canada, many businesses with local character are flourishing, not just in spite of globalization but in complicated ways because of it. Credit unions are an outstanding example – precisely in an industry that is heavily affected by globalization and new technologies. Credit unions are financial institutions co-operatively owned by users, typically by depositors and borrowers living in the same local community or bound together by occupation or religious affiliation. Credit unions have played significant roles in communities for half a century, but today are rapidly expanding and often are taking on new roles in local business development or community economic development (CED).

In this chapter, we will look in-depth at an example of a “typical” credit union in order to understand how the model works, why it does what it does, and what its characteristic strengths and challenges may be. But first, to put our examination in context, we need to bear in mind that credit unions are significant organizations in communities right across Canada.

### Credit Unions and Canadian Communities

Canada claims the world's highest per-capita membership in credit unions: more than 10 million Canadians, or nearly one in three individuals, is a member of a credit union.<sup>3</sup> Over thirteen hundred credit unions possess assets together totaling more than \$128 billion. These bald numbers represent extraordinary scale and scope for a set of small-to-medium community-based enterprises. Yet perhaps because each credit union is so tied to its locality, the importance of the national sector tends to get overlooked. The role of credit unions is for the most part a little-known and neglected story in Canada today.

Credit unions emerged first in Quebec and are still strongest in that province. In Francophone communities, credit unions are still known as *caisses populaires* (people's banks), the name given to them by founder Alphonse Desjardins early in the twentieth century. While *caisses* could be set up informally on a small scale, it was clear that banking required special legislation and regulation to be viable. Desjardins, who was an employee at the House of Commons in Ottawa, tried to get federal legislation passed

for his *caisses*; but after a lobby by the Retail Merchants' Association, the legislation was defeated in the Senate in 1906. Since that time, credit unions have been provincially regulated, whereas conventional banks have federal legislation. The province-by-province patchwork of credit-union laws, regulations, and systems may be another reason that credit unions are overlooked. In Anglophone Canada, Nova Scotia led the way with landmark credit-union legislation in 1932, and most provinces followed suit within a few years.<sup>4</sup>

Credit unions have evolved in stages in each part of the country, led by Quebec. First, small credit unions were formed in many scattered communities, either by religious networks such as Catholic parishes in Quebec, or by occupational groups such as farmers, fishers, or employees. Second, these scattered credit unions banded together by forming stronger and stronger central institutions: trade federations, central banks, service companies, insurance companies, and other subsidiaries. Today the Desjardins Group serves as a powerful set of central institutions for credit unions in Quebec and many parts of francophone Canada outside Quebec, while credit union centrals and related companies serve similar functions within other provinces. A national Credit Union Central of Canada provides representation and services at the federal level. In short, credit unions developed in small-scale, bottom-up fashion, out of local community groups. But they did so within the context of an enabling environment and legislation; and they strengthened their movement by forming important central organizations. This is grassroots community economic development, but of a variety that is networked and organized. When the credit-union systems work well, the efficiency, market power, and diversified services of a large financial group stand behind each local organization.

Important models and legislation were established by the early to mid-twentieth century; strong centrals and subsidiaries were up and running by the 1970s. But arguably credit unions since that time have entered a third phase, one that is related to changes in Canadian communities and which explains their phenomenal recent growth in many areas. One sign of the changes (which have proceeded to different degrees in different parts of Canada) is that credit unions have expanded from their initially narrow confessional or occupational bases to become full-service, open-access community banking institutions. The membership of credit unions has become more fluid and more congruent with the composition of communities. This in turn has increasingly gone hand in hand with credit unions taking on important roles in business lending, local economic development,



and the financing of social enterprises.<sup>5</sup> An important study by a group of researchers in Quebec and New Brunswick found that credit unions (in this case, *caisses populaires*) were re-inventing themselves as “new credit unions,” based on redefined forms of linkage to spatial territory, financial access issues, job creation, democratic practice, and community networking.<sup>6</sup> A further sign of transformation is that many credit unions, particularly in western Canada, have been amalgamating to form larger, multi-branch regional entities. While still much smaller than chartered banks, these credit unions are a far cry from the tiny circles of savers and borrowers who started the movement a century ago. Credit unions are not just poised to become important players in regional economies: Many of them have already done so.

One of Canada’s best-known and most striking credit unions in terms of growth and adaptability is Vancity Credit Union in Vancouver, which in the last half-century has made the transition from a small initiative established to help an extremely low-income neighbourhood to a huge community enterprise. Vancity is now a leader in the development of the social economy, not only in its immediate Vancouver-area locality but also regionally and nationally. The credit union was created in 1945 to address the lack of access to financial services in Vancouver’s Lower East Side, one of the poorest and most problem-ridden neighbourhoods in Canada. From there the credit union has grown dramatically; today, Vancity has more than 340,000 members, forty-two branches, and \$10.5 billion in assets. The credit union strives to keep its sense of social purpose alive in a variety of ways, including by acting as a leader in the social economy. Vancity has a variety of community financing programs to make funds available for nonprofits, social enterprises, and community initiatives. In addition to its social lending and investment activities, the credit union also gave \$6.9 million in outright grants to communities and nonprofits in 2005.<sup>7</sup> Recently Vancity has been the most important sponsor of the Enterprising Non-Profits initiative, which seeks to promote and develop social enterprises, and of associated national conferences on social enterprise.<sup>8</sup> On quite a substantial scale, Vancity illustrates how credit unions have grown from CED initiatives themselves to becoming vehicles to support the CED initiatives of others. Vancity is exceptional both in its size and in the conscious nature of its commitment to the social economy, yet it is an illustration of a trend shared by many contemporary credit unions.

So what is the *difference* between a credit union and a conventional bank? Often, the credit union branch looks just like a bank branch. It may provide

the same services and contain staff doing the same jobs as exist in a bank. But there are three general differences. First, the credit union is local or regional, owned and controlled within its community. Its connection to place differs from that of a conventional bank. People perceive the credit union differently: It represents a unique kind of semi-autonomous enterprise in a globalizing and centralizing world. Second, the credit union is owned primarily by ordinary people, and as a result has an incentive to stick to a people-oriented way of doing business. Of course, a credit union could adopt any business strategy its managers and board of directors approved, even the same business strategy as a bank. And like any business, credit unions can make mistakes. But they have a different set of structural conditions and incentives, and hence display different behaviours, than profit-maximizing corporate businesses. The third and perhaps primary point is that credit unions are open and responsive to member and community needs. If members want simply efficient, globally networked financial services within a comfortable, friendly, and locally owned framework, a credit union can do that. If they want unique financial products such as business loans tailored to local conditions, a credit union can do that. If members will support their credit union taking an active role in developing the local social economy, the credit union can do that, too. Credit unions don’t just serve Canadians. They reflect their choices, values, and priorities.

And credit unions are resilient. A recent study for the International Labour Organization indicates that credit unions fared well in the global banking crisis and recession that began in 2008. Credit unions in Canada and elsewhere experienced an increase in assets and membership, and even reached record heights in some cases in the midst of turmoil in wider financial markets. Credit unions built economic strength in good times, and kept building in bad times. Importantly, they maintained their lending to small business at a time when globally exposed major banks were cutting back.<sup>9</sup> These global patterns are amply illustrated by the credit union we examine in-depth in this chapter.

### A Growing Regional Credit Union in Manitoba’s Urban Fringe

Sunova Credit Union (SCU) is neither one of Canada’s biggest credit unions nor one of its smallest. Its origin is in the rural region on the northern fringes of Winnipeg. Economic and demographic changes mean that this region has been heavily influenced by urban migrants, commuters, and cottagers. The real financial-services competition in many ways is among the large financial institutions in the city rather than in the small bank branches of

rural Manitoba. Winnipeg is the looming presence just down the road, which determines every price calculation and every relationship; and with this in mind, the credit union has spread out from its rural roots and recently expanded into the nearby city. Sunova provides an example of a growing credit union serving a large region of diverse communities. Centrally located east to west in Canada, middling in size, mixed in community make-up, Sunova is a good illustration of how and why successful credit unions are expanding in Canada today.

Sunova's region covers about one hundred and fifty kilometres east to west, and up to about one hundred kilometres outward from the city of Winnipeg. The towns and urban neighbourhoods in this region experience the varied pressures typical of the impacts of globalization today. Some communities are dependent on international agricultural economies that supported minimal growth for many years. By contrast, Pine Falls is a one-industry resource town where, when things are good, young people can step into well-paid jobs at the pulp mill straight out of school. The area includes several Aboriginal communities. Such resource-dependent towns, which might be thought typical of the Prairie region, are just down the road from others that have very different profiles. Pinawa, where a large corporation's nuclear research facility was closed, has become a retirement community, in many cases for well-educated and well-off seniors. Stonewall, at the very edge of Winnipeg, has been transformed by urban commuters, while in Lac du Bonnet, further away, the influx is cottagers. At the centre of the region is the small city of Selkirk, a historic centre of manufacturing with a blue-collar, union element, home to the credit union's corporate central office. The entire region is affected by global economies and corporate decisions, from the entry of Walmart to the closure of bank branches. This is a metro-adjacent rural and urban region that is increasingly defined and influenced by the nearby urban economy and urban people. It is a place where communities are being remade by world markets for grain or lumber or steel, by corporations' and governments' decisions about where they will locate jobs and services, by migrations of people, and by new communications technologies. But whether the trends involve new jobs or the loss of old ones, an exodus to the city or an influx from it, the common denominator is change.

Within this rather complicated environment, there is no question that Sunova Credit Union has remained a financial and organizational success. Since 2005 when we first visited the credit union, Sunova has continued to report notable growth every year, uninterrupted by the global recession that

began in 2008. Sunova's most recent annual report (for the 2012 financial year) indicates annual growth in assets of 12.21 percent, growth in deposits of 9.51 percent, and growth in loans of 20.14 percent. The credit union's total assets increased to \$907 million in 2012 compared to \$668 million in 2010 and \$325 million in 2004. Members' equity (shares and retained surpluses) represents approximately 6.8 percent of assets, a slightly increasing ratio. Such financial success has gone together with a growing membership.<sup>10</sup> This is all a far cry from 1955, when the credit union was created by a small gathering of local farmers just outside of the town of Stonewall, with less than a hundred dollars in assets and one volunteer staff person. Indications of a dynamic organization today include Sunova's attractive, brand-new branch buildings; its expansions over a period of years into new communities; and its acquisitions of branches abandoned by competing banks. With three new branches inside Winnipeg opened during 2011, Sunova now operates in a dozen locations.

But it is important to stress that the growth of successful community enterprises is never simple or one-dimensional. Like all enterprises, social enterprises have ups and downs and periods of adversity and change. One of the themes of this book is that there is no single perfect model or structure for community entrepreneurship. Rather, it is the process of entrepreneurship itself that is constant – imagination, re-invention, service, and change – and not any specific organization. Sunova illustrates some of the cyclical nature of social enterprise, with the added feature that its upswing has come with the acceleration of globalization-induced change since the 1970s. A quarter-century ago, this credit union was facing bankruptcy or closure, hanging on with only a couple of branches and too little equity. Since the 1980s it has developed a successful approach, involving geographic expansion; branch autonomy; competitive, marketing-oriented management; personalized service; and staff development. What Sunova created out of necessity may provide insights for other co-operatives and for those seeking to understand the local economies in which they are located.

### **A Focus on People and Service**

Sunova's success is, first of all, a story of social entrepreneurship – successful marketing and risk-taking, with a mission focus on meeting people's needs. SCU senior management in particular attributes the credit union's success to the people who work there. The credit union aims at a value proposition focused on personalized, efficient, and effective service in attractive, comfortable settings. Senior managers believe that a bank with

these attributes will succeed no matter what it is called. The credit union's CEO, Ed Bergen, put it as follows: "The key difference that we try to promote, primarily to the staff initially because they're really our spokespeople, and then to the membership, is that the only distinguishing factor between this organization and other organizations that deliver similar financial products and services is the dedication we have to service and to people."<sup>11</sup>

To find out what makes a successful credit union tick, we interviewed twenty-two employees, or about one-fifth of Sunova's total staff, concentrating on the credit union's managers and front-line member-services staff. We also talked to a significant proportion of the elected member directors, and conducted three focus groups at three different branches with ordinary members who held no position with the co-operative. When asked generally to characterize Sunova Credit Union and its appeal to members, most interviewees in our research spoke first about the credit union's products and services, that these are competitive or – they used the word from the mission statement – "superior." They told us that rates and terms are advantageous, and that the credit union is at least as good as, and as professional as, the competing financial institutions, while being more personable and responsive.

At the time of our visits and interviews in the fall of 2005, Sunova was aggressively advertising low rates on mortgages (as low as 3.39 percent, which has declined to 2.24 percent in 2010) and high rates on various types of savings deposits (up to 3.25 percent in some cases, or 1.95 percent in 2010).<sup>12</sup> Staff definitely told us that they were using these rates to promote membership and to pursue the growth targets of their branches. When we asked at one branch about marketing, a manager told us, "The most success[?] I think it's probably the local [campaigns] – we do focus on the local advertising quite a bit. We've recently done a campaign where we offer a savings account that's paid pretty good return, well above what the banks pay. That's been very successful and that's more specific product-related marketing."<sup>13</sup> At the same branch, "We do a lot of specific advertising for the mortgages. We had a mortgage campaign since spring that was very successful. That brought us some business."

Sunova's focus on tangible benefits fits the profile of how many co-operatives succeed. One multi-study, quantitative analysis involving Quebec credit-union members suggested that good-quality service and products are a way for expanding credit unions to win new members, while more abstract benefits such as contributions to the community are a way for well-

established credit unions to keep their loyal members.<sup>14</sup> If this research can be generalized, then Sunova is doing the right thing by entering new communities and winning new members based on products, prices, and service.

Members notice. One of them told us, "I've been more of a saver than a borrower, but I know that the credit union has always gone out of its way to at least match rates or better them. I found that when I talk to credit union people that they were always trying to maintain your business. If you go to the bank [all they will say is,] 'this is what we can do for you.'"<sup>15</sup> At the same time, managers told us it was important that the advertising varies by community and that it is not exclusively product-driven. "Do we advise everybody of the current campaigns or [if] there's a focus ... on a certain product and so on?" one of them asked rhetorically. "Yes, we do. Do we convey that message to our membership through verbal communication or displays and advertise in newsletters? Absolutely we do, yes. But the approach that we take is not to inundate our membership with products."<sup>16</sup>

Most managers and employees commented that competitive or superior products had to be accompanied by something else to distinguish the credit union from banks. Some told us that the community character of the credit union was a way to do this. "We use a lot of advertising that stresses our local involvement in the community," one branch employee offered. "We try to hire people who are involved in different aspects of the town and sort of cover all the different age groups, that kind of thing" – to have a workforce reflecting the local demographics. But the big thing, most agreed, is service: "We use [the] service aspect, too ... we advertise that as our competitive advantage." In the end, "the majority of the products are pretty similar. Sometimes the rates change on different things but ... a mortgage is a mortgage, basically" – so the credit union has to work to distinguish itself in additional ways in the long run.<sup>17</sup>

Products may be standardized in today's marketplace, but individualized, personal service is a unique added value. As one front-line staff member explained:

One of the biggest things is that we answer our phones and that you're not directed to some voice-mail message in Toronto or Vancouver. That we're friendly and actually show a genuine interest. That if you want to come in and open up an account you don't have to make an appointment to do that. If you want to pop in and see me and I'm available ... I'll actually refer to

them by name, [and] if they call and ask to speak to me, they're not transferred to another person.<sup>18</sup>

Managers explained the importance of service by saying that, while the credit union was currently able to offer advantageous rates, in general its focus has to be on providing superior service. A branch manager confirmed to us: "Our focus is to provide superior service ... While people come in suggesting a rate sensitivity ... in reality you can package something up for them that would be palatable as long as you're providing service ... They may say they want a good rate, but in the end they really want good service at a competitive rate."<sup>19</sup> In a world of globalizing commerce, this observation is important. It suggests there is a role for people-focused local enterprises alongside mammoth companies that are cheap providers of standardized products.

Sunova has found such a niche, and has located the credit union in its niche through a tight mission focus that runs through the entire organization. The credit union's stress on service goes right through the organization from top to bottom. We heard it from the elected member directors; we heard it from CEO Ed Bergen; we heard it from managers; we heard it from front-line staff; we heard it from members. So one lesson from Sunova's success is that community businesses need to be serious about being effective businesses, businesses that meet needs and deliver high-quality products and services in ways people value. Is this different from what other businesses do? Doesn't this sound just like conventional private enterprise? To be sure, the language sounds similar and the differences are sometimes subtle. Those looking for an anti-globalization revolution may be disappointed. But those who pay attention to significant practical realities like accessibility, community investment, local identity, good-quality jobs, and values will find that community-based entrepreneurship provides different and valuable outcomes.

### Credit-Union Identity as the Alternative to Banks

Originally, I worked for one of the major banks ... and I was getting a little disillusioned with the way they were treating customers ... [So] I looked into the credit union and what its principles were, as opposed to the banks, and decided that I would be more comfortable working for a credit union ... At the time that I applied here I actually took a wage cut from the bank where I was working, plus I took a reduction in hours. But [because it was a job in

my home town] and the fact that I wanted out of the bank so badly, it all was worth it. I quickly made up the difference and then some probably based on a little bit of my experience and the fact that I was so happy for not being at the bank.<sup>20</sup>

Perhaps the most striking thing we found was how many employees reported that they had previously worked for chartered banks: in some cases main branches in cities, in others, the local branch purchased by the credit union. Of twenty-two individuals whom we interviewed who had served as staff and/or managers in Sunova branches, we came across eight (or 36 percent) who had extensive prior careers as bank employees. Based on what they told us, I estimate that they represent nearly ninety years of experience working for chartered banks. This unexpected finding provided an opportunity to compare directly the experiences of individuals who had worked in both environments: in the big banks, which are reorganizing and repositioning for globalization, and in the credit unions, which are expanding to fill new niches in communities.

After many years with a bank, a manager told us, "The reason I came to [Sunova] Credit Union ... is because I felt that after a period of time and a dramatic change in the banking industry, we were neglecting our clientele. I sought out an organization that really values people."<sup>21</sup> Another employee agreed: "When I joined the bank, it probably was run closer to the way the credit unions are now: more gentlemanliness about the way of conducting business and approaching other staff or clientele."<sup>22</sup> This person described constant short-term changes of targets in the bank – "change for the sake of change," it seemed to her – with constant emphasis on short-term profitability while forgetting that satisfied employees and clients are part of this. "Yes, credit unions have to make a profit. We don't do business unless we make a profit. But it comes down to what is a reasonable profit ... It comes back to the individual staff member and how they meet the expectations of the member/client."

Lenders explained to us that the credit union's policies offered them more flexibility in presenting a range of options to meet members' needs; in the banks, their experiences in the last decade or so involved more and more stringent guidelines and limitations conveyed from head office. "I think that the credit union is perceived to have and in reality has more of a human factor to it. Some of the perception can be attributed to our lending guidelines," the same individual told us. "We follow policies that allow us to tailor solutions to assist our members' needs – whereas in the conventional

banking system it's more cookie-cutter."<sup>23</sup> The banks' approach led to mounting frustration on the employee's part:

I knew my clients very, very well. In too many situations I had to say, "I'm sorry we can't do this for you." My frustration came in the fact that I was unable to relay to whoever was making that decision that they should listen to me because I understood the case ... I was nothing more than an order taker. I had worked too long and put too much effort into what I thought was the important part of lending: understanding and being able to communicate. I couldn't do it anymore.<sup>24</sup>

This lender agreed that "de-skilling" was an apt description of how her job changed at the bank.

Similarly, member-services staff told us that the credit union gave them more time and encouragement to talk to members, identify their needs, and provide multiple services or referrals to specialist staff. A member-service representative who joined the credit union a few years ago told us:

One of the reasons I left the chartered bank was because ... they're moving so far away from customer service and they shortchange you so much, you have no time; they want you to be pleasant and push the people through – there were times when I would be the only teller waiting at the chartered bank. And that's not me. I'm very outgoing. I'm very pleasant. I'm really curious: I want to know what's going on in people's lives; I want to know, okay, your grandchild, you're opening up an account for your grandchild, how old is it? – I'm really bad that way. But when you come to the credit union, that's what helps you at the credit union ... We talk. I know what's going on in their families, I know their kids ... a lot of it I know through the community. I've known either the parents or the grandparents, or been on the parent council with them.<sup>25</sup>

This person remembered, as a bank teller, having a strictly limited job with narrow duties. She remembered serving long line-ups of people for hours on end, standing the whole time as the stool provided was too uncomfortable to use. With the relentless pressure, there was little time for chat or even for bathroom breaks. By contrast, at the credit union she has more tasks, has a comfortable chair to sit in, and feels she is more productive in output.

Another member-services representative put it this way:

My biggest concern [at the bank] was that they were treating clients like numbers or letters. They were treating out A, B, C clients. Unless you were an A or a high potential B, you really didn't get the service that you deserved; they were just sloughing you off to people who had little or no experience. That really bothered me because my point was you don't know which C, D, E, F client is tomorrow's potential A client. If you treat them badly now, they're not going to come back ... I just thought it was unfair. With the credit unions, I find that everybody gets treated the same no matter what. They treat everybody as if they all have the same potential. So I think it's a lot fairer.<sup>26</sup>

Yet another staff member told us that, while working for the bank was enjoyable, "I enjoy the philosophy of credit unions in comparison to financial institutions. I do see a change in that. I see definitely a more community-oriented [organization]; more involved with membership and concerned a lot less with what you can sell and that kind of thing."<sup>27</sup>

We asked the individual to compare the two work environments: Are they any different?

Yes. I would have to say that there was a definite feeling in the bank of not being heard and not being recognized. You're just sort of a small piece in the whole scheme of things. More number-oriented. That was my feeling, anyway. My basis for working has always been that I like to do the best job I can and help the clientele ... [At Sunova] there's a lot more being in touch with management, including the CEO. There's a difference – he knows me by name. These kinds of things. There's less hierarchy in that respect. If I speak or I discuss things, I'm listened to. They know where I'm coming from. You never have that experience in the bank. The bank was all very much like, the guy lives in Toronto somewhere ... We're getting bigger as an organization but there's still the availability. We know who to go to, we know who to discuss things with. The communication is a lot easier.

To some extent the atmosphere at the credit union is a product of a smaller-scale and more community-level organization. One staff member told us, "When I worked for the financial institution, I knew we had a CEO. I think I even knew what his name was once. But where was he?" She used to look at the bank's annual reports and see no connection to her own work or accomplishments. But "in our credit union, our CEO can walk past my desk and poke his head in and say 'Hi'" and call her by name. When she

reads the annual reports, she knows "what they mean, where we're going, and what part I had to do with that. I can actually see that I do make a difference. That makes it exciting."<sup>28</sup> Here, small scale and proximity to top decision makers are part of the credit-union difference. Another staff member commented on the differences due to community involvement and local hiring. "I don't know about the actual financial services because they're the same no matter what institution you go to," this staff member said. "It comes down to the people, absolutely. Generally the credit union wants to try to hire from the local community. Management is encouraged to live in the community as much as possible, or live close by. We are encouraged to participate in local events and charities, that type of thing. We are the community and we are part of the community."<sup>29</sup> This, too, goes with being smaller than a national or transnational corporation.

The staff also talked about training, development, wages, and teamwork in the credit-union system. Does the credit union stress development? "I think absolutely. I don't know about other credit unions particularly, but this credit union is very, very big on furthering your education and improving your knowledge. They give us every opportunity here and they're very big on promoting from within if they can. So yeah, they've given me every opportunity to advance" as well as flexibility in hours and positions compared to what she experienced at the bank.<sup>30</sup>

How are the wages? "They're getting better. At the time that I applied here I actually took a wage cut from the bank where I was working, plus I took a reduction in hours," an employee told us. "But faced with the cost of driving to and from Winnipeg and shorter day-care hours as a result of not having to travel, and the fact that I wanted out of the bank so badly, it all was worth it."<sup>31</sup>

Teamwork? Managers with experience in both worlds told us that teamwork is a common word, but it takes on a different significance in the credit union, where competition between staff members is played down and cooperation between different units, or functioning to serve the member, is encouraged. Sunova uses its own "balanced scorecard" approach to performance review and bonuses, incorporating multiple targets and shared successes:

In the banking world you had a dollar target only. You may have been required to bring in \$2 million worth of new money or solid referrals within a year. Here it's based on your ... performance as a whole. So not just in the new dollars that you bring in but the new dollars that you keep, the new accounts that you open, and the members that you bring in. It's more of an

overall relationship that you're building as opposed to a number ... I think that the credit unions give their employees better tools to achieve those targets than the banks. The banks have a real sink-or-swim philosophy and you're either doing it or you're not, and if you're not, then they don't want you there. Here, they're willing to invest the time and the money to train you to achieve those targets ... Here our targets are based on team performance as well. I really didn't have a good month this month but we've made every effort to make sure that one of us in the branch is at the top of the charts for the month. So even though it wasn't me, I'm glad it was ["Jane"] who sits next to me.<sup>32</sup>

We asked all the employees we interviewed about their job histories, the nature of their work, and their relationships with co-workers and managers. Their responses were realistic but largely positive. Our impression was of a relatively egalitarian and flexible organization offering responsibility, satisfaction, opportunity for growth, and teamwork to employees who shared the company's values and service ethos. It's not a worker's paradise: there is still hierarchy in a co-operative. But while we did not investigate other employers, staff indicated the quality of the jobs, particularly their range of responsibilities and the opportunities for advancement, were high by comparison in the same community, which made jobs at the credit union desirable. The qualities of the jobs were also related to their being located, typically, within the immediate or regional community: Most employees worked in communities where they lived and interacted with members who were also neighbours and fellow citizens.

We did not look for or expect to hear about detailed comparisons of banks and credit unions. Certainly it seems unlikely that all credit-union branches are uniformly better places to work than all bank branches. But the lesson to draw from Sunova's story is not that all credit unions are better just because they are credit unions. Rather, community enterprises can succeed, even in head-to-head competition with large corporations, by focusing on people and service. Theoretically a big corporation could do the same thing; but in real life, corporations tend to neglect and standardize. They create perfect niches for community-based businesses.

In Sunova's case, the inverse relationship between the performance of the banks and the performance of the credit union is especially dramatic. In 2000-2001, when the Bank of Montreal wanted to close a number of its branches, Sunova Credit Union purchased them; an earlier Sunova branch came into existence when the Royal Bank pulled out of another community.

There can be no greater contrast between the two: banks divesting themselves of branches while credit unions invest in communities.

### Bricks and Mortar in Communities

CEO Ed Bergen told us that focusing on people also means “staying in small town Manitoba and ... keeping bricks and mortar, which is just the opposite of what our competitors are doing.”<sup>33</sup> Sunova is buying branches from banks, building new branches, rebuilding old ones. All of this investment has a dual aspect. On the one hand, it is practical: it is about being accessible to people, offering convenience, being physically present and available. But on the other hand, it also carries a powerful symbolism. Attractive new facilities are statements about the credit union’s commitment to each of its locations – about its commitment to the local community.

In Lac du Bonnet, one building stands taller than the rest. Sunova’s new branch building here has a definite lighthouse motif. The design relates to the nearby lake, the harbour and boats, the water-oriented cottage country that surrounds the town. But equally, the beacon design could refer to the credit union’s role in the local business community. When we visited, we heard that the new credit-union building came at a moment of somewhat shaky confidence in the seasonally dependent local economy. The new credit-union branch was the first of a series of business start-ups or expansions in the community. It was as if that visible signal of confidence in the economic prospects of the community spurred an economic turnaround.

The story in Lac du Bonnet illustrates various themes: Sunova’s deliberate expansionism, the purchase of a branch from a bank, investment in a new building that serves and reflects the community, and leadership in the local small-business sector. Until recently, Sunova was not directly present in Lac du Bonnet. Building on local customers who did business with other branches, and with the support of co-operatively minded local people, the credit union first opened a small branch of its own, then purchased the bank branch when it was available. The striking new building, suited to the town, was the culmination of a long effort. The building symbolizes the central role that Sunova has quickly assumed in the town’s economy.

Not all Sunova branches are as eye-catching as Lac du Bonnet’s lighthouse building, yet each of the newer ones has a distinctive style involving decorative design elements that go beyond typical small-town utilitarianism. Black lampposts and wall mountings are part of this, set against the light-coloured, quarried stone that the region is known for. The Whitemouth branch, located in one of the predominantly agricultural communities

served by Sunova, features a vintage tractor and plough set on concrete pads and floodlit in front of the building. Like a number of the other branches, this one stands out as the only building with such design quality along the whole length of the main street.

Buildings are physical spaces in and around which community members’ experiences are influenced by the sight and impact of material construction and the capital investment it represents. Buildings are forms of communication. Such physical manifestations of local development contribute to a community’s identity and self-confidence. In Sunova’s case, investment in new, main-street buildings and sometimes eye-catching design is part of a people-oriented strategy that stresses service, accessibility, and presence in the community. Such a strategy reaps rewards for Sunova in part because of the contrast between the behaviour of the credit union and the behaviour of large national or transnational corporations.

Contemporary globalization involves changing relationships among ownership, control, and physical presence. Through mergers and alliances, transnational linkages, and virtual entities mediated by information technology, businesses transform themselves in ways that dynamically locate power in abstract spaces to which ordinary communities have little access. Citizens are excluded or even mystified by this process. The chain stores or scaled-back services they see on their local street front or in their mall are driven by distant logics inaccessible to them. Successful financial co-operatives like Sunova Credit Union are visibly part of this same new world in that they deal in competitive products, services, and technology. But they also recombine ownership and presence, centralization and localism, in novel ways. They are not traditional organizations serving traditional communities. They are new credit unions with a new understanding of what is local and what is supra-local. Where the mix is right, as it seems to be in Sunova’s case, they are able to be “global” and efficient through regional and wider networks, while being responsive to communities and local in ways that matter to members.

### Local Identity in a Networked System

Each branch of Sunova is local to its immediate community. This is apparent in a whole variety of ways, not only in the various building styles and in the perceptions of staff and members, but in the autonomy of the branches and their roles in supporting local community causes.

Sunova has followed a general policy that the staff in each branch should live in the nearby community they serve. The staff is collectively responsible

for dealing with the local members, as assessed through their branch's balanced scorecard, with distinct objectives for each branch. Perhaps most importantly, each branch manager has considerable scope for decision making, ranging from working out and approving large local loans, and managing the local staff, to deciding what projects to support in the community. The result is a branch system where each location acts like an independent community-based enterprise while also having the advantages of operating in a regional system for economies of scale, back-office support, information technology, and so forth.

Where this approach works, as it has in Sunova's case, the organization has the advantages of being small-scale and local while also being large and efficient.

Former Sunova president and continuing director Ken Roy agrees:

That is the concept. In fact, one of the things we tried to do way back was to almost look at them as independent branches, especially when it comes to the loan authority because that's a big frustration with the banks withdrawing from a lot of the communities ... What we wanted to do was to give a fair amount of authority to responsible people in the branches so that they could give on-the-spot service.<sup>34</sup>

This approach also allows each branch to take on a slightly different character, reflecting and suiting its local community. "All of the different locations that we do business in are different" geographically, demographically, and in terms of heritage, Roy explains. "I think that they probably all think of their own separate towns," Roy says of the branches. Sunova as a whole does not try to advertise itself as a regional enterprise. If local people see a face on a billboard, it will be the face of their local manager. "We don't advertise ourselves as a conglomerate or as a multi-branch."<sup>35</sup>

CEO Bergen confirms that he builds up his branch managers' authority and independence and "encourage[s] them to think as franchise owners or franchisees. We say that their success is only limited to their own imagination and energy ... They can be as successful as they choose to be," he says.

We don't like to supervise closely their activities or their energies ... They are given quite a bit of flexibility in terms of what they want to spend their advertising budget on, how they want to structure their human resources, whether they want part-time staff or full-time staff, whether they want to

run specials or not run specials, all sorts of things. Yeah, we try and encourage them to be as independent as possible ... We don't encourage, in fact we discourage strongly, ever having a branch manager say something like, "Well, I think this is a good deal but I'll have to send it to head office to see what they think." That is just replicating what banks do. What people hate most about dealing with banks is that they can't get a decision made locally. Yeah, it's a conscious decision and I think it's been quite effective in most of the branches.<sup>36</sup>

One area in which branches and branch managers exercise local discretion is in providing grants, donations, and volunteer support for community events and initiatives. Most employees, managers, and members told us that involvement in the community was a dimension that distinguishes Sunova from its competitors. "I think [the credit union] is very supportive from a community standpoint," an elected member-director told us. Students who get high grades on graduation receive gold medals from Sunova Credit Union. The credit union helped the local high-school hockey team purchase leather jackets. It contributed to a new community recreation facility – "The credit union came up with a huge donation of the funding. It seems every week a project is on. We have ventures with the town and R[ural] M[unicipality] and that sort of thing, supporting them."<sup>37</sup>

It is important not to exaggerate the extent of donations by credit unions. A credit union does not exist for the purpose of giving grants; its main contribution to a community is through its economic impacts on local people, services, jobs, and businesses. Banks and for-profit companies also give donations. However, credit unions typically give more, out of their own profits rather than out of the pockets of their employees or customers; they typically give locally rather than to central or provincial causes; and they are perceived to be more present in and supportive of their community.

All of the above examples – competitive products, accessible personal service, quality jobs, differentiation from banks, investment in buildings, and support for community – hinge in one way or another on *locality*. In many ways, it is the character of being local that lies behind the credit union's success in each of its activities. And yet Sunova is not strictly a local organization; it is a multi-branch credit union spanning a region a hundred and fifty kilometres wide and containing diverse communities. And it operates in conjunction with even wider networks of credit unions and jointly owned companies, which provide access to cheque clearing, electronic



transaction services, credit cards, mutual funds, insurance, and other products and services no credit union could reasonably organize on its own. Being local is key to Sunova's success – and yet, this is not local in the sense of being cut off from the outside world. Rather, it is networked locality.

Is Sunova in danger of becoming too big, of losing touch with its communities? Some staff and members do wonder about this as they see their organization change, but we had the impression that they don't feel that any danger is imminent. Sunova is still very small compared to its competition, small even in comparison with some other credit unions. Overwhelmingly we had the sense that staff felt if the current path were maintained it could continue and the credit union would not get "too large" any time soon. As one staff member put it:

I guess [a challenge for the future is] trying to keep that one-on-one [relationship] and not become so big ourselves that we become what we're so different from now. You know what I mean. Where in order to compete on a provincial, on a town, or whatever kind of level, that we have to start adopting some of the mentalities that the banks ... do. I think that's going to be the biggest challenge, that we're growing so much that it's going to be really hard to still keep that individualized, personal service ... I think [this credit union has] been able to achieve it so far. I think eventually, down the road, that we're probably going to have to expand into those bigger markets like Winnipeg ... So I guess the biggest challenge is just to make sure that we still have quality people serving members with the same kind of attitude that the amount of people that we have right now are doing.<sup>38</sup>

Interestingly enough, the credit union's smallness or personal nature, by this account, has little to do with the formal structure and more to do with the relationships between and among managers and staff, staff and members.

What Sunova shows is that people can have a sense of local ownership and control over an individual branch of a larger network if it is done correctly, with each stakeholder group (workers, members, community) sharing in a common project. This says something promising about the potential for large, democratically based economic agents in an increasingly global economy, and the capacity for community-oriented organizations to compete with economies of scale while still retaining local identities.

Historically the root of many co-operatives has been respect for the autonomy and dignity of people. We can see signs of this today in Sunova's

emphasis on service to members, team-building among employees, its method of profit-sharing with members and staff, deference to the local knowledge of managers, and the autonomy for local managers to act on that knowledge. These practices – which are not bylaws or co-operative principles, but embedded practices – express the values of mutual respect and recognition and extend beyond the staff to include members and the community at large. As "practices," they are also "practical" and not merely idealistic. Members, staff, and managers share concretely and financially in organizational success, seeing in a bonus or a dividend a material linkage between their well-being and that of the organization. Nor is the credit union's commitment to community only a philosophy: it is also (literally) concrete.

We have tried to analyze Sunova as a real organization, which like any real organization is stronger in some ways than others. Sunova's recent history is primarily a success story. We have pointed to ways in which its success may be understood as a distinct mix or balance of factors, related to stable management and growth over a longish period of time, which may not be easy to replicate in another environment. Because the credit union's practices are flexible, nuanced, and not deeply entrenched in any code or formula, they might also be dispensed with by a new board or management determined to change them: Organizational culture can be a fragile thing and is only nurtured over time. Sunova seems to be connected to its members and communities, without this meaning (we were told) that there are high rates of participation in member meetings and elections. Members certainly identify with the credit union nonetheless. Some leading individuals of Sunova's staff and membership are motivated by co-operative ideals and values that they have picked up somehow from their environment and that do not seem to be cultivated in any systematic way. Unlike some successful co-operatives, this one does not formally use any kind of social auditing or triple bottom-line; instead, it achieves its distinctive results of economic success and community support by instinct and experience. What makes this remarkable is that it occurs within a dynamic regional-economic environment where communities are changing, growing, declining, and transformed by urban influences and new urban members. This co-operative is winning people in a fluid environment and not appealing to a pre-existing community cohesion or co-operative loyalty.

Our analysis illustrates that the idea of territoriality – one of the dimensions of new financial co-operatives identified by Malo and colleagues<sup>39</sup> – is

critical to understanding this co-operative: it is redefining its relationship to a region that is itself being redefined by economic and social change. This region is larger and more diverse than what small credit unions used to serve; and, indeed, it is a region without a natural centre or cohesive identity. The credit union is in advance of the development of the region as such. This formula works because the credit union is able to relate to each place as a separate and distinct locality. In doing this, accessibility is a significant theme as well, particularly geographic accessibility for locations where banks are disinvesting. Employment is also an important explanation of what this co-operative is doing: not just maintaining jobs in communities where services are being withdrawn, but maintaining *quality* jobs that provide the best opportunities and get the most productivity out of local people. And connectivity is evident in the credit union's strategies of expanding into communities, networking with elites, and hooking up with community causes.

Though staff and managers emphasized products and service, it seemed to us that it is partly because the credit union is a co-operative that it can be competitive. Without the pressure to serve external shareholders and maximize return, it is freer to focus on what members, on what its people, actually need. Sunova competes on rates while offering "something extra" in terms of – variously for different members – people-oriented service, local convenience, or community orientation. In doing this, like other successful credit unions, it is working through the market to build relationships with people, strengthening and reinforcing the intangibles that make up community identity and social cohesion. By pursuing business success as conditioned by its co-operative form, Sunova ends up promoting a people-oriented economy; high-quality jobs; prosperous local businesses; attractive local communities; and a culture of civility, inclusion, and mutual respect.

Perhaps it is appropriate to end with a final example of how local, community-based entrepreneurship facilitates creative innovations in communities. One of Sunova's most interesting recent initiatives is its development of new youth credit unions for high-school students. For years the credit union has operated a student-run branch in the Ed Schreyer School, associated with SCU's Beausejour branch. Student members elect their own board and offer basic financial services such as deposits, withdrawals, and ATM cards. Students who work in the credit union and serve on its board receive training, employment experience, and academic credit. Sunova did not originate the idea of youth credit unions, but it has decided to become a leader in this respect. Based on the success at Ed Schreyer

School, Sunova has decided to expand the program to other schools and open additional student branches in its territory. As of 2012, the credit union had three student operations up and running.

Not only are student credit unions developing skills, self-confidence, and capacity in individual students; they may also develop networks among young people and tie these networks together across the region. Sunova corporate trainer Tracy Dunstan, who is responsible for the initiative, hopes that multiple student branches will form connections among the schools. "Students are always meeting other schools in a competitive format, in sports or whatever," says Dunstan. "I'd like to see them come together in a co-operative format as well."<sup>40</sup> The work by Dunstan and other SCU staff on the student credit unions epitomizes the way in which a credit union can promote not only personal and individual skill development, but also community development and social cohesion. By helping youth gain experience in co-operative enterprise, Sunova is showing that the idea of social enterprise can be reproduced from generation to generation.

The communities served by Sunova, and those across Canada served by other credit unions, demonstrate the differential impact of social enterprises compared with that of other forms of business. The differences are in some ways so natural, subtle, or commonplace that they are often taken for granted. And yet communities have stronger economies, better jobs, more accessible services, greater local control, and more support for unique local approaches because of the existence of thriving social enterprises. They have greater pride and self-confidence. They have stronger senses of their own identity. They have greater social cohesion. The co-operative approach of networked localism is an answer to some of the challenges posed by globalization – challenges to individuality, autonomy, and identity.

#### NOTES

- 1 Sunova Credit Union (SCU), transcript 15.
- 2 At the time this research was undertaken, the credit union was named South Interlake. All references to South Interlake in the chapter have been changed to Sunova, to reflect the new name of the organization.
- 3 From the website of the Canadian Co-operative Association (CCA), [www.coopscanada.coop/aboutcoop/cancoopsectorprofiles/creditunion/](http://www.coopscanada.coop/aboutcoop/cancoopsectorprofiles/creditunion/). The CCA is the national umbrella group representing Anglophone co-operatives (including credit unions) across Canada.
- 4 Ian MacPherson, *Each for All: A History of the Co-operative Movement in English Canada, 1900-1945* (Toronto: Macmillan, 1979).

- 5 For examples of new roles being taken on by credit unions in CED in the 1990s, see Brett Fairbairn, Lou Hammond Ketilson, and Peter Krebs, *Credit Unions and Community Economic Development* (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 1998).
- 6 Marie-Claire Malo, Benoît Lévesque, Geneviève Huot, and Omer Chouinard, "Coopératives financières et cohésion sociale: Quelle interface dans le nouveau territoire 'local' à l'ère de la mondialisation?" (Ottawa: Secrétariat aux coopératives and Ministère du Patrimoine canadien, 2001).
- 7 Vancity Credit Union website, <https://www.vancity.com>.
- 8 See Social Enterprise Canada's website, <http://www.enterprisingnonprofits.ca/>.
- 9 Johnston Birchall and Lou Hammond Ketilson, *Resilience of the Cooperative Business Model in Times of Crisis* (Geneva: International Labour Organization, 2009), esp. 15-25.
- 10 Sunova Credit Union 2012 *Annual Report*, <https://www.sunovacu.ca>.
- 11 Interview with Ed Bergen, 21 September 2005. All interviews were done under strict ethical procedures that involved approval of verbatim transcripts by interviewees. Where interviewees are identified by name, this is because they have given their express consent or have directed us to do so. In general, interviewees are identified only by transcript numbers. Multiple numbers may be used for the same interview if this is necessary to preserve confidentiality. Interview materials are stored confidentially at the Centre for the Study of Co-operatives, University of Saskatchewan.
- 12 2011 rates were retrieved 7 January 2012 from the Sunova Credit Union website, <https://www.sunovacu.ca/rates/>.
- 13 Transcript 25 (and the same for the quoted material that follows).
- 14 François Coderre, "Measuring the Brand Equity of the Co-operative Sector: The Credit Union Case" (paper presented at the Centre for the Study of Co-operatives seminar series, Saskatoon, University of Saskatchewan, 8 March 2007).
- 15 Transcript 5.
- 16 Transcript 13.
- 17 Transcript 25.
- 18 Transcript 36.
- 19 Transcript 40.
- 20 Transcript 42.
- 21 Transcript 13.
- 22 Transcript 12 (and the same for the quoted material that follows).
- 23 Ibid.
- 24 Transcript 15.
- 25 Transcript 31.
- 26 Transcript 42.
- 27 Transcript 38 (and the same for the quoted material that follows).
- 28 Transcript 15.
- 29 Transcript 12.
- 30 Transcript 42.
- 31 Ibid.
- 32 Ibid.

- 33 Interview by the authors with Bergen, 21 September 2005.
- 34 Interview by the authors with Ken Roy, 20 September 2005.
- 35 Ibid.
- 36 Interview with Bergen, 21 September 2005.
- 37 Transcript 39.
- 38 Transcript 36.
- 39 Malo et al., "Coopératives financières et cohésion sociale."
- 40 Interview by the authors with Tracy Dunstan, 21 September 2005.

## 4

## Autonomy and Identity Constraints and Possibilities in Western Canada's Co-operative Retailing System

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The preceding chapters argue that communities can respond and need to respond to globalization by winning space for autonomous action. They can do so, in part, by creating and using their own businesses to negotiate their connections to wider markets on terms that preserve community identity. But what happens when mistakes are made, when local enterprises falter? What happens when they need outside help? These are moments when autonomy can falter, be called into question, or be renewed. The elaborate support networks built by certain kinds of social enterprises come with complex and fascinating in-built tensions. Sometimes the price of preserving autonomy is the willingness to fight; and sometimes, paradoxically, the price is the willingness to change and learn.

### Autonomy and Identity in Maple Creek

In 1982, the Maple Creek retail co-op was near bankruptcy. The small co-op offered groceries, petroleum products, hardware, and farm supplies to its members in the far-flung, wide-open ranch country of southwestern Saskatchewan. The co-op had been floundering for years, and paying \$165,000 in interest costs as rates on loans hit 25 percent; it was left with few options. Plagued with similar troubles throughout its network of retailers, Federated Co-operatives Limited (FCL), the large, second-tier co-operative that supplied wholesale products to Maple Creek Co-op and its other member co-operatives, was in no position to provide a bailout. FCL's message to

Maple Creek and its other troubled co-operatives was simple: reduce costs – close departments, reduce inventories, roll back salaries – basically, do whatever it takes to survive.

The co-op's story exemplifies the pitfalls that can face community enterprises – and the ways that they can turn things around. While small organizations like Maple Creek Co-op have unique challenges and, sometimes, unique resources to call upon, there are still many lessons to be learned that also apply to much larger social enterprises. Later in this chapter we will look at some of the largest community-based businesses that exist in Canada today. But first, let's learn from what happened at Maple Creek.

For Maple Creek's recently hired general manager, John Pituley, the idea of closing departments was not imaginable. With the nearest urban centre 100 kilometres to the west in Alberta, Pituley recognized that the loss of any department – hardware, food, fuel, or agriculture – would have significant impacts not only on the co-operative but also for the community and the surrounding region. If Maple Creek was going to survive intact, a re-conceptualization of the co-op was needed. Pituley realized that the co-op was only going to survive if the members wanted it to survive; any sort of assistance or support that FCL or the employees of Maple Creek Co-op could provide would likely be predicated on the membership's response. He put his idea to the membership, and with the support of "co-op-minded people," to use Pituley's words, they began canvassing the community.

They [the membership] could put in any amount that they wanted as long as it was in multiples of \$100 ... I had one old fellow who told me, "This co-op is not going down," he said. And the old fellow – you wouldn't think he had a penny to his name – but he ended up putting about \$40,000 into equity, between him and his sister, and they really supported us. He got up during the meeting and told what he was going to do and everybody got behind him. He's gone now, but old Barney was the kind of guy who believed in the co-op, the pool, and the credit union.<sup>1</sup>

The drive brought in about \$150,000 in new equity; add to this money from prepaid accounts, and the co-op had approximately \$250,000 of new cash to keep it afloat.<sup>2</sup> The sacrifices continued on the employee side, with pay cuts and a reduction to a minimal operating staff, but it was the membership buy-in that gained the attention of FCL and its support in the form of an interest-free loan. Pituley recalls, "After having gone to the members, I did in fact get some sympathy from some of the high-up people in Federated

Co-op, and by working together – lots of good, hard work – we were able to make the co-op a success.”<sup>3</sup>

The story of Maple Creek’s successful turnaround is a story of autonomy and organizational identity and how they connect and feed upon each other. The Maple Creek example illustrates that a re-conceptualization of the co-op was required for it to survive, and for this rethinking to be effective it had to tap into an understanding or reasoning shared among the co-op members. This shared reasoning is important because it is the basis of an organizational identity that allowed the members to co-ordinate their actions and bring about the required change. In Maple Creek, Pituley’s rethinking resonated with “co-op-minded people” because it tapped into a long-standing “logic” of co-operation, a way of looking upon the world that was shared by co-op and community members alike. The Maple Creek story also illustrates the importance of autonomy, specifically collective autonomy<sup>4</sup> – how, at least for this co-op, the response had to be different from, although consistent with, the response of other local co-ops to the crisis in the Co-operative Retailing System (CRS).<sup>5</sup>

The purpose of this chapter is to explore the conflict and the synergy associated with organizational identity and autonomy. The next section examines the role that organizational identity and autonomy play in co-operative organizations, and how both are critical for the success of an organization. We then explore the balance between organizational identity and autonomy and their impact on organizational success using three case studies from the CRS. Since community autonomy is viewed as one response and antidote to globalization,<sup>6</sup> the discussion sheds important light on what is required for community autonomy to exist and prosper. Finally, we consider some of the possibilities and constraints faced by local communities in maintaining their autonomy.

### Organizational Identity and Autonomy in Co-operative Organizations

Co-operatives, like other organizations, are complex entities whose success depends upon their ability to co-ordinate the behaviour of a large number of people, most importantly members and employees. As Herbert Simon, the Nobel Prize-winning economist, notes, the ability of a group of people to co-ordinate their behaviour is linked directly to their ability to identify with the organization.<sup>7</sup> People identify with an organization because they share its goals. For co-ops, these shared goals include things such as self-help and non-exploitation.

People also identify with an organization because they share a similar cognitive framework – a similar way of thinking about the world and how it works. This cognitive framework has been given many names, including “corporate culture,” “mindset,” or “world view.” One useful phrase for describing this framework is “dominant logic,” which, according to Prahalad and Bettis, is “a mind set or world view or conceptualization of the business and administrative tools to accomplish and make decisions in that business.”<sup>8</sup>

A common cognitive framework among the members and employees in a co-operative is critical for organizational success in that it allows people to make decisions independently while still ensuring that they act in the interest of the organization. Indeed, it is key to co-ordinating the actions of the members and the employees. In the Maple Creek case, the buy-in from the membership was a direct consequence of a shared view of the importance of the co-op to the community and the consequences if the co-op were to fail.

While strong organizational identity is important for the success of an organization, it can also be responsible for its failure. Like any other organization, co-operatives operate in constantly changing environments. To adapt to these changes and remain in business, organizations need to change the things that they do and the ways they do them. Strong organizational identity can interfere with this adaptation. In particular, strong identification with a shared dominant logic can result in the organization being unable to change the way it views the world and hence unable to change what it does or how it does it. Fulton and Gibbings, for instance, provide an examination of how the cognitive frameworks used by a number of large agricultural co-ops constrained their ability to successfully adapt.<sup>9</sup>

Simon sums these ideas up nicely when he says that organizations’ over-identification with existing practices “is the major cause for difficulty that organizations, even very successful ones, experience in trying to respond to rapidly changing opportunities and challenges, and why they are often outpaced by new organizations that do not carry the same burden of outmoded knowledge and habit.”<sup>10</sup>

For existing organizations, the source of new ideas and new conceptual frameworks lies with the people in the organization being able to break away from a shared dominant logic – that is, in their achieving some degree of autonomy. As will be discussed later in this chapter, the Co-operative Retailing System (CRS) was able to survive its financial crisis in

the early 1980s because people and groups in the organization were able to imagine new ways of doing things. One of these groups was the Maple Creek Co-op.

Successful organizations thus need to find an appropriate balance between organizational identification on the one hand and individual autonomy on the other. This need for balance is particularly acute and complex for the roughly 225 members of the CRS in western Canada, as well as for their wholesaler, Federated Co-operatives Limited (FCL). Local co-ops are caught between the need to adapt to changing market conditions (the market logic), many of which are associated with globalization (for example, increasing competition from multinationals such as Walmart, and the co-ops' need to decrease costs in order to remain competitive), and the need to remain autonomous and responsive to local community needs and interests (the community logic).

In the past, as well as currently, the CRS has straddled the logic of the market and the logic of the community through its organizational structure. Local co-ops have used their wholesaler, FCL, as a way of providing the economies of scale necessary to compete, thus allowing the local co-op to remain locally owned and able to address local community interests. The economies of scale depend critically on co-ordination between the locals, since the more that locals buy from and use the services of FCL, the greater the economies FCL is able to obtain. Both FCL and the local communities are thus key resources in allowing the CRS to remain viable.

For the CRS to work effectively, it must create two sets of organizational identities. One is between the members of the retail co-ops and their local organizations. In other words, for a local retail co-op to be successful, the members have to identify with their co-op; as outlined above, this implies that the members (and employees) need to share a common conceptual framework. The other set of organizational identities exists between the local co-ops and FCL. As at the local level, effective co-ordination requires that the local co-ops and FCL share a dominant logic.

These two sets of identities must be aligned with their underlying logics – specifically, the community logic and the market logic, respectively. At the same time, the identities have to be aligned themselves. If they are not, then the local co-ops' involvement with FCL will not make sense to local members, and the co-ordination necessary among the local co-ops, through FCL, will not occur. Similarly, without this alignment, the local co-ops' involvement with their members will not make sense to FCL, which may then make decisions that undermine local members' identification with their

co-ops. This, in turn, will weaken local co-ops and their ability to contribute to the CRS.

The success of the CRS thus depends on the ability of local members, local co-ops, and FCL to conceive of or imagine a way to create strong organizational identity. At the same time, this identity at both levels cannot be so strong that change cannot occur within local co-ops and FCL. Since new ideas and concepts depend in large part on a sense of autonomy, the ability to imagine effective innovations and strategic responses depends critically on local members, local co-ops, and FCL balancing their autonomy with their identification with the system.

The CRS has been successful precisely because it has been able to achieve this balance. The next section begins with an examination of how FCL and local co-ops responded to the financial crisis faced by the CRS in 1982. A major reason for the crisis was an over-identification with a particular logic (one of growth and expansion and the mimicking of competitors' strategies) and what was effectively too little autonomy on the part of the local retailers. The way out of the crisis was a new conception of the relationship between FCL and the locals, which in turn led to a new dominant logic underlying organizational identification.

We then consider how Vermilion Co-op responded to the events of the late 1970s and the early 1980s. Like the Maple Creek case, the Vermilion Co-op case illustrates the importance of local autonomy and the identification of members with their local co-op. While a co-op's affinity with FCL and the ideas that underscore its strategies are important, local co-ops also need to be aware of community logic and seek ways of doing things that are consistent with these views. Indeed, such autonomy is critical; ensuring the successful adaptation of the local co-op also ensures the success of FCL and the CRS.

The final part of the next section examines the case of Calgary Co-op and how, even for an organization this large, too much autonomy – or perhaps the wrong kind of autonomy – can be harmful, not only to the co-op but to the rest of the CRS.

### Shifts in the Underlying Logic: The CRS Responds to an Organizational Crisis

By 1982, FCL and its system of retail co-operatives in western Canada had hit hard times. The following excerpt describes the harsh reality facing FCL and many of its retailers at the time:

[CEO Pat] Bell noted that retail long-term debt had increased 272 percent over the period from 1974-81; that by 1981 almost all profits were eaten up

by interest costs; that the entire economy was in recession; that ten retail co-ops were in "extremely difficult circumstances" and might not survive, while about one hundred – one-quarter of the total system – were facing "serious operating problems."<sup>11</sup>

Much of the problem stemmed from the expansion that marked the period from 1974 to 1981. As one FCL manager stated, "We overexpanded into areas that were not profitable. We carried a huge debt load. The interest rates were in the low 20 percent range, and as a system we just didn't recognize that we had to be profitable."<sup>12</sup> Another manager remarked, "In the late seventies everybody was on a roll. They were all building – it was the thing to do ... Not only the co-ops; there were many other businesses ... They were building almost beyond their needs."<sup>13</sup> A 1984 report to the Executive Management Committee echoed these comments: "[W]e can see with great clarity how we erred in the past. The great majority were caught up with growth, expansion and increased market share at whatever cost. As a result, the System was dealt a tremendous blow when the real world surfaced and one we are sure many of us will not soon forget."<sup>14</sup>

These accounts illustrate the CRS's dominant cognitive framework – namely, to copy the status quo business environment of the day. At the local level, the strategies and decisions that followed from this framework often failed to align the needs and expectations of the community with the best interests of the retail co-operative; for the most part, they were indistinguishable from those of their competitors. As Fairbairn indicates, "In the 1960s and 1970s ... [a number of co-ops] had gone in for some difficult retail formats ... downtown co-op department stores in urban centres – multi-storey, full-range stores"; and later in the 1970s "the new concept was malls, preferably big malls filled from one end to the other with purely co-op departments."<sup>15</sup>

Thus, the retail co-ops and FCL tapped into the agreed-upon belief system that prevailed in the retail sector – a belief system that, unshaped and uninformed by any conceptions on the part of the co-ops, permitted them to imitate their competitors' business models: "Co-op people, proud of what they had accomplished, wanted to build stores just like the best ones they knew ... [t]heir mental models came from the recent past, not the near future."<sup>16</sup>

Another part of the world view that exacerbated the financial problems of the early 1980s was a notion of dependency, or lack of ownership. In a sense, this viewpoint arose from a twisted interpretation of the co-operative

ideal – co-operation – and of FCL's role and duties to its retails. Fairbairn states, "One of the managers ... told me that before 1983, there was a mindset in the system, and it was in general in the system, that as long as there was any money available anywhere ... there never would be a time when a retail co-op would be allowed to disintegrate, go under."<sup>17</sup> This mindset, rather than enabling the system, contributed to a deterioration in profitability and, in turn, a deterioration in the cohesion of the system. Moreover, it would be a mistake to attribute this viewpoint entirely to the retails, since doing so downplays the FCL decisions that reinforced this way of thinking. In fact, FCL's own team encouraged this behaviour. Consider the following statement from an FCL board member from the time:

The biggest problem was that ... the retails were expanding and they were using their shares in Federated as collateral for their loans. As high interest rates hit at that time, a lot of those loans became very dicey as to whether they could be repaid, and that was the problem ... Today, that isn't allowed. You can't use Federated Co-op shares to borrow money.<sup>18</sup>

FCL clearly realized that this mindset was eroding the system from the inside. The board member's comment that FCL shares can no longer be used to borrow money is representative of the response that FCL took, in this case a policy vision for a new working relationship for the CRS.

FCL's top management understood that they would have to turn the organization's mindset on its head if the CRS was going to survive. FCL's response was a complete reversal of the status quo logic of expansion and dependence. This was necessary for the organization to effect the changes required to save the system, and to counteract the dependency and lack of ownership that enabled the retails' ill-considered expansions.

As part of FCL's plan, sixty-six retails were asked to consider "salary roll-backs, review operations and management, close departments wherever shutdown losses would be less than operating losses, reduce inventories by 10 percent in departments kept open, and make efforts to increase member support and member equity" before FCL would consider financial assistance.<sup>19</sup> These sixty-six co-ops were on FCL's "B" list. For the thirty-six "A" list retails – that is, the worst off – FCL did not *ask* for changes to be made but rather *told* them which changes *would* be made.

The new vision that FCL prescribed for the CRS shifted the mindset of the organization from a position that identified with the logic of expansion and dependency to a position that countered this view. In many respects,

this was the easiest shift to perform as much of the organization's dominant logic remained intact, the organizational model still existed, and FCL's central role was legitimated, which allowed FCL and its retail system to function according to the same rules of the game. It is also useful to note that in the recessionary environment of the early 1980s, a position that countered the prevailing thinking of the preceding era was the prescription for most sectors of the economy. So the response of FCL and its retails was not so much exceptional as inevitable.

It is important to note that in selecting a solution to the CRS's financial crisis, FCL was constrained politically not to consider a centrally run organization in which it would own and operate local co-ops. An attempt in the 1970s to adopt such a structure had been met with significant opposition from FCL members. Thus, unlike Co-op Atlantic, which did choose a centralized model for its financially troubled stores (an analysis of this structure by Leslie Brown appears elsewhere in this book), FCL had to find a way to make a decentralized structure work. This constraint was an important element in creating a common logic among member co-ops and FCL and likely contributed to organizational identity. At the same time, this constraint was a direct expression of the autonomy of the local retails, once again illustrating the complex connection between organizational identity and autonomy.

With time, FCL's new policy and organizational ideas cultivated a new mindset across the system. This enabled FCL and the retails to become more integrated, with new ideas flowing not only from FCL to the retails but also from the retails to FCL. The result is a far more interlinked and cohesive system than the one that preceded it. Where managers once spoke of dependency, they now speak of "a dual approach" between FCL and its retail members. Beyond tapping into a pre-existing mindset of co-operation or mutualism, this new view was validated by the turnaround in many of the retails and bolstered by the system's return to profitability.

### Side-Stepping Crisis: Vermilion

While the decisions of many of the local co-ops contributed to the CRS's crisis in the early 1980s, some, like Vermilion Co-op, did not identify with the expansionary logic that prevailed across the system at the time. Warren Gill, former manager of the co-op, recalled:

We had a mall proposed to us at one time ... but the board of directors and the general manager at the time – myself – were opposed to moving out of

town into a past-the-track, poor location ... ultimately it's them [the board] and they were opposed to it, totally opposed to moving from the downtown location, which saved us ... I think that's what made this board so effective was that they weren't influenced by others; they just had a real strong feeling of what works best in our community.<sup>20</sup>

Critical to this mindset was not so much the rejection of the logic itself but the rejection of a particular manifestation of the logic – the retail mall location – although it is important to note that the co-op did expand by constructing a new downtown store in 1981.

The Vermilion case is particularly interesting because it shows that sound decisions are made when there is a high degree of co-ordination among management, the board, and the membership. Specifically, it illustrates the important role that co-op boards can have in representing the interests of the membership and the community. This may not seem particularly remarkable, as boards of directors exist to ensure that management decisions are good for the membership, but former Vermilion Co-op manager Warren Gill's comments above indicate clearly that the actions of this board were remarkable.

Gill's comments highlight the problems that can arise when co-op boards over-identify with the management's expectations and ideas for an organization, and how this can compromise the board's obligation to serve the best interests of the membership if management's interests differ from those of the membership. This can arise when a board desires to gain the approval of a domineering and/or charismatic leader; it may also be an indication of an apathetic and/or untrained board. Gill's comments may also refer to the enormous pressure on the board to go with the tide of progress, so as not to be seen as one of those co-ops that didn't know when or how to change.

Either way, the final decision remained with the Vermilion board. The fact that the board was able to buck the trends in the sector and also tap into the community mindset illustrates the importance of both autonomy and organizational identity, and the linkage between them. Indeed, it was the organizational identity of its members that allowed Vermilion some autonomy.

This examination of the Vermilion case suggests a qualification of Simon's remark that "organizational identification of the members ... gives organizations their remarkable power to secure co-ordinated behavior of large numbers of people to accomplish their goals."<sup>21</sup> For co-operatives to secure the co-ordination and commitment of their members, identification must



flow from both the bottom up and the top down. Strong cohesion is enabled by this reflexive identification, where members identify with the organization and its logic, and the organization identifies with the members and their logic. It is this reflexive identification that secures the co-ordination of the co-op's membership in its operations (decision making) and secures members' patronage as consumers.

### Autonomy and Identity at Calgary Co-op

Local autonomy is a critical element in the operation of first-tier co-operatives in a federated structure like the CRS. The Maple Creek and Vermilion cases illustrate how local autonomy provides co-operatives the space to envision responses that work for their specific communities. Had FCL intervened in the management and decision making of these two co-operatives, for instance, they might not be the successful co-operatives they are today. In both cases, the identity of these small rural co-operatives was influenced by their capability to imagine an alternative response to the norm.

But too much autonomy and too little organizational identification can result in a lack of co-ordination, which can be detrimental to the organization. This is particularly true given the complex relationship that exists between identity and autonomy in a system like the CRS. Within this system it is possible that an organization's perception of its autonomy can be skewed to such an extent that the organization fails to grasp the bigger picture of its place in the larger system. This appears to have been a factor in creating the problems faced by Calgary Co-op in the late 1990s. The fact that Calgary Co-op required assistance at all is remarkable and shows that even the strongest and most successful social enterprises must occasionally weather rough spots.

Calgary is known today as a booming oil town, a centre of business, investment, in-migration, and upward mobility, with both the wealth and the urban challenges that growth entails. Given this image, many are surprised to learn that Calgary is home to the largest locally based consumer co-operative in North America and one of the biggest in the world. Calgary Co-operative Association has more than 440,000 members and annual sales of \$1 billion through its twenty-three retail shopping centres, twenty-seven gas bars, seven travel offices, two home health care centres, and twenty-one liquor stores in Calgary and two nearby towns.<sup>22</sup> This mammoth co-operative dominates the local grocery industry with strategically sited neighbourhood stores. Like many co-operatives, it distributes profits to its

consumer members in proportion to their purchases – \$30 million in 2011. The co-op also makes donations to numerous community causes. Among their many other sponsorships, the co-op and its employees have donated more than \$1 million to a single project, the construction and outfitting of a children's hospital for the province. And in 2011, the co-op donated \$3 million to local not-for-profits and charitable organizations. As social enterprises go, Calgary Co-op is outstanding in scale and local prominence.

There are huge asymmetries in the federated network that links Calgary to tiny co-ops like Maple Creek. Calgary is huge and urban, with immense resources at its disposal. Calgary has pioneered marketing approaches that make consumer co-operation viable in urban commercial settings. It has developed new approaches and new services, from "Kiddie Korral" childcare rooms where parents can leave their children – and watch them over television monitors throughout the store while shopping – to the Pic'n'Del Internet-based grocery home-delivery service. Big, progressive, innovative: Calgary Co-op is a leader. And yet, if anyone believes social enterprises have nothing in common with each other, they need only consider that the ways Calgary Co-op got into and out of trouble in the 1990s illustrate the same themes of identity, autonomy, and network co-ordination as did the story of little Maple Creek.

In 1998, the future of Calgary Co-op was in doubt. The huge co-op was struggling as earnings fell from \$22.7 million in 1997 to \$13.8 million in 1998 and \$12.5 million in 1999 (it was in the black only because of the more than \$18 million in patronage refunds it received from FCL); long-term debt rose to approximately \$23 million; member equity was beginning to slide; employee morale was low; and management tactics, including candle-burning ceremonies at spiritual retreats, were becoming a source of public mockery.<sup>23</sup> These problems were all the more surprising to the membership and others as this crisis arrived on the heels of a record profit in 1997. The unusual profit the previous year, which was in part the result of a seventy-five-day strike by employees at Safeway, Calgary Co-op's largest competitor, may in fact have disguised problems that needed addressing.

A lack of transparency and a failure to secure the co-ordination of all employees were two important factors that led to the 1998-99 crisis and the subsequent resignation of Calgary Co-op CEO Gene Syvenky following a routine audit performed by Ernst and Young. As sources interviewed by Fairbairn indicated, spending was insufficiently controlled, managers may have been overpaid, there were too many levels of management, and Syvenky insisted that the board meet with no one other than him, although it would

later become apparent that he was not always aware of what the managers were doing.<sup>24</sup> Criticism was also leveled in the media that the co-op was not releasing enough financial information to its membership and that what was released in the annual report was skimpy.<sup>25</sup>

There was one other complication at Calgary Co-op that affected its decision making: the attitude prevalent among some managers, employees, and members of the board of directors that Calgary Co-op was large and successful enough to "go it alone." That is, Calgary could go on fine without the CRS. This attitude was emboldened by the co-op's use of suppliers other than FCL and a tendency by management and others to blame FCL for the problems at Calgary. This contributed to what has been described as a combative relationship.

The behaviour of the management team at Calgary Co-op (especially of CEO Syvenky) and the "go it alone" attitude suggests that there were multiple and overlapping mindsets operating at Calgary. This *laissez faire* mindset, allowed and encouraged by the lack of transparency and accountability, permitted managers to shift among various actions and strategies so that the organization – both members and employees – could not and did not identify with any particular viewpoint or any sort of codified policy. What happened at Calgary illustrates Simon's comments and goes one step further: the failure of the organization's employees and management to identify with a particular logic or vision for the organization was eroding the effective co-ordination of Calgary Co-op. However, the problem was not that the organization retained or over-identified with an outdated vision for the organization, as Simon warns against, but rather that it was detached from any particular logic and willing to experiment with any sort of questionable management idea that came along.

Given the attitude that many at Calgary Co-op had towards FCL, the board's decision to ask FCL for assistance, though surprising, is perhaps best viewed as indicative of the crisis the organization found itself in during the weeks following Syvenky's resignation. FCL's response illustrates both the seriousness of the situation and the importance of Calgary to the CRS as a whole. Despite their awareness of Calgary Co-op's hard feelings towards FCL, FCL's management were ready to offer the struggling co-op all the assistance they could. As Fairbairn states, "There was no way FCL or the system could afford for Calgary Co-op to go out of business."<sup>26</sup> FCL understood full well that losing Calgary would lead to critical repercussions across the CRS. They had learned hard lessons from the 1982 crisis and the losses of

co-operatives in Winnipeg and Edmonton and were prepared to do what was needed.

In December 1998, FCL sent in some of its top head-office managers from Saskatoon. Leading the group was FCL vice-president of retail operations, Ken Hart. Hart and his group of advisors moved quickly. After one week, they recommended to the Calgary Co-op board that a number of managerial positions be cut. Shortly thereafter, the board laid off twenty-three head-office employees, including three members of the executive committee.<sup>27</sup> More layoffs followed after Christmas, as Hart and his team identified redundancies and reorganized and co-ordinated the layers of management at both Calgary's head office and at each of its centres. Effectively, Hart and his team ended the managerial experimentation that Syvenky had initiated and normalized to some extent the co-op's operations. When Hart and his team first arrived, there were two or three operations managers and one or two business managers reporting to the centre manager in each store. Beneath this level were service managers who had been selected from the rank and file employees to replace department managers. Hart and his team restructured each centre so that each had its own manager, assistant manager, and several department managers; depending on store size, the restructured staff totaled between nine and twelve individuals.<sup>28</sup>

In addition to reorganizing the management structure of the organization, the FCL team supported the co-op in its search for a new CEO. FCL's involvement in this search became a hot-button issue, and at least one board member and several centre managers resigned in protest, fearing that FCL's involvement threatened the autonomy of the organization. If an FCL official became Calgary's CEO, it would ensure that the co-op purchased more of its goods from FCL rather than from other suppliers, effectively choking the bargaining power of the co-op. Sighs of relief were breathed throughout the organization when it was announced that the new CEO would not be from Federated Co-operatives Limited. The vigilance with which local directors oversaw FCL's role is a powerful illustration of how autonomy and centralization balance one another in a federated system. If FCL had not intervened or had not existed, Calgary Co-op might not have survived. But if local directors were not proud, passionate, knowledgeable, and attentive, Calgary Co-op might not have retained its autonomous identity.

Unlike the 1982 crisis, the events in Calgary were not triggered by market failure or recession but rather by a problematic organizational culture.

Calgary Co-op's decision to call in FCL is an important example of an organization rejecting a laissez faire mindset and a go-it-alone attitude. The story of Calgary Co-op reveals the tension between ideas of individualism and community – even individualism and community among organizations. Key decision makers at Calgary accepted that self-determination and participation in a wider network are not actually two competing, mutually exclusive alternatives. This understanding contributed to a new working relationship between the co-op and FCL, a “dual approach” not unlike the relationship FCL has with other members of the CRS, but one in which Calgary appreciates its own particular role as a source of leadership and innovation in the CRS. As Calgary Co-op board member Barry Ashton stated:

It's amazing the interest among the other retails in what's happening at Calgary Co-op ... It's interesting that they always are very keen to know how we're doing and the latest word, and ... what issues we're dealing with ... It's in our interest to remain an integral part of that [the CRS]. We have no intention of doing otherwise, we co-operate and so on, but I think in many ways we are leaders in the CRS because we are larger ... not always the leaders but often the leaders.<sup>29</sup>

Calgary Co-op did lean on the wider co-op system when it needed help. But the co-op by no means surrendered its pride, its vision, its identity, or its accountability for its own future.

### Possibilities and Constraints in a Globalized World

The purpose of this chapter was to explore the interrelationship between organizational identity and autonomy. Using four case studies from the CRS, this chapter shows that both identity and autonomy – in the proper balance – are critical for the success of a complex organization such as the CRS. In small or medium-sized enterprises, such as the Maple Creek and Vermilion co-ops, and in huge enterprises such as FCL and Calgary Co-op, organizational identity and autonomy create possibilities and opportunities.

Co-ordination among the local retail co-ops is enhanced by their organizational identity with FCL; this co-ordination, in turn, is critical in allowing FCL to obtain the economies of scale necessary to remain cost competitive with its major competitors, which in turn gives the local retails the ability to compete in their local markets. However, as the CRS crisis in the early 1980s illustrates, too much emphasis on identity can also make an organization

vulnerable. One way of addressing this vulnerability is to cultivate some autonomy among the local retails. As the Vermilion and Maple Creek cases show, autonomy is valuable since it allows local co-ops to tap into local identities, which can be a real source of strength. Too much autonomy, however, as illustrated in the Calgary Co-op example, can result in a co-op losing its focus.

In addition to providing an examination of the critical balance between organizational identity and autonomy, the chapter also provides a working definition of “organizational identity.” People identify with an organization that has goals similar to their own; they also identify with an organization that views the world in a similar way. Given that the manner in which an organization views the world must change continually in response to the changing social and business environment, organizational identity is not static, but must constantly be updated and negotiated.

Autonomy is usually viewed as being significantly reduced under the impact of globalization. And community autonomy can be seen as a means by which local groups can find solutions to their problems in their local economy or local politics.<sup>30</sup> The examples presented in this chapter indicate that the creation of community autonomy is a complex matter. Local co-ops – concrete organizational examples of community autonomy – can and do have real autonomy, but they must always negotiate and balance their independence alongside an organizational identity within the larger system of which they are an integral part. Indeed, it is the success of this larger system that allows local autonomy, which, in the right form and degree, is important for ensuring the success of the larger system. Local autonomy, however, can arise only when the members of a local co-op have a strong sense of organizational identity, which, in turn, is predicated on the local members giving up some of their individual autonomy.

### NOTES

- 1 John Pituley's words appear in Brett Fairbairn, *Living the Dream: Membership and Marketing in the Co-operative Retailing System* (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004), 60-61. Much of the research for this chapter is based on this book, which remains the most current treatment of the subject. The 1982-2004 period in the life of the Co-operative Retailing System (CRS) has not been reinterpreted since the book's publication. Other references, likewise, reflect newspaper commentary and relevant journal articles from the period under study.
- 2 *Ibid.*, 61.

- 3 Ibid., 62.
- 4 Amory Starr and Jason Adams, "Anti-Globalization: The Global Fight for Local Autonomy," *New Political Science* 25, 1 (2003): 19-42.
- 5 The Co-operative Retailing System (CRS) comprises North America's largest networked group of retail consumer co-operatives together with their central wholesaling organization, Federated Co-operatives Limited (FCL). The foundation of the system is approximately 1.3 million individual people across Western Canada from northern Ontario to British Columbia and the Arctic. These members own and control approximately 264 local co-operatives, each of which is legally independent and democratically controlled by the individual consumer-members within its region. The 264 local co-operatives are, in turn, members and owners of FCL, which acts as a central wholesaler, manufacturer, and marketing organization for the group.
- 6 Starr and Adams, "Anti-Globalization."
- 7 Herbert A. Simon, "Public Administration in Today's World of Organizations and Markets," John Gaus Lecture, *PS: Political Science and Politics* 33, 4 (December 2000): 749-56.
- 8 C.K. Prahalad and Richard A. Bettis, "The Dominant Logic: A New Linkage between Diversity and Performance," *Strategic Management Journal* 7, 6 (1986): 485-501.
- 9 Murray Fulton and Julie Gibbings, "Cognitive Processes and Co-operative Business Strategy," in *Co-operative Membership and Globalization: New Directions in Research and Practice*, ed. Brett Fairbairn and Nora Russell (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004).
- 10 Simon, "Public Administration," 753.
- 11 Fairbairn, *Living the Dream*, 25.
- 12 Ibid.
- 13 Ibid.
- 14 Federated Co-operatives Limited (FCL) Executive Management Committee, *1984 Marketing Thrust*. Executive Management Committee Report (Saskatoon, SK: FCL Marketing Division, 1983), 1.
- 15 Fairbairn, *Living the Dream*, 26.
- 16 Ibid., 27.
- 17 Ibid., 39.
- 18 Ibid., 29.
- 19 Ibid., 42.
- 20 Warren Gill, former manager of Vermilion Co-op, on the importance of store location, quoted in *ibid.*, 54.
- 21 Simon, "Public Administration," 753.
- 22 Calgary Co-operative Association, *Calgary Co-op 2011 Annual Report*, <http://www.calgarycoop.com/news/publications> (and the same for the following statistics in this paragraph).
- 23 Fairbairn, *Living the Dream*, 151; Anne Crawford, "Co-op Fires Head Office Staff," *Calgary Herald*, 10 December 1998, D1; Charles Frank, "Heavy Questioning Expected at Co-op meeting: Eventful Year to be Reviewed," *Calgary Herald*, 20 February 1999, D1.
- 24 Fairbairn, *Living the Dream*, 152.

- 25 Crawford, "Co-op," 1998.
- 26 Fairbairn, *Living the Dream*, 154.
- 27 Frank, "Co-op," 1998.
- 28 Anne Crawford, "Co-op Fires 22 Middle Managers," *Calgary Herald*, 14 January 1999, F1.
- 29 Fairbairn, *Living the Dream*, 85-86.
- 30 Starr and Adams, "Anti-Globalization."

# 5

## Social Cohesion in Times of Crisis Atlantic Canada's Consumers' Community Co-operative

LESLIE H. BROWN

Many of the co-operatives described in this book were studied at a time when they had attained significant success in finding their niche and establishing themselves in their communities and regions. Although they may have experienced crises in their recent past, and still faced challenges (as does any enterprise), they were reasonably stable. They were doing well financially, enjoyed significant levels of social capital and social cohesion, and were well positioned for the future. We can learn much by studying such co-operatives. In this chapter, however, we turn our attention to a situation in which the co-operative being studied was in the midst of crisis and on the cusp of either success or failure. The Consumers' Community Co-operative (CCC), located in the four provinces of Atlantic Canada, was formed in 2001 by twenty-eight local co-operatives, all of which were experiencing major difficulties. These co-ops were members of the wholesale and agricultural co-operative Co-op Atlantic. At the time of data collection (2002-05) Co-op Atlantic had 135 member co-ops, 79 of which were retail grocery co-ops, including CCC.

This chapter draws on our research with CCC to address two questions:

- 1 Was there a basis for social cohesion and positive transformation in CCC?
- 2 What can the CCC experience teach us about the possibilities and challenges shaped by interwoven global processes and organizational initiatives in a co-operative under pressure?

The membership survey data we collected at the time is particularly useful in answering these questions. The survey was distributed to a random sample of the membership of CCC in May 2004.<sup>1</sup> It explored various aspects of social cohesion in CCC, including elements of identity and a sense of shared purpose, as well as the members' sense of CCC's reputation in the communities it served. Our analysis of the data suggests that reinforcing and broadening social cohesion could contribute to the regeneration of retail co-operation in endangered stores and in their communities. We conclude that social cohesion was eroded during the creation of CCC, but not eliminated. In becoming more centralized and more focused on the bottom-line, CCC's grassroots relationships with local communities attenuated, with negative consequences for social cohesion. However, strong bases for social cohesion still existed, and the members did have useful ideas for improving their own stores within the co-op in this regard. A significant proportion of CCC members, for example, thought that their store needed to forge a distinctive place in its community and in its market, a place different from that of the conventional, and very effective, chain stores. In the current marketplace, they believed, competitive pricing alone could not provide the competitive edge CCC needed.

With regard to the second question posed above, it is useful to consider the formation of CCC as both a manifestation of, and a response to, globalization. Processes associated with globalization alter relationships with place, with physical locale, thus influencing co-operatives.<sup>2</sup> In particular, globalization is related to the growth of supra-territorial connections and increasingly complex and widely flung social relationships. In the grocery industry this is apparent in changes in the food production and distribution systems, in the size and dispersion of stores coincident with the dominance of chains, in changed relationships with local customers and suppliers, and so on. In Atlantic Canada, these economic challenges and changing community demographics propelled the need for change and experimentation in a group of struggling local retail food co-operatives. Community demographics had also changed, with younger people leaving and older people arriving, and a net loss in population for many communities. These were extremely important dynamics for locality-based retail food co-operatives that had traditionally been rooted in "place" in their local communities. They had been autonomous, locally owned and controlled, and often sourced their products from local producers and suppliers. They were also thought to be inefficient and slow to change and adapt, and, by some, were considered obsolete in light of the larger chain stores' ability to serve people's grocery needs.

Believing that local retail co-operative stores still met a range of regional, community, and consumer needs and were thus worth preserving, a group of struggling independent co-ops forged a new co-operative, Consumers' Community Co-operative, which strived to re-create consumer co-operation as a regional phenomenon in the four provinces of Atlantic Canada. CCC experienced some success in this effort but also faced challenges as it endeavoured to maintain local responsiveness in a context where significant autonomy had been relinquished to a regional network.

CCC both manifested and resisted the changes associated with globalization and sought to strategically position itself in the changing marketplace. It resisted globalization in that its individual stores had the potential to reflect and be responsive to local community identities. It continued to aspire to responsiveness, democracy, member participation, and an inventory that reflected relations with local producers.

The members' responses to the survey suggest that a viable renewal strategy would have needed to include the operationalization of a CCC-specific version of the co-operative difference, in order to both build and mobilize the social cohesion necessary for members to feel proud of their co-op and engaged in its future. In part, this would have meant rebuilding relationships with communities that had experienced the creation of CCC as a loss of the local co-op and of its members' investments (both financial and psychological). It also would have meant providing a context in which members could understand the co-op's identity and develop their own individual and collective identities as CCC members and as co-operators – important bases for social cohesion. Members indicated that they wanted opportunities for a variety of types and degrees of engagement, which was encouraging for the co-op as it developed its framework and consultation process for realizing CCC's location in the social economy of its communities. CCC's experience is useful both in identifying the challenges faced by traditional, locally based co-operatives and in suggesting strategies for their regeneration and renewal.<sup>3</sup>

### **Innovation for Regeneration – The Creation of CCC**

Our story begins with the creation of Consumers' Community Co-operative (CCC), which opened for business in January 2001. While key players in the formation of CCC (banks, Co-op Atlantic, various leaders in the local stores) saw the establishment of the new co-op as an emergency response to an economic crisis, it was much more than that. It marked an imaginative response to globalization and the related changes being experienced in

the Atlantic communities where the troubled retail co-operatives were located.

At the time of the survey, CCC had twenty-six stores and more than fifty-eight thousand members across the towns and smaller cities of the four provinces of Atlantic Canada. However, during the process of creating CCC, many members felt that the co-op had lost touch with communities at a local level. The following paragraph is a composite developed from various comments made in the surveys or in person to this author or to research assistants.

The store has been around so long people tended to take it for granted, but it has gone through a lot of changes recently. First a community store where everyone could shop, it was converted into a Direct Charge Co-op when the board was told that would be a good idea. That worked for a while, but gradually problems emerged with this service fee/member-only model. People began shopping elsewhere, and the store began to decline. The board did not seem to know what to do – the various things they tried did not work. Co-op Atlantic recommended the Basics Format (warehouse feel, limited range of goods, focus on price), but that did not stem the leaks, and the store ran into serious trouble. Around this time, Superstore opened up in Pleasant Community, and the Sobeys renovated – both are bright, clean, and full-service, with meeting rooms and places to sit down for a coffee. They even had a price war for a while – that was great for the consumer! At the co-op, people noticed a decline in inventory, increasingly obsolete equipment, and staff with low morale. Often, the store seemed dirty. There was quite a bit of staff turnover, including changes in management, and then someone said that the co-op had to either close or become part of a new co-op called Consumers' Community Co-operative. Many members left in anger that directors were dismissed. Others are confused and do not understand who made the decision and who is in control now. For many, losing all the money invested in shares is a betrayal, as is loss of local autonomy – the local board was replaced by a local council whose powers are unclear. I don't know who is running the show now – some group in Moncton I think. Many people, even members, do most of their shopping elsewhere. I think the co-op is good for our community, but things have to improve.

The decision to create CCC, though it emerged from thoughtful dialogue and debate among Co-op Atlantic's own board and management, as well as

a range of other leaders and managers, did not engage local boards or members as partners in decision making. There was little time for lengthy discussions and consensus building, although there were efforts to meet with all boards and interested members to explain the solution being advocated. Local co-ops were told that they had little choice – the only way to save their store was to become part of the new regional co-operative. While many local leaders and some members were convinced by the arguments in support of the regional co-operative, others felt railroaded. Members lost their investments in their co-op and in general were not aware that Co-op Atlantic had played a pivotal role in covering the co-ops' debts so that the new entity could start afresh. Co-op Atlantic played an ongoing role in supporting the co-op and as part of the CCC board.

For many members, the most salient fact was that they had lost their local co-op. The focus shifted to shoppers/consumers (whether they were members or not) and to issues of service, quality, price, and availability of inventory. In an effort to reverse the decline of the stores, a strategy was designed to effect economies of scale, improve efficiency, and increase sales.<sup>4</sup> While these issues had to be addressed, some felt that member involvement and co-operative principles had suffered. They felt that decisions were being made without much consultation with stakeholders (shoppers, members, employees), and thus with little buy-in.

### Members and Their Communities

The members who responded to the survey were preponderantly middle-aged or older (66.6 percent over the age of fifty), were married (81 percent), were living in one- or two-person households (54.6 percent), and had family incomes below \$50,000 (52.1 percent). Over half of respondents had at least some college or university education (55.5 percent), and the majority were women (58.9 percent). An overwhelming majority spoke English at home (95 percent). For the 76.4 percent of respondents who had been members of a co-op that had become part of CCC, the mean number of years as a member was 17.4, and the median was 15. Only one-third of the total number of respondents had children aged eighteen and less at home. Since CCC did not keep comparable data, we cannot compare these figures to the actual CCC demographics. However, we know that, in general, CCC stores were in English-speaking communities and in communities that were aging. Managers reported that CCC members were slightly older than the average population, and there was concern that the co-op was not attracting a sufficient number of young families. While the basics format brought in more

low-income shoppers looking for price breaks, the membership as a whole was thought to be of moderate income.

These demographics offered opportunities as well as challenges. On a positive note, members were likely to have a sense of co-op history, to have discretionary time to volunteer with the co-op, to be responsive to low-price policies, and to have a variety of skills. Since members tended to live close to the co-op (20.5 percent were within walking distance; another 50.7 percent were within a fifteen-minute drive), events in the store were accessible to them. On the other hand, the older and longer-term members may have been more likely to feel losses associated with the transition to a larger regional co-operative and, for a variety of reasons, may not have been active as volunteers. Younger members and families were needed to ensure the long-term viability of CCC, and to provide leadership for the co-op. CCC seemed to be having some success with this, as almost half (46 percent) of the members who joined at the time CCC was formed were aged fifty or less. At the time of the survey, almost one in four members (23.6 percent) had joined after CCC's formation.<sup>5</sup>

Other survey data, which documented members' relationships to their communities, reveal that although members were strongly committed to their communities and positive about their towns' futures in a general sense, they had concerns about their future that were manifested in a concern about the loss of youth. Substantial minorities were concerned about a decline in quality of life and the loss of local businesses. On the other hand, social capital was strong, in the form of the strong presence of organizations and groups that involve volunteers, and in perceptions that people care about community and help one another out. Further, perceptions of diversity (language, race, religion, income, and so on) were not seen as having any negative impacts. Indeed, the only statistically significant relationship was a slightly positive one ( $r = .139$ ) between perceptions of diversity and positive identification with the community. This suggests that the communities were reasonably cohesive, at least from the perspective of the members surveyed.<sup>6</sup>

These findings are encouraging for local co-ops. They suggest that the natural strengths of a co-op, strong relationships with community and support for community development, complement the priorities and valued community characteristics perceived by members. Co-ops can contribute to social capital, at both the individual and community levels. These contributions include strengthening personal and organizational networks, strengthening the capacities of members to be knowledgeable and to act,

and enhancing the sustainability of the community. Co-ops are local businesses that offer employment (including the employment of youth); they have a volunteer component and can contribute to networks of other local organizations that involve volunteers; they encourage an ethic of mutual self-help and social enterprise; and they can reinforce local networks of caring about the community and its people. This leads us to conclude that the more the CCC manifested these "natural" co-op qualities, the stronger it would have been in financial terms. Of course, this means that the co-op should have made sure communities were aware of its relevance – as a grocery store and in its contribution to the community. As we argue below, communication involves both reciprocal information sharing and the creation and maintenance of relationships. CCC faced considerable challenges in this regard.

### Social Cohesion and CCC

We have already noted that the regeneration of food co-operatives in CCC's communities required the mobilization made possible by social cohesion.<sup>7</sup> Conceptualized variously at organizational, community, and national levels, high levels of social cohesion are most likely to be in societies or communities where people transcend their merely private interests, and where trust levels are high.<sup>8</sup> "Social cohesion" refers to the sharing of identity and purpose, or of elements thereof, and it is not a static quality. Levels of social cohesion in an organization or in a community will fluctuate at different times and in relation to different issues. Further, where it is not inward-looking and exclusionary, social cohesion encompasses respect for diversity and a sense of the common good, supported by democratic institutions and processes.<sup>9</sup> Social cohesion provides a basis for "an expression of the idea that a free society [or co-operative] composed of diversities can nonetheless enjoy moments of commonality when, through public deliberations, collective power is used to promote or protect the well-being of the collectivity."<sup>10</sup>

Social cohesion can develop at three levels in a co-operative.<sup>11</sup> The first level is that of *internal organizational identity* – reasonable overlap in what people understand the organization to be or to represent. Côté describes this as cohesion between the co-operative as an enterprise and its character as an association of people. The second level at which social cohesion can develop grows out of the co-op's relationships with its communities – the social relations in which it is embedded and its positioning in the marketplace. This is its *external organizational identity*. Côté describes this form of

cohesion as the fit between the "co-operative difference" and the strategic placement of the co-op in the competitive arena. The third level refers to cohesion around the *meaning of co-operative membership* – in general and in regard to the specific co-operative in question. That is, members can identify both with their local organization (for example, as members of a particular co-op) and with its organizational form (as committed "co-operators"), even where membership may not mean the same thing to each member.<sup>12</sup>

While these levels of social cohesion overlap, it is useful to distinguish them when analyzing the survey data discussed here. When we conducted our research on social cohesion in CCC, we examined members' perceptions of CCC's external and internal organizational identities. We also explored the extent to which members identified as "committed co-operators" and/or as members of CCC. These indicators gave us a sense of the degree of social cohesion in CCC, at least from the members' point of view.

### Members' Perceptions of CCC's External and Internal Organizational Identities

Earlier, we suggested that social cohesion can be reflected in the extent to which members and employees understand their co-operative to reflect a sense of common purpose and commitment to its various stakeholders. Members of a cohesive co-operative would perceive a (reasonably) consistent identity (or set of reasonably compatible identities) both externally and internally. Of course, organizations are likely to have multiple identities, as perceived by different people who are in different relationships with the organization. During the survey, we asked members a range of questions to see if there were any patterns to the identity (or identities) they perceived in their co-op.

### External Identity

The survey data allows us to study external organizational identity in terms of members' perceptions of the co-op's local reputation. For instance, a positive reputation is likely to increase status and support, and to provide the organization with a framework for building its relationships with the community. It also gives member-owners something to be proud of. In the case of retail co-ops, if members perceive their store to have a consistent and positive image with regard to at least some key characteristics, they can recruit friends and relatives with confidence and can see their membership as something others may admire.<sup>13</sup> Thus, a positive reputation contributes to social cohesion in a number of ways.



The survey included thirteen statements about reputation, with which respondents could agree or disagree on a four-point scale. They could also answer "don't know." "Don't know" answers are important because the statements describe characteristics generally thought to be part of the "co-operative difference" – that is, elements of the co-op's identity that are integral to its being a co-operative business and of which the member-owners can be especially proud. CCC itself made public claims in many of these areas and one would expect that stores sought to establish a clear reputation in each of the areas.

Results show that, for many members, the store did *not* have a clear image in their communities. On seven of the thirteen reputation items (listed below, according to ascending percentages of "don't know" responses), 20-55 percent of the members who responded reported that they did not know the store's reputation:

- being good at keeping jobs and money in the community
- supporting local farmers and businesses
- being a leader in the community
- being a good example of democracy at work
- being supportive of youth
- being a place where people can develop their leadership skills
- being a good place to work.

For three additional statements (on being trustworthy, on having a reputation for being a contributor to the local community, and on being responsive to people's questions and concerns), more than one in ten members (from 14 percent to 19.6 percent, respectively) reported that they did not know the store's reputation. Only on the product reputation statements (regarding good produce, quality meat, and good prices) did fewer than 10 percent indicate that they did not know the store's reputation.

On a more positive note, those who did offer an opinion of their local store's reputation on each of the thirteen items believed it to be viewed positively. Of all respondents who reported an opinion, the lowest percentage of "strongly agree" and "agree" responses was 64.9 percent (on the co-op's reputation as a place to develop leadership skills), while the highest was 94.6 percent (on the co-op's reputation for being trustworthy). Further, most believed that the store's reputation was positive on the product items – 80.3 percent, 85.6 percent, and 84.7 percent, respectively, agreed or strongly

agreed that the store had a positive reputation for good produce, quality meat, and good prices.

In all this, there were bases for cohesion. Many members believed that the co-op had a positive reputation in the community, though we must keep in mind that members were more likely than those who were simply shoppers to harbour positive feelings about the CCC. Truly disaffected members would have left CCC but could have had a negative influence on its reputation within the community. Only by its actions could CCC have combatted this – by working with the local stores in their own communities to show that the co-op did, indeed, stand for something the community needed and could value. The members could have helped with this.

### Internal Identity

Organizational identity can be defined by considering the question, "What is this organization?" Here, we look at two indicators of internal identity: members' awareness that their local store was part of a regional co-operative called CCC; and members' perception of CCC's characteristics in comparison with those of other grocery stores.

As mentioned above, when the research was conducted, CCC was a relatively new entity, and stores at the local level were no longer autonomous but were in fact part of the regional co-operative. This was an important piece of information for members to know. We asked members whether they were aware before completing the survey that their local store was part of CCC. Most (60.3 percent) answered in the affirmative. However, that still leaves almost four in ten members (39.7 percent) reporting that they did not know, thus indicating that they did not really understand CCC.

We also looked at members' perceptions of CCC's internal identity by considering how they felt their co-op fared in comparison to other grocery stores in which they had shopped. We asked members to consider fourteen points of comparison. Three points focused on members' overall impressions: "my co-op store is different from other grocery stores in ways that I like"; "my co-op store is different in ways that I don't like"; and "my co-op store is just another grocery store – nothing is really different." Most gave the nod to the co-op store: 58.2 percent said the co-op store was different in ways they liked; 64.9 percent disagreed or strongly disagreed that it was different in ways they did not like; and 64.9 percent disagreed or strongly disagreed that the co-op was simply another grocery store. However, it is troubling that substantial minorities held a contrary view: 41.8 percent said

they disagreed or strongly disagreed that the co-op was different from other grocery stores in ways they *did* like, and 35.0 percent agreed or strongly agreed that the co-op was different from non-co-op grocery stores in ways that they did *not* like. Over one-third (35.1 percent) agreed or strongly agreed that the co-op was just another grocery store, that nothing was really different.

For seven of the remaining eleven points of comparison, the majority of respondents believed the co-op did as well as or better than other grocery stores. Most notably, 90.7 percent disagreed or strongly disagreed that other stores were more likely to be honest and fair, while 83.4 percent agreed or strongly agreed that the co-op was more supportive of local agriculture. The majority were increasingly less definitive in the following areas:

- disagree or strongly disagree that other stores have better prices (69.5%)
- disagree or strongly disagree that other stores are more involved with other local businesses and non-profit groups (63.7%)
- disagree or strongly disagree that the co-op store contributes more to the local community (62.7%)
- disagree or strongly disagree that other stores have better quality products (58.7%)
- disagree or strongly disagree that the co-op store offers more opportunity for input and control (55.3%).

It is important to emphasize that, for each of these items, substantial minorities held opinions less favourable to the co-op. Over 40 percent felt that other stores had better-quality products, and over one-third agreed that other stores were more involved with local businesses and non-profits and disagreed that the co-op contributed more to the local community. Furthermore, despite the heavy emphasis on price at CCC, over 30 percent agreed that other stores had better prices. A particularly troubling finding for a co-op, which is nominally a democratic form of organization, was that over 40 percent (44.7) of respondents disagreed or strongly disagreed that the co-op offered more opportunity for input and control.

For the final four points of comparison, the co-op stores were not seen to be better than the competition: 59 percent of respondents disagreed or strongly disagreed that the co-op treated its employees better than did the competition; 77.7 percent disagreed or strongly disagreed that other stores were less likely to stay in the community<sup>14</sup>; 56.9 percent disagreed or strongly disagreed that the co-op is more informative about its products

and services than its competitors are; and 53.5 percent disagreed that the co-op was more responsive to shoppers' needs and preferences.<sup>15</sup>

If CCC had wanted to build the cohesion that comes from members' shared sense of CCC's "co-op identity" and a belief that there is a "CCC difference," then it would have had still more work to do. While many members indicated that CCC had a reasonably clear and positive internal identity, there were important exceptions. And it is undoubtedly true that members' perceptions were not equally grounded in "factual" information. To some degree, members were probably clinging to a belief that their new store was characterized by the qualities that the previous co-op had exhibited – a certain carry-over of identity that may or may not have been based in reality. Related to this was the belief that since CCC was a co-op, it "must, of course" have a certain identity. However, for the plurality of its members, CCC had an identity that fit with claims conventionally made for the co-operative difference. Increased communication with members and the transparent embodiment of these differences would have led to a decrease in the number of "don't know" responses.

The most dramatic finding was that members believed their co-op competed favourably with other stores when it came to being trustworthy, honest, and fair. This belief can be a strong basis for developing social cohesion, which, after all, is based on trust. While this could have been good news for CCC, it would have done well to heed Radtke's warning that since expectations are higher for co-operatives than for the competition, co-ops are more vulnerable.<sup>16</sup> CCC had to maintain the good opinion of its members by truly embodying these qualities. By 2007, the CCC board had developed strategies to do just that.

#### Members' Identification as "Committed Co-operators" and as CCC Members

The third level of social cohesion we examined resided at the level of the members themselves. Did members share with one another the fact that they identified as members of the CCC? that they identified as "committed co-operators" apart from any particular co-op identity?

In order to explore member identity, we created a member identity scale composed of responses (from "strongly agree" to "strongly disagree") to six statements:

- I feel a sense of belonging to my local store within CCC.
- I feel a sense of belonging to CCC as a whole.

- My identity (my sense of self) as a co-op member is important to me.
- Being a co-op member says something about who I am, what kind of person I am.
- When I get to know a person, it is important to me that the person know early on that I am a co-op member.
- Being a member of this co-op makes me feel part of the larger co-op movement in Canada and the world.

Values on this scale range from 6 to 24.<sup>17</sup> The mean is 15.3 out of a possible 24, with lower numbers indicating stronger identity. Since the midpoint is 15, this means that members do feel a modest degree of identity with the co-op. Indeed, 54.5 percent of respondents scored at or below the midpoint. However, this finding is tempered by the fact that three-quarters (75.8 percent) of the respondents reported being members of other community organizations and, when asked about the relative importance of their CCC membership in comparison to their other organizational memberships, 62.8 percent replied that their CCC membership was less important than most. Nevertheless, the data indicate the presence of a modest base of member identification, and thus a degree of cohesion that could have been nurtured.

A second indicator of identity that we considered was the extent to which members reported having a belief system that corresponded to that generally associated with co-operativism.<sup>18</sup> We wanted to explore the possibility that while members might not have felt a strong identity with CCC per se, they might have identified as a "co-operator." This situation was illustrated in the comments from two people who were members of CCC because they support co-operative values, in spite of their discontent with CCC:

[re: reasons for joining] – I actually had to overcome *negatives*. Our co-op carries no organic foods, which is about all we eat, because I want to support the co-op principles.

[re: reasons for joining] – While I strongly support the principles of the co-op movement, I feel that I would like to comment on our local ... co-op. I was disappointed on becoming a member to find such a poor selection of most items, although there are often some very good buys and I buy in quantity. However, the store is generally not very clean, checkouts are al-

ways recycling meat drippings etc. through their conveyor belts, and meat and dairy refrigerator units are old, unclean, and *smelly!* ... At any rate, perhaps more input into running the ... branch effectively would help a lot.

We also created a co-operativism scale with the following five items:

- For me, shopping for groceries involves considering how best to support locally owned businesses.
- My co-op membership is about supporting an alternative to privately owned stores like Sobeys and Superstore.
- The most important aspect of membership for me is that it gives me ownership of the co-op.
- It is through emphasizing member democracy, education, and concern for community that CCC will attract member-owners and shoppers and become strong financially.
- More businesses should be set up like co-ops so customers or employees could be owners.

On this scale, values range from 5 to 20, with lower numbers indicating stronger co-operativism; the midpoint is 12.5.<sup>19</sup> The average score on this scale is 10.88, somewhat below the midpoint. Almost three-quarters of the respondents (73.7 percent) scored at or below the midpoint, indicating that members tended to share a co-operative belief system.

This meant that such members support the co-op, though they may not have purchased much there. But CCC could not rely on this support, because over time there was a risk members would become more and more disenchanted. The two facets of member identity were correlated, with each one reinforcing the other.<sup>20</sup> Both were needed if CCC was to flourish. CCC needed a significant proportion of its members to have at least a moderately strong membership identity. Fewer committed co-operators may have been needed, but much of the leadership of the co-op had to be drawn from their ranks.<sup>21</sup> It was therefore important to provide the opportunities for people to learn about co-operative belief systems so that they could judge for themselves whether they identified with co-operativism, and to find ways to cultivate and be responsive to such people.

Other data from the survey reinforce our conclusion that members were motivated to be members in a variety of ways. Members clipped coupons and looked at ads (65.4 percent agreed or strongly agreed), but they also

wanted to support locally owned businesses (69.6 percent agreed or strongly agreed). However, these local businesses needed to be well run and effective. For many, being attracted to the co-op as a co-op and being attracted to the co-op as a good place to shop (price, quality, service) were mutually complementary. This may be because, in general, co-op members understand a co-operative business to be a principled and effective business that meets the needs of its members. In the case of a grocery store, members would expect their co-operative to do a good job providing groceries. Members believe in the co-operative formula – that co-operatives can “do the job” as well as or better than other forms of enterprise, that a co-op is “more than a business.” In this sense, members rise above the idea that there is a tension between being a co-operative and being a business. Instead of seeing co-operative characteristics as a liability, many members see them as strengths – co-ops can relate to their customers in ways that no other organization can, because customers are also member-owners who are rooted in the communities the co-op serves. At the time of the survey, social cohesion rooted in identity as a co-op member and as a “co-operator” was still present and, with nurturing, could have contributed to CCC’s renewal.

### Member Support for CCC

This conclusion is further supported by our analysis of the data on member support for CCC, which shows that many factors were interwoven. For this reason, despite the temptation, it is important not to focus exclusively on the proportion of groceries that members purchased at the co-op. Loyalty, in this sense, does not necessarily indicate that members identified either as members or as co-operators. However, in interviews conducted during this research, management personnel expressed the opinion that the most important indicator of “member loyalty” was the percentage of that member’s grocery needs purchased in the co-op store. Certainly, this is important, especially for a co-operative such as CCC, which was striving to become profitable. Albert Hirschmann would agree that this is indeed loyalty, with “loyalty” meaning continuing to shop without complaining.<sup>22</sup> Such loyalty does not change the organization, however, and can reward behaviour that undermines the organization’s long-term success. Hirschman suggests that organizations need people who will “voice” too, because in responding to these people the organization can retain their business, make improvements, and increase its chances for survival. The danger, however, is that rather than voicing, people will simply exit, taking their business elsewhere. For

example, a once loyal member may become so fed up that he or she leaves, but without letting anyone know why. People who voice, and who feel they are listened to, often become more loyal because they see improvements being made and appreciate the responsiveness of the business – they feel they can invest some of their own sense of identity in the organization. This idea corresponds to the notion of efficacy in a democracy – the democratic system is responsive and its citizens feel loyal in part because they have a say.<sup>23</sup> These ideas are important for co-operatives.

For these reasons, our survey explored several different ways members showed support for the co-op, and their interrelationships. Support can take forms that may not seem to be economic, but it can also take forms that are clearly economic.

We have already seen that members could support the co-op by incorporating their membership as a component of their own sense of identity. They may also have supported the ideals of co-operation, as committed co-operators. Here, we explore several other ways members showed support, by examining patterns of agreement and disagreement with the following six statements:

- I recommend this co-op to others.
- When I hear people criticizing the co-op, I try to answer their concerns or encourage them to talk to the manager or the board or the local council.
- I am seriously considering leaving CCC and giving up my membership.
- If I move, I would try to find another co-op to join.
- It would be a real loss to people in this area if the co-op store closed down.
- There is really no advantage to being a member of the co-op in comparison to being a member of Price Club, Costco, or Zeller’s HBC points.

From responses to these statements, we created a support for the co-op scale.<sup>24</sup> This scale ranges from 6 to 24, and the midpoint is 15. More than three-quarters of respondents (77.6 percent) score at or below the midpoint, with lower numbers indicating greater support. The mean score for the respondents was 12.1, indicating that support for the co-op is moderately strong, towards the higher end of the scale. Support for the co-op is significantly correlated with member identification ( $r = .626$ ) and with co-operativism ( $r = .538$ ).

We also measured “percentage of monthly needs purchased at the co-op” as a categorical variable. When we looked at those who had been members

before CCC was created (76.4 percent of respondents), we found that about 4 in 10 purchased less than they used to. About half (48.4 percent) purchased at about the same level, and only 8.4 percent purchased more than they used to. Further, when we looked at all members, we found that 35.6 percent purchased less than 25 percent of their monthly grocery needs at the co-op, and 28.3 percent purchased 25-50 percent of their monthly grocery needs there. This means that 63.9 percent of members purchased less than half of their monthly needs at the co-op. Only about one-third (36 percent) of members purchased more than half their monthly grocery needs at the co-op.

Percentage of grocery needs purchased at the co-op is correlated with the Support Scale ( $r = .587$ ), with member identity (moderately strong, at  $r = .370$ ), and with co-operative ideology (less strong but still significant at  $r = .282$ ). While a full explanation of shopping patterns would require multivariate analysis, these descriptive data are sufficient to suggest that the explanation would involve elements of identification as developed above. While we cannot determine causality here, it is an important finding that these variables are inter-correlated, suggesting that strengthening any one of these will impact the others.<sup>25</sup> Other examples of this complexity can be found in the full report, which looks at member satisfaction in a number of dimensions, including adequacy of communications, member education, governance matters, and so on.

Support in the form of shopping in the store was clearly related to how good CCC was at providing a good selection of quality products in a clean store with good service and competitive prices. However, it was related to other forms of support too, which in turn reflected other aspects of the co-operative business. Themes that repeated throughout the members' answers were: responsiveness, communications, member identity, and the co-operative difference. The handwritten comments in response to open-ended questions show concern about the threat of store closures, the inconsistent inventory policies, and the lack of contact with the co-op and its leadership. Here are pertinent examples, drawn from the respondents' comments, which reflect how members felt about control and autonomy issues:

We joined before CCC and we liked the members having a board to take their concerns to. With CCC, this is not so.

Although we are co-op members, we have never been contacted by or about the co-op until now ... We feel that locally there is no attempt to encourage present or new member involvement.

The following four comments reveal how some respondents felt about how the co-op was handling communication and information sharing with its members:

I don't hear anything at all from CCC.

I've never really had much knowledge about the membership board and what they do. More communication is needed towards the membership if they want input/feedback and greater participation.

When we joined the Co-op Basics Store<sup>26</sup> we were asked if we wanted to serve on the co-op board. There has never been, to my knowledge, any information or an opportunity to do so, any information on when meetings are held. Customers (members) should be better informed and a newsletter and a financial statement should be made available as well as any other info. That would allow member participation.

After this survey I realize how little I know about co-ops. We are a city, so our co-op is not the centre of things like others in our province. I believe as Atlantic provinces we should work hard at keeping co-ops thriving in our communities. Education would be beneficial.

These kinds of comments clearly indicate that, for co-ops, building strong relationships necessarily involves good communication. Good communication is important for staying in touch with the members and their communities, for building a shared understanding of key elements of the organization's identity, for building loyalty, and for involving members as owners in influencing the governance process and the decisions made by those in authority. Insofar as communication processes develop positive relationships, they contribute to a positive identity and to social capital. To some extent, then, limitations in product, price, and service can be made up for by excellence in other areas, especially areas relating to the co-operative identity. In the case of CCC, this may have been less true for the members who did not respond to the survey or for nonmember shoppers, but we cannot know for sure. It is equally possible that a substantial number of shoppers might have been attracted to membership, and enticed to more strongly support the co-op, if CCC had made some of the changes that the members asked for.

### Summary

The survey data show that member relations in CCC could have been built from a basic core of good will. However, the challenges were substantial.

The data direct attention to issues of identity and the uneven quality of the relationships between members and CCC. The merger and the resulting changes left many members unclear as to the identity of CCC, unsure how it fit in the community, confused as to what inventory to expect, and concerned that ordinary members had lost influence and control over their store. Local councils had not yet proven to be a catalyst for the commitments and energies of the grassroots. Many thought that the connection to local communities was not adequately valued. Members did have relationships with their co-op, but for many these relations were tenuous. They did not feel that they were treated as an integral part of the CCC co-op, and the gaps in their knowledge were considerable. Communication was sporadic and limited. Disengagement (less shopping, reduced volunteering, low levels of knowledge, passivity) was common. Many members felt disenfranchised, "out of the loop," concerned about the future of their store, dissatisfied with the shopping experience, and without a sense that they could or should help. They were not sure who controlled CCC or how, but they believed outside forces were very powerful. Social cohesion was under stress in CCC, although there were signs that it had not completely eroded.<sup>27</sup>

At least among the members who responded to the survey there was also significant support and commitment – a degree of social cohesion that had shown great resiliency despite all the changes, the closures, and the crises. Members understood that problems existed and had to be sorted out. They had at least a residual commitment to the co-operative idea in general and to their local store in particular; they liked many aspects of CCC; they valued their local communities; and many saw the co-op as potentially important in preserving the quality of life they value. In general terms, they believed the co-op offered value for their fellow citizens and for themselves. The data indicate opportunities that could have been drawn on in order to strengthen the cohesion that existed, widening and deepening various shared commitments.

In general, members saw the business, member-owner, and community-based aspects of the co-op as being compatible – they did not believe it necessary to focus on one at the expense of the others. Indeed, members wanted their co-op to stand for something different from regular grocery stores. They expected their co-op to be a good *co-operative* business with a coherent external and internal identity. They valued local relationships and a degree of local autonomy (responsiveness) as a key component of what a co-op should be all about. The survey showed that members of CCC, like

members in other types of community organizations, liked to know that they could access information and be involved, even if they chose not to exercise those opportunities. They liked to know that those "in charge" were acting in their best interests and were in touch with and responsive to the grassroots. This shows that, in general, members, customers, employees, other community agents, and suppliers must not only be able to trust that they know what the co-op is and what it stands for but also that their commitment to the co-op will be reciprocated. Helping members understand CCC, and affirming a coherent sense of its identity, could have created a base for social cohesion and the further strengthening of the co-op.

In January 2006, eight CCC stores closed, causing still more uncertainty and consternation among members.<sup>28</sup> Despite this, the board was cautiously optimistic about CCC's future. With substantial support from Co-op Atlantic, management addressed key operational issues, the "Basics" concept was largely abandoned in favour of a more comprehensive inventory, and discount pricing was replaced by competitive pricing. Support for local products was emphasized in what became Co-op Atlantic's "Four Pillars" strategy for the region.<sup>29</sup> The remaining stores were thought to be salvageable; however, financial and human resources for supporting CCC's desired initiatives were extremely limited, hampering their efforts.

The board recognized the importance of finding ways to reconnect with members and communities, and of responding to member priorities. In support of its revised strategic plan, in the fall of 2006 the board decided to engage in a further stage of our research relationship, to develop objective indicators and measures for a co-operative way of doing business, rooted in the beliefs and priorities of CCC's own members and activists.<sup>30</sup> This would allow CCC to set targets and to monitor progress against clear objectives. Social accounting was seen as one mechanism for tracking achievements and shortfalls, and for building "enforceable trust."<sup>31</sup> Further, the research would have supported an educational process involving a variety of stakeholders. Members of the board believed that an imaginative implementation of a "CCC-specific co-operative difference" would spark a co-operative renewal in the Consumers' Community Co-operative, allowing it to realize its potential by using its regional networks to build local communities and to serve members' needs. Among many other changes, the importance of congruence between claims and actions was to have been emphasized, helping CCC develop its identity in relation to its various communities.<sup>32</sup>

These initiatives were cut short. In January 2008, Co-op Atlantic and the CCC board decided to disband CCC. The rationale was financial – by

moving to a model whereby CCC's seventeen remaining stores became corporate stores of Co-op Atlantic, the whole system could benefit from considerable tax advantages. These corporate stores are now run by Co-op Atlantic, and the former CCC members have become individual members of Co-op Atlantic.<sup>33</sup>

### Conclusions and Implications

What can we conclude from all this? What does the CCC research contribute to our understanding of the two questions raised at the beginning of this chapter?

- 1 Was there a basis for social cohesion and positive transformation in CCC?
- 2 What can the CCC experience teach us about the possibilities and challenges shaped by interwoven global processes and organizational initiatives in a co-operative under pressure?

We can give a positive answer to the first question, recognizing at the same time that the CCC was not able to realize those possibilities. In part this may be because the downward spiral was already well underway by the time a revised action plan was put in place, and CCC's continued losses and the attendant tax advantages of the corporate store model made the change to this model attractive. There was optimism that the Four Pillars strategy, if combined with an active role for local councils, could catalyse a regeneration of the former CCC stores, but this did not happen, though ten still survive as co-op food market stores.

As for answers to question two, this case is very important. In a world where retail giants are striving for dominance in many markets, retail co-operatives have to be very clear about why they are needed and what they offer to individuals, families, and communities. They need to forge and communicate a clear co-operative identity and mission, expressed in terms that resonate in the environment they inhabit. They need to be forward-thinking, efficient, well managed, well staffed, and well integrated into their communities. They need to know their markets, to identify and work with key stakeholders, and to be innovative and entrepreneurial. Analysis of the existing literature suggests that for a co-operative to be sustainable, it helps if its identity is associated with something larger – perhaps a co-operative movement that values democracy and community development. In the

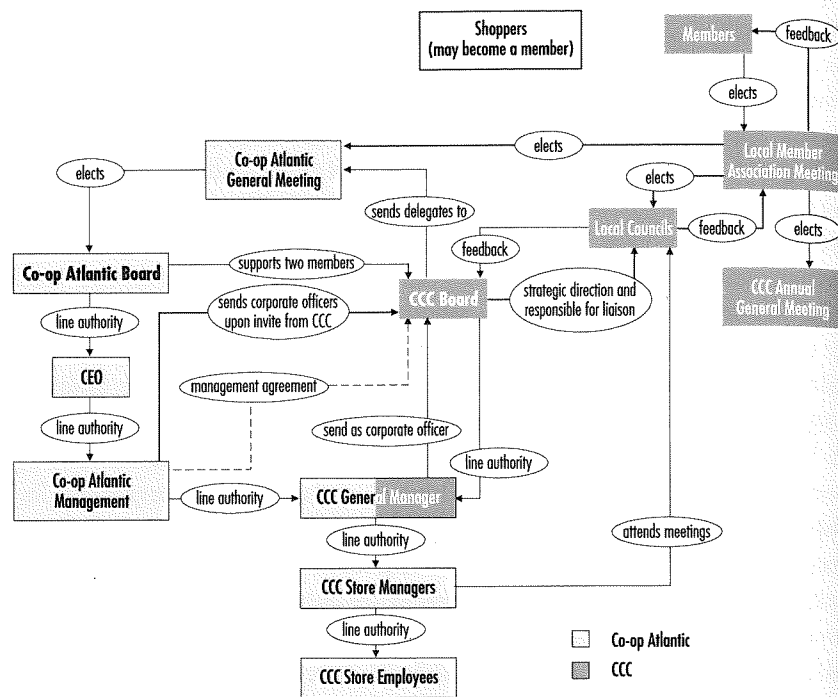
context of fierce competition from supermarket chains and, increasingly, from department stores such as Target and Walmart, the lesson from CCC is that the co-operative difference may offer an authentic alternative. Indeed, shaping and implementing a co-operative identity that builds internal and external cohesion and a base for concerted action may be the only way to find a place in a globalized world. The Four Pillars strategy is being refined as one approach to the ongoing challenges of globalization and attendant changes in the retail grocery industry and local co-operatives.<sup>34</sup>

Co-operatives are place-based organizations that also connect and network beyond the local. They can foster and embody the advantages of collective consumption and the preservation of a resource and service base available to the community as a whole; express local cultural autonomy in the face of mass or global culture; and empower and engage through self-management – all of which contravene elements of neo-liberal forms of globalization.<sup>35</sup> Marenco's study of the failure of consumer co-operation in France and Quebec concludes that the co-ops' lack of clarity of identity contributed to their disintegration. This lack of clarity made it impossible for the co-operatives to integrate "la spécificité des coopératives en tant qu'entreprise de distribution, à savoir la qualité particulière de leurs propriétaires-usagers, qui ne sont ni des actionnaires ni des clients ordinaires."<sup>36</sup>

As we see so vividly with CCC, a co-operative enterprise consists of sets of relationships with individuals, communities, other organizations, and networks – relationships that forge and express a co-operative's identity or identities, and which can offer an alternative to the vision promoted by global processes. Co-operatives, by their very nature, address some of the dominant themes of our era: diversity, inclusion, sustainability, corporate social responsibility, climate change, food security, demographic change, democracy, local control. All businesses, including co-operatives, must develop their own ways to address these basic themes and contribute to the debates. Co-operatives have made certain claims about themselves, both as individual co-ops and as part of larger networks such as the International Co-operative Alliance. They need to honour these claims through action if they are to maintain trust and respect. As they address the many challenges that face them, co-operatives have the potential to offer innovative solutions to some of the crises of the contemporary world. CCC's experience suggests that in the search for viability and relevance, a clear co-operative identity and strong social cohesion are key ingredients, and may provide the launch pad that co-operatives need to realize their potential contributions.

FIGURE 5.1

## CCC governance structure and lines of accountability, 2006



## Notes:

Zone Meetings – Co-op Atlantic zone member meetings to discuss strategies and receive feedback

Local Member Association Meetings – currently held semi-annually

## NOTES

This chapter analyzes survey data collected as part of the Atlantic Canada portion of a national project titled “Co-operative Membership and Globalization: Social Cohesion through Market Relations,” funded by a SSHRC grant under the directorship of Dr. Brett Fairbairn, University of Saskatchewan. Three research assistants provided invaluable contributions to the data collection and analysis. Viola Winstanley helped with data collection and coding for the survey. Geetha Nagarajan and Kristine Webber undertook portions of the data analysis.

- 1 Following specifications from this author, a Co-op Atlantic staff member drew a random sample from the full membership list of 58,139 and mailed out 966 surveys to members in May 2004. The corrected sample (after removing those surveys that were marked “return to sender” by the post office and those surveys sent to individuals who were no longer members because the membership list was not up to date, and so on) was 882. The number of completed questionnaires returned was 223, for a response rate of 25.3 percent, giving us a 95 percent confidence level within a range of plus or minus 6.5 percent. During the project I also collected other forms of data, including archival, extended interview, and observational data. These data are not the focus of this chapter, though of course they inform it in various ways. For the full survey report, see Leslie Brown, “Membership Survey: Report to the CCC Research Advisory Committee for the Social Cohesion Project and the CCC Board of Directors.”
- 2 William Coleman, “Globalization and Co-operatives,” in *Co-operative Membership and Globalization: New Directions in Research and Practice*, ed. Brett Fairbairn and Nora Russell (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004), 5.
- 3 As will become clear, there is much to be learned from the CCC story, identifying the CCC’s opportunities and challenges, and reflecting on its eventual failure.
- 4 Strategies being used by the CCC are discussed in Viola Winstanley and Leslie Brown, “Retail Grocery Stores in a Globalizing World: The Context for Consumers’ Community Co-operative” (paper presented at “Mending the Global Economy: A Role for Economic Participation,” International Association for the Economics of Participation, Halifax, 8-10 July 2004).
- 5 In 2004, member cards were introduced both to encourage loyalty – defined as shopping in the store for most of one’s grocery needs – and to attract new members.
- 6 See Brown, “Membership Survey.”
- 7 Social cohesion contributes to, and is in turn enhanced by, social capital. Since social capital is fundamentally about norms, networks, and trust, it is necessarily also about interaction – that is, social relationships between organizations, between organizations and individuals, between individuals, and so on. Research on social capital and community development shows that social capital leads to economic development as well as social development, see Tom Schuller, “The Complementary Roles of Human and Social Capital,” *ISUMA* 2, 1 (2001). The most effective social capital is that which effects both bridging (the development of relationships with the “outside”) and bonding (the development of close internal relationships). In their study of co-operatives in PEI, Paul Wilkinson and Jack Quarter found that



- co-operatives were most likely to be successful if they could mobilize resources both within and external to their communities: *Building a Community-Controlled Economy: The Evangeline Co-operative Experience* (Toronto: University of Toronto Press, 1996). There is not space in this chapter to explore CCC's social capital.
- 8 Yvan Comeau, "La construction des cohesions sociales dans un contexte de globalisation," *Économie et Solidarité* 31, 1 (2000): 1-8.
  - 9 Leslie Brown, "Credit Unions and Community: Three Case Studies from the Social Economy," *Économie et Solidarité* 33, 1 (2002): 93-111.
  - 10 Sheldon S. Wolin, "Fugitive Democracy," in *Democracy and Difference*, ed. Seyla Benhabib (Princeton, NJ: Princeton University Press, 1996), 31.
  - 11 For this discussion I draw on Daniel Côté, "Loyalty and Co-operative Identity: The Implementation of a New Co-operative Paradigm" (paper presented at the Canadian Association for Studies in Co-operation conference, Saskatoon, SK, May 2005).
  - 12 Peter Foreman and David A. Whetten, "Members' Identification with Multiple-Identity Organizations," *Organization Science* 13, 6 (2002): 618-35.
  - 13 Just as, for example, membership in Mountain Equipment Co-op is thought to have a certain cachet in many circles. It is almost never viewed negatively. This could not be said of membership in CCC.
  - 14 This response may reflect the members' awareness that local co-op stores were closed when CCC was first formed and that still more closed in 2004. Their stores were in fact vulnerable.
  - 15 Note that the number of "don't know" responses was quite high across some of these last eleven items.
  - 16 Richard Radtke, *The Power of Business Ethics: Credit Unions in the Real World* (Dubuque, Iowa: CUNA and Affiliates, Kendall/Hunt, 2001), vii.
  - 17 The reliability for this scale is .8884, as measured by Cronbach's alpha (a measure of internal consistency, with greater consistency represented by numbers closer to 1.0).
  - 18 These are articulated by the International Co-operative Association's statement of co-operative identity, values, and principles, see <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>.
  - 19 This five-item scale had a reliability of .7681 as measured by Cronbach's alpha.
  - 20 Co-operativism and member identity are correlated, with a Pearson's of .722. This is extremely strong, suggesting the possibility of problems of multicollinearity (the possibility that these scales really measure the same thing and so should be collapsed). However, the tests for multicollinearity, and the results of a factor analysis, indicate that this is not the explanation for the high correlation. This means that initiatives that increase members' identification with the co-op will also increase their identification with a co-operative belief system, and vice versa. All correlations reported in this paper are Pearson's *r*, and are significant at least at the .001 level, two-tail test. Pearson's *r* is a statistic measuring the degree to which the value of one variable is predictable by knowing the value of the other.
  - 21 Johnston Birchall and Richard Simmons, "What Motivates Members to Participate in the Governance of Consumer Co-operatives? A Study of the Co-operative Group," *Annals of Public and Cooperative Economics* 75, 3 (2004), 465.
  - 22 Albert O. Hirschmann, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States* (Boston: Harvard University Press, 1970).

- 23 Yvan Comeau ("La construction") emphasizes that social cohesion is nourished by disagreement and discussion, out of which instances of consensus emerge.
- 24 These six items combine to create a scale with Cronbach's alpha = .8065.
- 25 Research by Arnold, Handelman, and Tigert suggests that we should explore multivariate relationships as well. Results from their survey of low-price department store shoppers in four American cities and one Canadian city showed that whether a store is identified as having a strong community reputation affects a customer's store choice and moderates the effect of other factors such as price, value, and location. See Stephen J. Arnold, Jay Handelman, and Douglas J. Tigert, "Organizational Legitimacy and Retail Store Patronage," *Journal of Business Research* 35, 3 (1996): 229-39.
- 26 The Basics format emphasized low prices, limited selection, and warehouse-type shelving. This format was progressively eliminated after the creation of CCC.
- 27 A report by the Focal Research Group, commissioned by the Member Relations Department of Co-op Atlantic, summarized results from focus groups in two co-ops, one of which is a CCC Basics store. Their findings closely paralleled our survey results. This serendipitous triangulation (multiple methodologies yielding similar findings) strengthens the case made in this chapter.
- 28 One of the stores re-opened as a Valu Foods store. Valu Foods is the brand for a "family of independent grocers" operating in partnership with Co-op Atlantic. (See <http://www.valufood.ca/Valufood/myValufoods.aspx>.)
- 29 The "Four Pillars" strategy is the term used to describe the consolidated emphasis on Member Focus, Grow Atlantic, Community Involvement, and Co-operative Business Model throughout the co-op. A co-operative difference manager was hired in 2007 to create awareness of unique features of the co-op to increase the public's understanding; develop responsible partnerships with communities; bring the producer/processor and consumer closer together; create awareness for buyers and category managers of Atlantic/local products; assist producers/processors at marketing their products; and implement the Four Pillars strategy.
- 30 See the discussion of board and paid management ideas and initiatives in Leslie Brown and Elizabeth Hicks, "Accounting for the Social: Incorporating Indicators of the Co-operative Difference into Strategic Planning" (paper presented at the CIRIEC Conference, Victoria, 2007), [http://conference.se-es.ca/?page\\_id=83](http://conference.se-es.ca/?page_id=83). This paper presents an analysis of twenty-eight informant interviews, stratified according to their relationship with CCC: seven board members; five local council chairs plus one council member who had considerable influence on CCC; one general manager plus five store managers; and nine Co-op Atlantic employees from head office involved in the decision to create CCC and who were still in a position to have a significant direct effect on CCC. Noting that none of the Acadian (French-speaking) co-operatives had ever been members of CCC, several informants pointed to the connection between the Acadian co-operatives and their communities as a key reason for their relative stability.
- 31 See the discussion of the term "enforceable trust" in Ann Dale, "Social Capital and Sustainable Community Development: Is There a Relationship?" in *A Dynamic Balance: Social Capital and Sustainable Community Development*, ed. Ann Dale and Jenny Onyx (Vancouver: UBC Press, 2005), 27.

- 32 See Leslie Brown, "Innovations in Co-operative Marketing and Communications," in *Co-operative Membership and Globalization: New Directions in Research and Practice*, ed. Brett Fairbairn and Nora Russell (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004), 179-94. Organizational congruence (reasonable levels of consistency throughout the organization) is extremely important.
- 33 The former CCC members have the right to elect delegates to attend Co-op Atlantic's annual general meeting and thus have a voice in electing the board of directors, but do not have their own separate board. Individual stores may have advisory councils. For additional details and an insider's take on the CCC story, see Tom Webb, "Co-op Atlantic: End of the Saga?" *Co-operative Grocer* 139 (November-December 2008), <http://www.cooperativegrocer.coop/articles/2008-12-27/co-op-atlantic-end-saga>. As of February 2014, ten corporate stores remain of the seventeen established in 2008. They are called Co-op Food Markets.
- 34 Also, by 2010, Co-op Atlantic and seven pilot project stores (not former CCC stores) were working with this author, Elizabeth Hicks, and André Leclerc to refine a "Consumer Co-operative Sustainability and Planning Scorecard." Now complete, this tool allows co-operatives to assess their own performance in relation to performance indicators rooted in the co-operative principles. As of 2013-14, a number of co-ops within the Co-op Atlantic membership have been implementing this scorecard. See Measuring the Co-operative Difference, Research Network, "Project A1 Scorecard," <http://www.cooperativedifference.coop/en/atlantic-cluster/A1>.
- 35 These aspects of globalization are developed by Manuel Castells in his three-volume opus, *The Information Age: Economy, Society, and Culture* (Oxford: Blackwell, 1996-98). See a discussion of some of the implications of his ideas for co-ops in Leslie Brown and Viola Winstanley, "Co-operatives, Community, and Identity in a Globalizing World," in *Integrating Diversities within a Complex Heritage: Essays in the Field of Co-operative Studies*, ed. Ian MacPherson and Erin McLaughlin-Jenkins (Victoria, BC: New Rochdale Press, 2008), 151-77.
- 36 Claudine Marengo, "Naissance, évolution et déclin des coopératives de consommation en France et en Québec," *Coopératives et Développement* 22 (1990-91): 33-58. Note the work being done in the UK on understanding "the co-operative advantage" and the significance of ideology there too: Roger Spear, Mike Aiken, Peter Davis, John Donaldson, Alan Wilkins, and Richard Bickle, "Reasserting the Co-operative Advantage Research Project," *Journal of Co-operative Studies* 33, 2 (2000): 95-101. Also, in what Birchall describes as the most important of the three crises he identifies, Alex Laidlaw warned that co-operatives need to address their ideological crisis – the need to clearly lay out the social visions and the operational practices that distinguish them, making clear their distinctive purpose and role (see Johnston Birchall, "Co-operative Values and Principles: A Commentary," *Journal of Co-operative Studies* 30 [1997]: 42-69).

## PART 3

## NEW PARTNERSHIPS AND MODELS

# 6

## Reclaiming Community Co-operatives and Sectoral Governance in Quebec Forestry

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PATRICK GINGRAS\* and MARIO CARRIER

Community forestry co-operatives in Quebec operate in an environment where globalization has particular meaning. The sometimes remote communities of the forest industry are tied into mammoth international trade networks of transnational firms and are subject to big policy, trade, and the regulatory decisions of governments. This dependence on the whims and interests of big government and the state might be disempowering and could leave little room for social-economic self-help initiatives by citizens. But many communities have decades-old co-operatives that give communities a voice and a stake. Recognized by the state – demonstrating the critical importance that policy frameworks can have – these co-operatives today give communities a means to participate in sectoral governance of their region and their industry. Drawing on and contributing to social cohesion, these co-operatives are investing, innovating, and demonstrating remarkable vitality.

One consequence of globalization is an increase in international competition and the appearance of new players, who, with their products and services, are able to compete by weakening regional economies. Competitors, investors, and multinational firms on the global scene can be perceived as a threat to the economy of a region or local collective.<sup>1</sup> In the context of globalization, regions or regional actors must employ different strategies to

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make sure that their region endures or becomes competitive, notably by developing certain distinctive traits that could become assets that the region may wish to use to its advantage in economic strategies of its own.<sup>2</sup> Every strategy reflects the characteristics of a region, such as history, economic structure, level of urbanization, institutions, and the structure and dynamism of certain social groups. Consequently, a strategy for heightening a region's competitiveness will need contributions from many different people with specific skills; it will also require governance.<sup>3</sup>

One of the guiding ideas of this volume is that in a changing economic environment, co-operatives must call on resources from outside their organization in order to develop and renew, in part because of the current globalization process. One of the book's central hypotheses is that networking and connectivity with various types of individuals, organizations, and institutions are the direction in which co-operatives must take their development strategies.

This chapter deals with the notions of networking and connectivity within the concept of governance. "Governance" refers to coalitions made among political, social, and economic actors on the local or regional scene, coalitions that are interlinked by shared socio-economic problems. Governance seeks to introduce a consensus approach to negotiation among actors in such a way that co-ordinates their strategic abilities in order that they may define and achieve common goals.<sup>4</sup> Governance is based on the principle that, confronted with the diversity and complexity of problems faced by communities and regions, in a context where resources are limited, it is preferable to deal with these problems with a plurality of people who have varied skills and perspectives.

Hollingsworth and Boyer<sup>5</sup> propose a theory that demonstrates the importance of the governance process in the regulation of modern capitalism. With the aid of a neo-corporatist and governance model approach, which says that links among economic activity are based on the concept of governance among the economic actors (producers, state, interest groups, institutions, private and public organizations, and so on), Hollingsworth and Boyer propose that there are several mechanisms that co-ordinate contemporary capitalism – the state, the markets, communities, networks, associations, and the private hierarchies or large companies. Governance models among these co-ordinating mechanisms are the framework for the organization of people and formal social relations within the overall regulations. These regulations, imposed or agreed upon by economic actors, contribute to the structure and development of modern capitalism.<sup>6</sup> Thus, governance models

TABLE 6.1

## Hollingsworth and Boyer's co-ordinating mechanisms and trade regulations

Governance system	Organizational structure	Trade regulations
Markets	Freedom of entry and exit Bilateral exchange and marketplace (Wall Street)	Free trade areas (voluntary spot exchange)
Communities	Informal membership evolved over a long period	Voluntary exchange based on social solidarity and high degree of trust
Networks	More or less formal membership Bilateral or multilateral exchange	Voluntary exchange over long period of time
Associations	Formal membership Multilateral exchange	Members only Opposition between members and non-members
Private hierarchies	Complex structures that tend to become bureaucratic	Members only, exchange based on asymmetric power and bureaucratic rules
State	Public hierarchy Imposed membership, inherent to citizenship	Unilateral action Global and indirect economic and political exchange

Source: Hollingsworth and Boyer, "Coordination," 15-16.

that emerge from the different co-ordinating mechanisms of capitalism contribute to the creation of social systems of production. Social systems of production have patterns of practice that are borrowed by institutions, organizations, and individuals – that is, the co-ordinating mechanisms – in order to configure industrial-type relationships – that is, relating to industrial or economic development within a region or collective.

Our research, focusing on the relationship between globalization and economic innovation on the one hand and on forestry co-operatives and social cohesion on the other, reveals how forest governance in Quebec enables forestry co-operatives to undertake economic innovation within their organizations while also generating social cohesion in their communities. The chapter is divided into four parts. The first section examines forestry co-operatives in Quebec. The second explains how the Province

of Quebec intervenes in the development of forestry co-operatives, thus laying the foundations of forest governance. The third section explains forest governance. The fourth presents the results of our research, which explains how forest governance builds innovation strategies in forestry co-operatives and makes it possible for them to generate social cohesion in their communities.

### The Forestry Co-operatives of Quebec

The forestry co-operatives of Quebec are organizations in which individual members join resources with the goal of building capital, the means of production, and a suitably large production capacity for negotiating logging contracts with their clients. They also aim to carry out major works, such as developing the forests.<sup>7</sup> Within the co-operative, it is possible for members to exercise increasing control over their working conditions, while the co-operatives themselves are responsible for the healthy management of the forests where their members work.<sup>8</sup> Forestry co-operatives are made up of local actors and rely on the will and ability of the milieu to create local jobs from the available resources.<sup>9</sup>

Forestry co-operatives in Quebec developed in three stages. The first stage began at the end of the 1930s, with forestry co-operative syndicates (Gaspésie, Saguenay-Lac-Saint-Jean) and co-operative logging and wood transportation sites (Nord-Ouest du Québec).<sup>10</sup> Forestry co-operatives were a reaction to the forestry regime that prevailed in Quebec at the time, which was based on concessions the Quebec government granted or sold at a reduced price to the foreign forestry business, which was essentially Anglo-American. Attracted by abundant resources and a cheap labour force, the large forest companies introduced waged employment in the forestry milieu, contributing to the proletarianization of forest communities.<sup>11</sup> These communities also suffered a kind of alienation from their own milieu. In fact, large forestry companies were able to procure the forests of the province, not only cutting off access to the forests for the communities within it but also inhibiting the processes of industrialization arising from local initiatives.<sup>12</sup> By 1970, 167 forestry co-operatives had been created, but only sixty or so were still active. The major difficulty for co-operatives was the system of concessions to large forestry companies, a system that limited their autonomy.

The second stage of development for forestry co-operatives – from 1977 to 1990 – is that of consolidation, marked by a government policy of co-operative development in the industry. This policy recognizes the role of

forestry co-operatives in the development and training of a qualified forest workforce, needed in certain regions of Quebec. Consequently, the provincial government assigned one forestry co-operative to each public forest management unit. In addition, as a means of gaining some influence, the province made the forestry co-operatives an interface between the province and the public forestry sphere, thereby increasing the number of interventions favourable to the economic and organizational development of Quebec forestry co-operatives.<sup>13</sup> We will examine these interventions in the next section.

In the third and final stage, forestry co-ops move into diversification and development. Since the early 1990s, certain forestry co-operatives have started to invest in the wood conversion sector. Several are going ahead with the construction of new sawmills, the modernization of existing sawmills, and – in partnership with the industrial and co-operative sectors – the acquisition of production units. Thus, certain forestry co-operatives are looking to second- and third-stage wood conversion as a way to add value by creating jobs. Other co-operatives are choosing to adopt new expertise, notably concerning forestry planning, multi-resource management, and the management of international-level forestry development projects.<sup>14</sup>

### The Province of Quebec's Role in Developing Forestry Co-operatives

Quebec forestry co-operatives arose not only from the desire of forest communities to reacquire their milieux, but also as a result of the will of the provincial government. We shall see in this section that forestry co-operatives would not have survived in the concession system of which they were a part, nor even have aspired to the advances they have made, were it not for the contributions of the Quebec government and its policy of forestry co-operative development from 1977 onwards.<sup>15</sup>

This policy marked an important change in the Quebec forestry regime. In 1972, the government abolished the decades-long system of forestry concessions granted to the large forestry companies. Its goal was to put the management and administration of Quebec's public forests under state control. Although the province had the political will, one question remained: How was the provincial government going to act in a concrete way in the forests? The Quebec government and the Conseil de la coopération du Québec<sup>16</sup> collaborated on answering this question and on the eventual arrangements for forestry reforms. It was agreed that in public forests, under the direction of the state, forestry co-operatives must have the mandate to carry out the administration and management of forestry in Quebec. The

decision was motivated by the fact that forestry co-operatives had proven, long-term expertise in the forestry sphere and were also deeply rooted in their communities, which provided them with an excellent knowledge of the forest milieu. In addition, the state was assured of finding representatives of the forest community whose main interest was the healthy management of the forests. Finally, forestry co-operatives were chosen as the interface between the state and the forest milieu because they had already taken the initiative to plan their future in the Quebec forestry regime, as well as begin implementing the changes necessary to function within this regime.

Thus, the co-operatives became a tool for the Quebec government's implementation of its forestry strategy. But first, the province had to ensure the viability of the co-ops, which is what led to the development of its 1977 policy on forestry co-operatives. The main points guiding the policy are as follows:

- Ensure that current forestry co-operatives and groups of forest workers organize themselves with a view to operating within public forest management units according to the Ministry of Lands and Forests forest development and management plan.
- Encourage the development of forestry co-operatives by amalgamation, so that there will be one per public management unit (making it possible to have a complete and stable structure on the ground, as well as preventing co-operatives from eating into each other's market share).
- Help forestry co-operatives to become managers of the public forests and facilitate their participation in an association with the state.

After negotiations with the minister responsible, the state's first concrete action was to grant the co-ops 50 percent of forestry work done in public forests. This was an important departure from the contract allocation process and was to the forestry co-operatives' advantage. For the ten years from 1980 to 1990, forestry co-operatives were assured state forestry development contracts and consolidated goods and expertise that would give them a dominant position in this field. Parallel to this initial structural action, the government put programs in place to help forestry co-operatives assume their new role in public forest management. With the help of the Co-operative Development Society and the advisory group from the Ministry of Energy and Resources, the forestry co-operatives gained competence in

the spheres of co-operative business management and networking and infrastructure, which eventually led to the creation of the *Conférence des co-opératives forestières du Québec*, the umbrella group for forestry co-operatives in the province.

The state's second major step in its forestry development policy was to implement its vast program of reforestation in public forests during the 1980s. The forestry co-ops were substantial beneficiaries of this program, given their assurance of 50 percent of government-ordered forest development work, their expertise in forest work, and their position as the interface between the state and the forest. The reforestation and plant-production contracts, two new and important forestry activities, were assumed mainly by forestry co-operatives. This also meant that nurseries appeared and expanded in several forestry co-operatives.

In 1987, the forestry regime in Quebec was modified again. One important section of the new *Forest Act* was the introduction of forest supply and development contracts (*Contrats d'aménagement et d'approvisionnement forestier*, CAAFs), which established a new way to allocate forest resources. CAAFs are contracts with the state that permit the owners or users of wood conversion factories to harvest a volume of wood of a predetermined species. The volume of wood allocated is calculated by taking into account the needs of the factory and the possibility that the holder of the CAAF may stock up from other sources, such as private woodland, wood chips, and so on.

Although the government guarantees long-term supply to industry, it also obliges the industry to develop the forests in a way that will maintain or even improve them. CAAF contracts, which are essentially management tools, contain reciprocal commitments for both government and industry. They cover a period of twenty-five years, though they are reviewed every five years. If the beneficiary has respected its obligations, its CAAF is renewed for another five-year period. The government requires beneficiaries to prepare general development plans as well as annual intervention plans that must be submitted to the ministry for approval. The plans must contain a statement of the activities contract holders intend to carry out in the territories where they are permitted to harvest wood. They are also obliged to develop the forest as outlined in their contracts, conforming to the intervention standards for state forests – that is, by maintaining and reconstituting the forest cover after cutting, protecting the overall resources in the area, and so forth.

In the CAAF context, the state no longer expected forestry co-operatives to do forest development work. This was entrusted to companies that were, according to the terms of the CAAE, responsible for applying government standards to public forest management. This effectively nullified the measures that allocated forestry co-operatives 50 percent of forestry work in public forests as well as contracts for reforestation and plant production. However, the Forest Act obliged wood conversion factories, holders of CAAF contracts, to use forestry co-operatives to carry out, in whole or in part, their cutting operations as well as their development work. The government intervened in various zones to decide the amount of cutting and development work the forestry co-operatives could do on behalf of the firm. The introduction of the CAAF contracts thus meant a change in status for the forestry co-operatives, since they were becoming contractors on behalf of the large forestry companies. In addition, new approaches in forestry, such as natural regeneration, have obliged forestry co-operatives to diversify nursery production and to reduce their activities in the sphere of reforestation.

Today, Quebec maintains its target of one co-operative for each unit of public forest management and as a result manages the creation and number of forestry co-operatives in the province. In this way, forestry co-operatives still conserve their role as interface between the state and forest communities. For example, the Government of Quebec entrusts the administration of forest employment and professional insertion programs to forestry co-operatives, and through the Natural Resources, Wildlife and Parks ministry, is collaborating directly with forestry co-operatives in the application of new forestry standards, such as those outlined in the Coulombe report<sup>17</sup> on the establishment of a new forestry regime in Quebec.

In summary, over the past several decades, the Government of Quebec has taken a new approach to managing its forests and its forest industry. Positioning forest co-operatives as the interface between the province and the public forest has given the forest community a role in the regulation of the Quebec forest industry. While it was interventionist to begin with, the government has modified its actions over time and given the large forest companies a more significant role in the management of public forests. As we shall see in the following section, the forestry co-operatives and communities have joined these large companies and the province in the games of power and motivation that are key elements in the governance of the Quebec forestry industry.

### Forest Industry Governance: A Four-Sided Structure

Besides the rules governing the co-ordinating mechanisms of modern capitalism, as outlined above by Hollingsworth and Boyer in Table 6.1,<sup>18</sup> these mechanisms are also driven by motivations and a specific power distribution. Motivations set personal interests, such as market and private hierarchy mechanisms, against collective interests, such as state and community mechanisms. As for power, it puts the market and the community, in which individuals freely and voluntarily interact, in opposition to the private hierarchy and the government, where there is a structured distribution of power. Finally, associations and networks are hybrid structures since, according to Hollingsworth and Boyer, they can pursue personal and collective interests at the same time and are characterized by a variable distribution of power. In other words, associations and networks differ from other co-ordinating mechanisms in that they do not have one-sided relationships. They do not lean exclusively towards personal or collective interests and are characterized by a power distribution that neither obeys a hierarchy nor leaves actors completely free in their actions.

In light of these theories, we are now in a position to understand the current governance structure of the Quebec forest industry. It is governance with four principal actors: the state, large forest companies, forest communities, and forestry co-operatives. The large forest companies, the first pole of forest governance, are, according to Hollingsworth and Boyer, private hierarchies whose motive is profit (that is, making the best possible profit from the forest). As hierarchies, these companies tend to control all activities linked to forest exploitation – cutting, forestry, wood conversion, sales, distribution, and the like. The use of outsourcing and contracting is only one aspect of this control exercise, which involves one or more agents, among which forestry co-operatives are included. Throughout this contractual relationship, it is clear that the large forest company plays a deciding role in the development of forestry co-operatives. Most forestry co-ops depend heavily on the large forest companies and their contracts. Although innovative forestry co-operatives – that is, those that invest in wood conversion and diversify their production activities – do exist, in general dependence on the large companies remains, although it may be highly nuanced in some cases. The search for new ideas, in fact, pushes co-operatives to forge links with the large companies in order to find the financing and expertise required to broaden their horizons. Finally, the large forest companies regard forestry co-ops as contractors and partners of choice upon whom they

can rely. And it is in forestry co-operatives' best interests to collaborate with the large companies and be good suppliers, since it is largely the contracting, expertise, and financial resources they provide that allow forestry co-operatives to work towards the socio-economic development of their communities. In addition, forestry co-ops have a philosophy of putting down roots in their milieu, which is conducive to loyalty and permanence in a contractor. As a result of government action, which forced the large forest companies and forestry co-operatives to work together, the two types of organization have come to understand each other well.

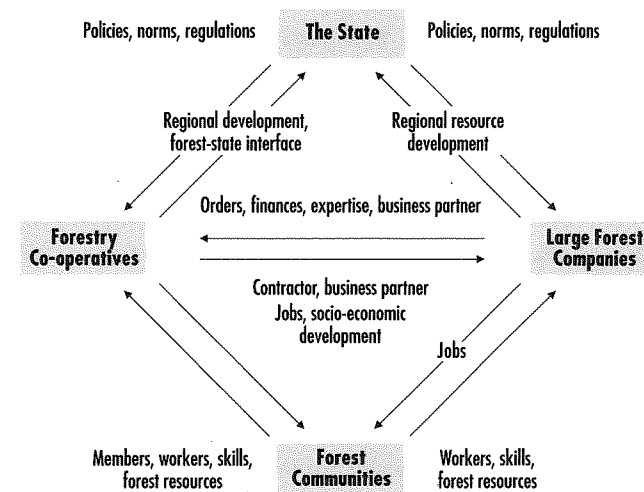
According to Hollingsworth and Boyer, forest communities, the second pole of forest governance, are motivated by collective interests. The large forest companies have significant power over forest communities since they constitute, at present, the main force for economic development in resource regions, with the power to induce socio-economic development in all collectives. Forestry co-operatives hold a similar interest for forest collectives, and they have much more control over these organizations than they have over the large companies.

Forestry co-operatives, the third pole of forest governance, are associations, representing one of the co-ordinating mechanisms classified by Hollingsworth and Boyer as hybrids. Like the large companies, forestry co-operatives are motivated by market interests (making the largest possible profit from the forest), but since they are rooted in their communities and thus motivated to create jobs locally and help collectives realize their forestry potential, they are clearly motivated by collective interests as well. Consequently, forest communities have a certain influence on forestry co-operatives since their members come from the same communities. In addition, the creation and development of forestry co-operatives are linked in part to the collectively expressed needs of forest communities.

The state, the fourth pole of forest governance, is also motivated by collective interests. It possesses great power over the forest resource and over the organizations that profit from it, since it is the state that defines norms, rules, and policies governing the exploitation and management of the forests. The state's role is to ensure the sustainability of forest resources and also to regulate forest users in a way that is satisfactory to all parties, however contradictory, as well as to its own interests. Forced to act in the collective interest, the state is obliged to consider the well-being and development of all forest communities, however small and far-flung they may be. In this context, the state must provide forest communities with effective tools to take advantage of their resources. One of these tools is clearly the forestry

FIGURE 6.1

Governance in the Quebec forestry industry



co-operative. With the state's support, forestry co-ops and their communities can thus take some share of power from the large companies. This will also assist forestry co-operatives to compete with small and medium-sized enterprises.

### The Importance of Forest Governance in the Relationship between Economic Innovation and Social Cohesion in Quebec Forestry Co-operatives

The goal of this section is to illustrate the effect of the governance described in the previous section upon the notions of economic innovation and social cohesion within forestry co-operatives in Quebec. Social cohesion can be defined as the set of social processes that work towards preserving the links that unite individuals within a community, collective, or society.<sup>19</sup> Social cohesion is therefore the phenomenon that allows the creation of a community with values and interests that are shared among individuals, who unite to peacefully participate in various joint enterprises, from which each one is able to make an equal profit.<sup>20</sup>

This research is investigating whether there is a link between globalization and economic innovation, on the one hand (since organizations must innovate in order to stay current with the new market relationships induced



by globalization) and, on the other hand, the forestry co-operatives of Quebec and their ability to generate social cohesion in their own communities. Whatever the case may be, we would like to know whether economic innovation has a positive, negative, or, indeed, any influence on the ability of Quebec forestry co-operatives to generate social cohesion. Essentially, our work rests on an examination of twelve forestry co-operatives distributed among different regions of Quebec. We held interviews from April to September 2004 with the managing directors of the co-operatives in the study. We used an analytical scale based on the fundamental aspects of running a business, which enabled us to analyze the following elements: evolution of products and services; innovation and diversification strategies; location of markets, factories, partners, and subsidiaries; business networks and partnerships; and finally, co-operative life and members' working conditions.

Our interviews allowed us to identify three types of co-operatives at the level of innovation: innovative co-operatives, moderately innovative co-operatives, and traditional co-operatives. These co-operatives are further identified by two criteria, the first of which is production activity. The *Conférence des co-opératives forestières du Québec (CCFQ)*, the association that represents the province's forestry co-operatives, maintains substantial documentation concerning the production activity of every member forestry co-operative and makes it available to the public. Analyzing these documents, it was possible to identify activities common to all forestry co-operatives – manual and mechanized wood harvesting, reforestation, and forestry work. Of the CCFQ's forty-two member co-operatives, twenty-seven carry out this kind of activity. We were also able to identify production activity unique to one co-operative or else not found in other forestry co-operatives. These activities, found in the CCFQ's other fifteen member co-operatives, are first-, second-, and third-stage wood conversion; management consulting in forestry; environmental process training in forestry work; and the introduction of turnkey services, that is, offering services to clients from cutting, to forest land management, to reforestation.

The second criterion is added value, which is the human contribution to a product, whatever it may be. This corresponds directly to ingenuity and (waged) work effort, and indirectly to past innovations incorporated in capital.<sup>21</sup> Forestry co-operatives whose production activity and management processes accentuate the added value of their product (that is, those that do increasingly more wood product conversion) are considered to be more innovative than the others.

By applying our two innovation criteria to the twelve forestry co-operatives in our sample (taken from the fifteen co-operatives we had identified as "extraordinary"), we were able to identify three classes of co-operatives. Innovative forestry co-operatives are those that try to develop manufacturing capacity by investing in conversion and introducing value-added, wood-production projects. Innovative forestry co-operatives penetrate even the tertiary sector, since they can specialize in management consultancy activities in forestry and develop training expertise in the environmental field. Moderately innovative forestry co-operatives are limited mainly to first-stage wood conversion, or lumber production. Finally, traditional forestry co-operatives do no wood conversion at all. Their production activity is oriented towards the extraction of timber, as well as silviculture, forestry work, multi-resource management, and recreo-tourist project development.

In order to study the behaviour of forestry co-operatives according to their level of innovation, we referred to our theoretical framework, paying tribute to the work of Hollingsworth and Boyer, and focusing on the style of governance modeled on the co-ordinating mechanisms used to arrange economic activity in contemporary capitalism. We have noticed that the more innovative a co-operative is, the more it involves co-ordinating mechanisms in its development strategies. In other words, the more a co-operative wishes to innovate in order to adapt to changing market realities, the more it will need the various co-ordinating mechanisms described by Hollingsworth and Boyer. The mechanisms used by our co-operatives are the state, (forest) communities, networks, and private hierarchies (large forest companies). These different co-ordinating mechanisms correspond essentially to the four poles of forest governance in Quebec. Consequently, the more a forestry co-operative wishes to innovate, the more it must play an active role in forest governance, along with the various actors in this industrial network.

The interactions that emerge between the forestry co-operatives and their communities are embodied in their business networks, in their relationships with local development agencies, or with the local population directly. Let us take as an example the case of one co-operative that joined with a sawmill to invest in a wood-conversion business and thus became a shareholder in a secondary wood-conversion factory. The same co-operative also developed a partnership with forest developers from the First Nations community in the region. Each partner in this case possesses assets useful to the other. For political reasons, First Nations businesses have a particular advantage in obtaining forest development contracts from the Quebec

government, while the co-operative has a solid expertise in this type of work. Another innovative forestry co-operative enjoys a good relationship with its community, so much so that when the co-operative was going through a difficult period financially, the community got together and lent it money. Finally, innovative forestry co-operatives form a network of subsidiaries among which they create strategic partnerships that join together to reach common goals. For example, one of the innovative co-operatives in the study created a network of operations, each one of which had a role to play in the construction of prefabricated houses (wood drying, milling, moulding, assembly, and so on).

Concerning the role of the state, let us note that innovative forestry co-operatives attach some importance to maintaining a steady and proactive dialogue with representatives of certain ministries or with members of Parliament. By this type of action, co-operatives are lobbying the state to promote their point of view, to inform officials about the issues they face, and in certain cases, to develop projects that will need financial support from the government or its agencies. The state has the power to alter market rules to the advantage of forestry co-operatives by regulating certain actions within the forest industry. For example, one innovative forestry co-operative has obtained, by government decree, a guarantee to allow it to carry out all harvesting work for a pulp and paper mill in the region.

Finally, the large forest companies play an important role in implementing the innovation strategies of forestry co-operatives. The partnership agreements between them and the large companies enable co-operatives to procure production units that can effectively convert the wood they have harvested, without jeopardizing their own assets. In addition, these partnerships enable co-operatives to take advantage of the large forest companies' wide distribution networks.

Elsewhere, partnerships with the large forest companies have made it possible for co-operatives to find financial and technological resources, as well as the knowledge to embark upon large-scale diversification projects, such as bio-fuel production. The goal of these diversification projects is to develop an existing product or bring a new product to market, which will involve additional costs. And obviously, this type of partnership holds certain financial risks as well, more so for the co-operatives.

Parallel to the study of innovation, we also noticed a correlation between a forestry co-operative's ability to innovate, and therefore play an active role in forest governance, and its capacity to generate social cohesion. Evidently,

within their organizations, innovative forestry co-operatives initiate actions that are interesting from the social cohesion point of view. For example, they strike committees, such as workers' committees or members' round tables. They organize job rotations and meetings between co-operative members and administrators. Within their own community and region, innovative forestry co-operatives are also capable of initiatives likely to promote social cohesion. For example, some innovative co-operatives are financing a school renovation, lending equipment to local organizations, or taking part in the development of new small and medium-sized forest businesses by supporting them financially or by sponsoring them during their critical start-up phase.

However, the most fundamental aspect of an innovative forestry co-operative's ability to generate social cohesion is the style of governance to which it subscribes through the co-ordinating mechanisms that intervene in its development strategies. Starting with these governance models, innovative forestry co-operatives open up lines of communication with the other economic actors. By adopting several co-ordinating mechanisms in their innovation strategies and therefore playing an active role in forest governance, innovative forestry co-ops are defining, along with the other actors in forest governance, a sort of joint venture based upon shared values and common interests. This contributes to the durability of cohesion in the Quebec forest system and its governance. Ultimately, it is this governance that plays a strong role in social cohesion since it is within this governance model that consensus is reached among actors in the forests of Quebec. It also provides a means of mediating the socio-economic development needs of the forest communities, as well as the needs of the organizations that contribute to, and have links to, the communities. There seems to be no contradiction between forestry co-operatives' need for economic innovation in a globalization context and their ability to generate social cohesion, providing they play an active role in forest governance.

### Conclusion

As a strategy for connectivity and networking, forest governance enables forestry co-operatives to be innovative in their products and management styles, and is also an important medium for social cohesion in their communities, as long as they make the effort to play an active role. In other words, forest governance in Quebec allows forestry co-operatives to develop and renew themselves in an economic environment increasingly disrupted

by globalization, which has a significant effect on organizations that rely on raw materials.

Through their interactions with other forest industry players, the most innovative forestry co-operatives are finding financial support for their innovation strategies and partners to share in the inherent risks and costs of innovation. They are also finding access to the resources, skills, and data necessary for their innovative activities, for developing new products or manufacturing processes, for modernizing or expanding their plants, or indeed for understanding their markets. These data, skills, and financial resources are found within the four poles of forest governance, in which the state, the forest communities, the large forest companies, and the forest co-ops contribute to running the Quebec forest regime. As long as these four elements are intimately linked with each other by virtue of their motivations, the governance process among these actors remains a necessity. Consequently, less innovative forestry co-operatives can also take their place within this governance model and thus stimulate not only innovation within their own organizations, but also their ability to generate social cohesion within their communities.

As we have already mentioned, innovative forestry co-operatives take several actions that reinforce social cohesion in their communities and their regions. These actions aim to improve communication between co-operative members and administrators and to develop member participation within the co-operatives. In their communities, innovative forestry co-operatives are attempting to get closer to their collectives by participating in the economic and community development in their region. However, as we have noted, it is by way of their connectivity strategies, embodied in forest governance, that innovative forestry co-ops can be effective mediums for social cohesion in their milieu. Faced with the need to innovate, forestry co-operatives open lines of communication and trade with the principal players in the industry. This leads to mediation, which stimulates social cohesion, since the principal social groups and organizations involved in the forestry industry are elements of different joint enterprises that will perpetuate the Quebec forestry regime. And this regime, motivated by its own governance processes, is the basis upon which the main forest players can cohabit. It allows them, while responding to their own specific interests – sometimes under constraint, sometimes by negotiation – to participate to the satisfaction of the other actors who are inextricably linked to the exploitation of forest resources.

But forest governance is not exempt from adverse effects. The principle of governance among the state, forestry co-operatives, forest communities, and the large forest companies is not entirely clear. It will take time and testing of the relationships among the four poles of governance before they all recognize the interactions by which they are linked. It is also difficult for forestry co-operatives to be autonomous and have the status to act in their own interests in an economic sector as concentrated and integrated as the forestry industry.

Which leads us to the following: We have seen that, under state influence, forest communities and in particular forestry co-operatives have played a large role in the regulation of the Quebec forestry industry. However, during the 1970s and 1980s, forestry co-operatives, whose future was linked to the 1977 government policy of forestry co-op development, have been brought somewhat under state control, which puts into perspective their autonomy within the forestry regime. In the early 1990s, through the forestry management and supply contracts, the state created a role for forestry co-ops as contractors to the large forest companies. Although it is fundamental to the relationships that underlie forest governance, this status of contractor to the large companies confines forestry co-operatives, and to some extent forest communities, to a position of dependence. While it is not within the scope of this chapter to define the new platforms upon which the state could reform forest governance in Quebec, we could begin by observing what innovative forestry co-operatives are doing. They are promoting their own expertise and potential to other forestry organizations, and in so doing, are attempting to surpass their status of contractor. To interact effectively with the other poles of forest governance, innovative forestry co-ops are telling us that they need autonomy in order to play an active role in negotiations. Consequently, this autonomy among forestry co-operatives and forest communities within the concentrated Quebec forestry industry must be front and centre when considering the new role of the state in the revival of Quebec forest governance.

As we have seen in preceding chapters, autonomy is a critical issue for both communities and co-operatives in the face of globalization. The story of Quebec forestry co-operatives and their accomplishments illustrates the critical role that state policy and state agencies sometimes play in creating or preserving space for citizen action and initiative. Co-operatives often negotiate not only between communities and markets, but also between communities and the regulatory systems of the state.

## NOTES

This chapter was translated from the French by Wayne Hudson.

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# 7

## Rebuilding "Home" in a Transient World Globalization, Social Exclusion, and Innovations in Co-operative Housing

MITCH DIAMANTOPOULOS and JORGE SOUSA

*If someone asked me six months ago if my family would be in our own house, I would have said: "What world are you from?" As I sit watching my family on our deck and I cook supper on the barbeque, I wonder where I'll plant flowers in my yard. What is my garden going to be like this year? It's a bit scary, a bit like I am in a dream. My kids have the sense of belonging, a sense of comfort, a sense of home. They have respect for the things around them. My youngest daughters asked, if they ever move out, when they get older, will they still have their room? My answer was: "Your room will always be here."<sup>1</sup>*

Those are just a few ways decent housing matters to Hope Schurman. She belongs to an innovative family of housing co-ops in Saskatoon's West-Side Core neighbourhoods. Against the rising tide of social exclusion that has swept the inner-city in recent decades, these co-ops have brought the "high ground" of homeownership within reach for over a hundred low-income families in the Core.

Across Canada, older housing co-operatives are being joined by innovative new forms and networks like Schurman's co-op. In contrast to the millions dispossessed in the United States by the deregulation of private-sector mortgage markets, these co-ops are exemplary of an affordable and

sustainable alternative approach. Through these new mechanisms, residents are gaining stability in their lives, control in their neighbourhoods, and an equity stake in homeownership. While housing co-operatives address many kinds of needs in many kinds of communities, in Canada today many of these innovations are located in growing cities. Many can be found in what others sometimes perceive as "problem" neighbourhoods. Some of these places are afflicted by poverty and crime, where racism confronts Aboriginal people and immigrants, and where the compounding of social and economic problems seems to put a stable home and community beyond the reach of many.

In this chapter, we look at how co-operatives in these places are building homes and communities, and not just buildings.

### The Quint Model

Schurman and her neighbours have refashioned their economic, social, and psychological worlds through their involvement with the Quint Development Corporation. Quint is a multipurpose community economic development corporation. One of its chief activities in recent years has been the development of inner-city housing co-ops. Reaching back to the tradition of the early building societies of the British self-help movements of the eighteenth century, Quint reinvented and adapted that innovation to meet the needs of inner-city families at the turn of the twenty-first century. The organization purchased and renovated blocks of ten single-family homes in the Core at a time, organizing families into co-operatives for peer support. The Saskatoon Housing Corporation and the provincial government helped cover the down payments, and local credit unions arranged the mortgages. Co-op members met monthly, together with support staff from Quint. After five years, a portion of the down-payment contribution was forgiven and the co-op's members were able to assume the mortgage and title to their homes. These co-ops gave participants the financing, confidence, skills, and equity to achieve homeownership.

Core residents used this innovative model of housing finance for more than just rescuing individual low-income families and declining housing stock from the clutches of speculative, absentee landlords. Through their intervention in the housing market, some hoped to cut down on the overcrowding that destabilizes families. Some hoped to slow the pace of resident relocation that drives inter-school transfers and high rates of school drop-outs. And there were those who hoped it would curb other poverty-related social pathologies, reinforced by substandard and revolving-door housing.

These include youth-gang formation, the drug trade, break-ins, violence, and the scandal of child sexual exploitation.<sup>2</sup>

While the full extent of the Quint model's overall impact on life in the Core neighbourhoods may be difficult to define and measure, its direct impact on more than a hundred member families is hard to dispute. Where the traditional mechanisms of the market and the state have failed Saskatoon's Core neighbourhoods, a community-led, co-operative housing strategy succeeded. As Schurman attests, to suggest this community movement transformed many deteriorating houses into "homes" and strangers into "neighbours" is more than romantic hyperbole.

### The Atkinson Model

In the early nineties, members of the Alexandra Park Residents Association were also coming together to deal with their own problems. An increase in crime and fear in their low-income Toronto community first moved residents to take back the streets of their public housing project with street patrols. Next, they pushed government authorities to tear down a wall separating the "project" from the broader community, another symbolic victory for residents. Gradually, a broadening set of issues – like security of tenant tenure and tenant consultation, and an emerging sense of their own organizational capacity and self-confidence – would lead them into their own path-breaking new direction in co-operative housing. With the assistance of the Co-operative Housing Federation of Toronto (CHFT) – a second-tier co-operative of urban housing co-ops – residents invested a decade of community education, organizing, and planning into transforming Canada's first-ever public housing project into another "first": the country's first-ever public-to-co-operative housing conversion.

The Quint and Atkinson models are certainly very different. But their stories have at least five important things in common. First, these experiments in reinventing co-operative housing reflect the ways in which globalization has deepened problems of poverty, unemployment, and social exclusion, increasing the need for nontraditional interventions in low-income communities. Second, each case demonstrates the capacity of communities to innovate successfully where the market and the state fail to meet their housing needs, *if they have the right kind of institutional support*. Third, both cases illustrate the important role co-op housing strategies can play in restoring communities' ability to act together, even where dependence on external forces has historically undermined and depleted their social, cultural, and financial resources. Fourth, the Atkinson Co-op and the

Quint co-ops also provide a testament to the flexibility of the co-operative model, stretching to meet very different needs in very different contexts. Finally, in both the Alexandra Park public housing project and Saskatoon's Core neighbourhoods, residents recognized that gaining some control over housing was a strategic fulcrum for broader community empowerment and improvement.

### Findings from Montreal<sup>3</sup>

Research on traditional community housing options in Montreal's low-income Hochelaga-Maisonneuve district<sup>4</sup> provides powerful findings on the distinct role that co-operative governance plays in social integration<sup>5</sup> and quality of life. Of particular interest are findings on the comparative productivity of traditional nonprofit housing and housing co-ops<sup>6</sup> in the formation of "bonding," "bridging," and "linking" networks.

As Bezanson,<sup>7</sup> referencing the earlier work of Narayan and Woolcock,<sup>8</sup> has argued, *bonding social capital* "is characterized by strong ties among closely related people ... and is most closely associated with family and with women." It represents the kind of informal, social support that helps people to "get by." *Bridging social capital* connects people from different social groups through formal networks that help them to "get ahead." Finally, *linking social capital* is a network that links relatively weak and powerful people together and enables the weak to reach beyond their own communities to leverage resources from formal institutions.<sup>9</sup>

The Hochelaga-Maisonneuve study found that housing co-op members were more likely to greet a neighbour, converse with a neighbour, and exchange services with a neighbour than were residents of nonprofit housing. The housing co-ops were, in other words, more productive sites for the construction of bridging social capital and the creation of "weak ties."<sup>10</sup> This is important, as Morin and colleagues argue,<sup>11</sup> since community housing is said to have the advantage not only of filling a need for housing, but of helping to integrate occupants into their neighbourhood and district.<sup>12</sup> For people outside the labour market, this is an important step on the path to a more thorough social inclusion. As in Toronto's Alexandra Park and Saskatoon's Core, the productivity of nonprofit and co-op housing for building social capital is a particularly urgent matter in Hochelaga-Maisonneuve, where the number of people living below the low-income cut-off was 46 percent in 2001.<sup>13</sup> Effective social integration in these communities, Morin and colleagues argue,<sup>14</sup> can also be seen as preventing more serious social exclusion, which can lead to homelessness. They argue that effective

inclusion particularly concerns female heads of households<sup>15</sup> and young people.<sup>16</sup>

Morin and colleagues argue that housing, beyond providing shelter, also has important social and symbolic features. They cite studies from Quebec and English-speaking Canada that show community housing aids empowerment,<sup>17</sup> improving quality of life<sup>18</sup> and health.<sup>19</sup> Adequate housing can help overcome isolation and improve psychological well-being.<sup>20</sup> Housing, they emphasize, is a condition for getting work or income, achieving good health, being a citizen, and undertaking new projects (studies, work, and so on).

In addition, in the case of people cut off from certain ties with the larger society, especially employment, community housing is said to promote the development, by relations with neighbours, of weak ties. Although these social relations may be limited to a "good morning," or a "good evening," they nevertheless imply social recognition and reinforce feelings of security, belonging, and the potential for relations of reciprocity. They can also serve as bridges between different networks<sup>21</sup> and contribute to attachment to the district.<sup>22</sup> These relations with neighbours are especially important for people who are excluded from the labour market.<sup>23</sup> A significant portion of co-op and nonprofit housing tenants are jobless. Moreover, bridging networks and "loose ties" also exist along a developmental continuum. Loose ties may also, therefore, feed into the development of bonding social capital, as acquaintances and relations of mutuality develop into friendships or bonding networks.

Controlling for other factors, the Hochelaga-Maisonneuve study concluded that the co-op structure played a significant role in building social cohesion in the community. Specific mechanisms included democratic involvements in decision making, selection and recruitment of future neighbour-members by a residents committee, and participation in upkeep and committee work. These multiple contacts and engagements strengthened the basic constituent elements of social capital – trust, norms of reciprocity, and relationship networks<sup>24</sup> – creating a self-reinforcing spiral of mutual aid. In this way, co-operative housing can transcend the civil indifference and low trust that so often characterize urban "communities of strangers," particularly in distressed and high-crime neighbourhoods. The everyday involvement in co-op management and long-term commitment to co-residency can thereby build a more trusting and safer living environment. In this more convivial milieu, loose ties flourish and are more likely to blossom into stronger ties.

On the other hand, while resident satisfaction in traditional co-op housing in Hochelaga-Maisonneuve was high, research also showed that relationships to the broader neighbourhood did not significantly differ from those of nonprofit housing residents. Indeed, research shows that without a personalized tie (a community worker, for example), the use of community services is unlikely to happen. The form of housing was also found to be insignificant in terms of the sense of belonging to the district. This sense depends, instead, on whether residents have friends or relatives in the district. Of course, this lack of external bridging capital limits the horizons of weak ties at the socio-spatial boundary of the traditionally organized housing co-op.

### Themes from Diverse Experiences

With the brief overview of Morin and colleagues theoretical framework and empirical findings from Hochelaga-Maisonneuve as a backdrop, this section provides a more detailed survey of the developmental logic of the Quint and Atkinson models. This includes the background of the communities that gave rise to these particular innovations; residents' reasons for creating these innovations; the dynamics of the two models' respective development; and their impact on resident life and wider social integration in the surrounding neighbourhoods.

### Putting the People Back in "Public Housing": The Atkinson Housing Co-op Experiment<sup>25</sup>

The Alexandra Park public housing project opened in 1968. It was one of the many public housing projects built from 1940 to 1975 in Canada.<sup>26</sup> Part of the urban renewal plan initiated in the mid-1950s,<sup>27</sup> the property is a 410-mixed-unit complex located in downtown Toronto<sup>28</sup> that includes 140 apartments in two medium-rise apartment buildings, and 270 townhouses. The area is diverse and characterized by a high proportion of immigrant settlers; residents are all low-income, and unit sizes are directly related to family size. All residents must qualify for a housing subsidy. Under public management, there was no security of tenure should a household's composition change.

The movement towards self-management began in 1969, when the Alexandra Park Residents' Association was formed to represent the interests of the wider community and to manage the local community centre. By 2001, the community was home to 332 families, 81 percent of all house-

holds, with children and youth making up 38 percent of the population. The majority of tenant households (57 percent) were on family benefits or general welfare, and another 18 percent were on some form of fixed pension income. Only about a quarter (27 percent) were employed. Finally, a substantial segment of the community's population belonged to visible minority groups. In 1998, the five major non-English language groups accounted for almost half (48 percent) of the total number of households. In order of representation, these included Vietnamese (15 percent), Spanish (11 percent), Chinese (9 percent), Portuguese (7 percent), and Somali (6 percent).

### **Maîtres Chez Nous: Reasons for the Conversion**

Momentum to gain formal control of the community emerged in 1990 in response to a growing sense of fear of increased criminal activity,<sup>29</sup> including drug-related activity by residents and nonresidents and increased physical violence, prostitution, and vandalism. Although the housing agency<sup>30</sup> took steps to combat criminal activity,<sup>31</sup> residents were not consulted in these strategies. The residents' association wanted the community patrolled by an independent security company that would be knowledgeable and sensitive to residents' needs.

The sense that the housing agency was failing to ensure residents' security created a legitimacy gap into which citizens gradually expanded their activities. The president of the Alexandra Park Residents' Association (APRA), Sonny Atkinson, started foot patrols with the local police division in 1988, hoping to restore a sense of safety and to deter criminal activity. Residents viewed this citizen-led intervention as effective. Atkinson next convinced the government that the housing project design encouraged criminal activity. As a result, several walls used by criminals as hiding places were torn down in the early nineties. For the residents, tearing down the walls symbolized both a community opening itself up to the wider neighbourhood and breaking free of arbitrary, external authority. The community was gathering strength and a sense of itself as a legitimate and capable partner in managing the project.

Sonny Atkinson often claimed it was the drug issue that drove the movement for more local control, but residents were also concerned about their security of tenure. Since rent was contingent on the household's income level, there was little motivation to increase household income. Older residents whose children had moved were also concerned that if their household was "over-housed," they might have to move to another community if

an appropriately sized unit was not available. By 1992, the slow response to maintenance requests and continued intransigence at the housing agency led Atkinson to pursue tenant self-management with greater vigour.

### **"Tearing Down the Walls": A Description of the Conversion Process**

Believing tenant participation in management would build a safer and healthier community, the APRA organized an information session with the Public Housing to Co-op Conversion (PHCC) Working Group and local politicians in the spring of 1993. Establishing sufficient interest to move forward, Sonny Atkinson began work with Mark Goldblatt,<sup>32</sup> a member of the PHCC working group and a leading co-op housing consultant. They developed a work plan to convert the Alexandra Park housing project into a co-operative. The plan won the support of municipal and provincial politicians eager to find solutions to the complex problems in Alexandra Park and in the broader public-housing system.

This was the first conversion of its kind in Canada. As a result, a process to balance the need for the community to gain control of the property with the need to protect a public asset did not yet exist. Without a map, it promised to be a long and winding road. In April 1995, residents expressed strong support for conversion, with 72 percent voting in favour. Goldblatt's Co-operative Housing Federation of Toronto (CHFT)<sup>33</sup> was hired to help complete the conversion process. The APRA and the CHFT began meetings with government to transfer management responsibility to the residents. The Atkinson Housing Co-operative was incorporated in 1997. It was named in honour of the community leader who set the conversion process in motion but would not live to see its completion. The first board of directors was the APRA board of directors.

The business plan demonstrated to government that the community was serious about the conversion and outlined in detail how the new co-operative would function.<sup>34</sup> In June 1998, the minister responsible finally approved the plan but refused to fund any conversion costs. The APRA invited the CHFT to set up a site office at the Alexandra Park Community Centre to help educate and prepare the membership for the conversion. The CHFT assembled the necessary financing from the co-op sector, municipal housing authority, and Community Economic Development Technical Assistance Program (CEDTAP). Since three years had elapsed since the initial vote, the APRA and the CHFT held a second referendum in late 1998. Ballots were translated into nineteen languages. The outcome of the second



vote saw an increase in support, with 79 percent now in favour of the conversion. It is interesting to note that 45.5 percent of the ballots were submitted in a language other than English.

With a strong, fresh mandate, the community organization (APRA) and its technical resource group (CHFT) pushed ahead with plans to establish and operate the co-op. They set up a working group of key stakeholders in 1999 that began legal work on the conversion process and constructed an operating agreement to lay out post-conversion management responsibilities. The working group met for over four years, stymied by continued government skepticism and bureaucratic inertia.

Further resident education and community development efforts reassured government representatives, who eventually committed token resources to the conversion process. This enhanced the effectiveness of the training and education push. The community development program and membership recruitment drive had four goals: to educate the community about co-operative living; to raise awareness of the ongoing conversion process; to maintain momentum for the conversion to occur; and to recruit members. It targeted the six major language groups identified during the second vote – English, Vietnamese, Spanish, Chinese, Portuguese, and Somali – and held individual meetings for each of the six groups. In addition, the group prepared and distributed to each of the households forty-six editions of a conversion newsletter in the six major languages.

It was August 2001 when a meeting of the government housing agency's board of directors finally approved the proposal to convert Alexandra Park into the Atkinson Housing Co-operative. Final preparations were initiated but it would be almost two more years before the co-operative would become functional. At the time of transferring management responsibilities, 80 percent of the households were members of the co-operative, the same proportion supporting the proposal in the second vote. A "grandfather clause" protected those residents who chose not to become members, allowing them to remain in the community as tenants protected under the *Tenant Protection Act*. All new tenants were required to become members.

### Creating a Co-operative Structure

Since the Atkinson Housing Co-operative was the first public housing project to convert to a co-operative in Canada, it is a de facto model for resident groups and policy makers considering a cost-effective model for low-income housing with membership control over decision making. The Atkinson Housing Co-operative is different from most housing co-ops because all

members and nonmembers pay on a rent-to-income basis, and the housing agency has input into operating and capital budgets. For the Atkinson Housing Co-operative, this implied a unique, three-step process to formalize the public housing co-operative's self-governance model. It included developing by-laws, the operating agreement, and operating and capital budgets.

*The by-laws.* Like other co-operatives, Atkinson members established by-laws to set out the conditions for residency and participation in the community's governance. The organizational by-law, established in November 1999, was the first one to take shape. This by-law outlines rules for membership, including election and eviction procedures. It ensures a clear elections process and accountability structure. Next, the co-op created an occupancy by-law, similar to a lease. It outlines the terms and conditions under which members agree to reside in the co-op. It was in place by the spring of 2000. Committees have since created other by-laws to cover conflict of interest, spending, maintenance, improvement, parking, arrears, and subsidies. Each group decision breathed new democratic life and member commitment into the new self-governing structure, as residents gradually took charge of their community.

*The operating agreement.* Outlining the expectations and obligations of the co-operative and the housing agency, the operating agreement was built on four principles. The first was that the community needed to gain technical assistance and build capacity by associating itself with a resource group (such as the Co-operative Housing Federation of Toronto). A second principle established rent ceilings, analogous to market rent. The rent caps are currently still set by the government authority. The third principle stipulated that new tenants would be drawn from the existing waiting list of Toronto Social Housing Connections and would be required to become members. The fourth principle established that the budget would be negotiated annually with the housing agency. Using these four principles as guidelines, the final agreement provided a template for other public housing projects considering conversions.

*The operating and capital budgets.* Like other housing co-operatives, Atkinson has its own operating budget, and the board and property management decide budget allocations. Unlike other co-ops, the Atkinson board is expected to meet monthly revenue benchmarks set by the provincial Ministry of Municipal Affairs and Housing. In most housing co-ops, revenue generally comes from three sources: subsidy top-ups, housing charges, and small fees associated with parking and laundry. Atkinson Housing

Co-operative has access to the same sources of revenue as other co-ops, but because the co-op's membership is 100 percent rent-to-income, it faces the unique cash-flow constraint of revenue from housing charges varying from month to month.

It is common practice for individual housing co-ops to have a capital reserve fund for property rehabilitation and maintenance. The fund is replenished annually from housing charges and other sources of revenue. However, Atkinson operates like other public housing projects in that there is no capital reserve fund. The Atkinson property is over thirty years old and requires a significant number of repairs, but the housing agency funds and establishes the capital priorities at Atkinson because it is a public asset. Although the lack of a reserve fund limits the co-op's ability to make improvements deemed necessary by the residents, the co-op can retain surplus funds from the operating budget for capital repairs. The Atkinson membership is encouraged to participate in budgeting consultations organized by the housing agency.

### Lessons from the Atkinson Conversion

Because the conversion process is complete, we are able to describe six issues that had a significant impact on the stakeholders and that need to be considered should other communities decide to convert into a co-operative.

*Local champion and leadership development.* Sonny Atkinson was the leader most closely associated with the call for increased resident involvement at Alexandra Park. When he died in 1998, he left a leadership vacuum. The co-op governance structure will extend opportunities for member involvement and development, but development of the democratic side of a co-op takes time and facilitation.

*The role of external agents.* The Co-operative Housing Federation of Toronto provided the Atkinson Housing Co-operative with crucial assistance. It is a second-tier co-operative of individual housing co-operatives that was uniquely positioned to deliver community and business development services to the co-operative. The CHFT donated time, materials, and money to the Atkinson conversion, even assuming financial liability for the conversion process. No funds were taken out of the community to pay for the conversion expenses, which included consulting and legal fees, printing, translation of printed materials, translators for meetings and community outreach, and various meeting expenses over the span of a decade. The CHFT maintained its commitment at considerable cost. The same dedication and

commitment does not often occur in the public or private sectors, and few technical-assistance providers in the co-op housing sector would be in a position to absorb such huge externalized costs.

*Composition of the board of directors and ethnic divisions.* Democratic development has been a challenge for the Atkinson Housing Co-operative. Many residents believed that, since there was an imbalance of ethnic representation on the board of directors, only one group's needs would be addressed. As a result, the co-op board and APRA severed links and became two distinct organizations in the summer of 2001. APRA's sole responsibility is to manage the community centre on behalf of all residents. These changes have improved representation on the board of directors, but divisions within the community linger.

Another democratic challenge was a lack of board knowledge and experience. This situation was remedied by adding three nonresident advisors to the eleven resident-members of the board of directors, a move approved by the membership. Many felt the advisors added one more layer of accountability. The notion of having nonresident advisors on a co-op board is an innovation for housing co-ops.

*Education and training.* Public housing projects tend to have a traditional tenant-landlord relationship. While delivering affordable housing, this can also have the unintended consequence of reinforcing feelings of social isolation, dependency, and disempowerment. By contrast, the APRA launched an ambitious transformative project in adult education and community development to realize its vision of a self-governing community. Over the past ten years, an increased emphasis on education and training of the board of directors and the membership at large has been integrated into the community's collective psyche as well as the current operating agreement. The CHFT offers board training for directors, literacy programs to assist residents in reading the co-op's documents, race relations programs to sensitize members to the needs of this diverse community, and excellent computer-training classes.

Other community programs continue to be developed by the membership, with the support of outside groups and funders, including the city. They share a commitment to participatory and inclusive values.

*Roles and responsibilities of the membership.* The Atkinson Housing Co-operative's six-committee structure provides both advice to the board of directors and a pool of volunteers for various activities. These committees have helped to increase community consultation, encourage more residents

to voice concerns constructively, and increase awareness of the role of the committees in the community.

*Impact on broader housing policy.* In Toronto, there is a considerable amount of support for housing co-operatives; there are approximately 160 housing co-ops in the Greater Toronto Area. Persistent lobbying by the co-op sector encouraged the newly elected Conservative government to look favourably on the conversion because it was in line with its downsizing and divestment agenda. This took place despite the introduction of the *Social Housing Reform Act* in January 2001, which effectively devolved the ownership, financing, and management for all forms of government-funded housing onto the municipalities. The result of difficult negotiations, the Atkinson Housing Co-operative emerged as a unique hybrid arrangement of public funding and member control, setting it apart from every other housing co-op in the nation. In essence, it represents a new model of social housing.

However, the stigma associated with public housing persists because of the high concentration of low-income earners, a prevalence of social problems, and the general design of housing projects. Many involved in the process feel the new sense of control and security of tenure will boost member capacities, confidence, pride in accomplishment, and optimism for the future. The hope is that cultural changes within the community will have a spillover impact on the perception of the Atkinson Housing Co-operative outside the co-op community itself. Several directors and members have established links with local agencies on issues of concern to residents of Atkinson and the surrounding neighbourhood. It is too early to tell whether the Atkinson conversion will reduce the stigma, but these initiatives suggest significant tentative shifts.

As the first conversion of its kind in Canada, the community has benefited from considerable public exposure and community support over the past ten years. For example, the principal of a local elementary school has encouraged the integration of the seven co-operative principles into the curriculum of all grade levels. And a municipal by-law explicitly encourages future conversions of public-housing stock into co-operative housing.

### **Rotten to the Core: Divestment in Saskatoon's Inner-City Neighbourhoods**

Meanwhile, back in the Prairie West, the story of the Core neighbourhoods' co-operative homeownership program begins with the larger story of the inner-city community movement that emerged in Saskatoon in the nineties.<sup>35</sup> Like other community development corporations across North

America, Saskatoon's Quint Development Corporation was launched to reverse the dependent development and "hollowing out" of its older, central city neighbourhoods.

To simplify considerably, private-sector investments systematically fled to retail shopping centres, industrial parks, and residential subdivisions in the suburbs after World War II. Globalization accelerated this flight of capital, jobs, services, and people as mega-retailers located on big box pads at the edges of the outer city, further weakening vulnerable, centrally located independent retailers; further devaluing residential properties in increasingly under-served neighbourhoods; and further distancing inner-city workers from employment opportunities. Like inner cities across North America, massive divestment had a corrosive effect on the opportunity structure, social cohesion, and cultural identity of Core neighbourhoods.

While globalization intensified poverty and social and occupational exclusion in these abandoned, central-city districts across North America, public programs from welfare to transit were scaled back, too. This squeeze between increased needs, on the one hand, and decreased support from over-extended municipalities and a welfare state in retreat, on the other hand, pushed central cities further into crisis.

With a large proportion of the population dependent on part-time and precarious employment, employment insurance, and social-assistance transfers, two-fifths of Core families now make less than \$20,000 a year. That's two-and-a-half times the city-wide incidence of poverty. Particularly hard hit, the average Aboriginal family income in the Core neighbourhoods is \$16,497.<sup>36</sup> It's a situation that regularly results in doubling up in over-crowded housing and borrowing from the food budget or opting for cheap, less nutritious foods in order to be able to make the rent. Absentee landlordism has driven deteriorating housing stock and increased residential vacancies. Not surprisingly, divestment and out-migration from the Core has created new difficulties accessing quality food<sup>37</sup> and health care. It has also brought social dislocation and health problems in its wake. Residents of Saskatoon's poor neighbourhoods are now twice as likely as affluent Saskatonians to develop heart disease, four times more likely to suffer from mental disorders, thirteen times more likely to have diabetes, and sixteen times more likely to attempt suicide.<sup>38</sup> The consequences, from crime to policing to incarceration to sky-rocketing health-care costs, are far from limited to the territorial zone of the Core neighbourhoods. The social costs of decline spill over into the broader community, too. Saskatoon was Canada's urban crime capital in 2005.

### The Core Fights Back

In 1996, five central-city neighbourhood associations came together to form the Quint Development Corporation. Not a developer or property manager in the traditional sense, it enlisted neighbourhood residents – as tenants, contractors, mortgage-holders, volunteers, and staff – in the development of affordable apartment blocks, homeownership co-operatives, and custom housing initiatives for student mothers (Pleasant Hill Place) and formerly homeless young men (Youth Lodge). In the process, it has significantly disciplined the market, transforming the real estate “field” of the Core neighbourhoods; it has shifted the terms and conditions on which real estate development and property management are done in the Core – from slum landlords to public authorities to developers. Quint’s sustained and focused intervention has stabilized problem areas, resettled families who might otherwise have joined the exodus out of the Core, and created more attractive conditions for young families to re-consider settling in the Core neighbourhoods – an increasingly attractive option in the city’s otherwise overheated realty market.

But a solid track record of bricks-and-mortar accomplishments tells only part of the story. The launch of Quint marked more than a novel, new inner-city alliance in which partners repositioned and even re-pooled community and public resources to more effectively align their efforts with Quint’s community economic development (CED) strategy. It was more, too, than the application of the CED development paradigm to solve local “co-ordination failure,” in which everyone is worse off than they might be, by pursuing an alternative development strategy for redeveloping the Core. Quint also emerged as a grassroots symbol of neighbourhood pride. Residents stepped out of the traditional or “residual” culture in which their lifestyles had been previously embedded. This mobilization reciprocally reflected and reinforced an “emergent culture,” in which the community commanded an increasing measure of moral and intellectual authority and expressed new forms of symbolic, as well as practical, agency. Quint’s authority as the leadership group that best spoke for the Core not only resonated across a broadening base of residents and activists but also with the city and state establishments, drawing service clubs, philanthropic foundations, government institutions, and credit unions into supportive partnerships. Quint not only brought the linking social capital, logistical infrastructure, and domain for CED work into being. It also revitalized the civil society of the Core, creating a viable new cultural context for neighbourhood mobilization. It laid the foundations for meaningful, democratic resident agency.

### Block by Block: Housing Rebuilds the Core

Different CED organizations develop different strategies and priorities in line with the distinct needs, opportunities, and aspirations of the communities in which they work. Quint used housing as its primary lever for transforming the Core neighbourhoods, taking advantage of low real estate prices to rebuild the Core, both literally and figuratively. By creating a basis for affordable homeownership, residents hoped to bring greater stability to family life; reduce poverty and poverty-related problems like hunger, crime, and poor health; and rebuild neighbourhood pride. Unlike traditional housing co-ops such as those in Montreal’s Hochelaga-Maisonneuve district, which build internal social relations but do not create bonds to their district,<sup>39</sup> the involvement of Quint’s staff in co-op meetings provided knowledgeable advice and encouragement to take advantage of community services. Monthly meetings with other co-op members from the neighbourhood who were going through similar struggles and offering each other practical and emotional support (in other words, “exchanging services”) also cultivated friendships and, therefore, one may logically suggest, a stronger sense of belonging to the district. There is a hope that combining a long-range equity stake in the neighbourhood and a satisfying co-op membership experience will encourage broader positive neighbourhood involvements, building both bonding and bridging social capital.

Research from the Hochelega-Maisonneuve district is once again suggestive. While co-operative housing tenants express high levels of residential satisfaction, single mothers in particular express dissatisfaction with the buildings’ surroundings – particularly safety, the condition of neighbouring buildings, and the overall quality of the environment. There is no evidence yet to suggest whether the Quint model more effectively involves members in broader district improvement. However, these findings are suggestive for community organizing strategies, particularly where the concerns, needs, and potential leadership role of women are concerned.

By developing its own distinctive housing co-op model, Quint was also able to provide direct support to the families that were now new homeowners. It was able to create social capital among co-op families, facilitating peer support. But by creating a bridging mechanism to community services (the Quint worker in attendance) and other new homeowner families who also lived in the neighbourhood, the co-op also helped contribute to a sense of neighbourhood belonging. Economically, the co-ops stemmed the outflow of income from the Core and built equity for low-income families. Quint was even able to create jobs and training for Core residents by

taking on the renovation of homes purchased. The Quint model thus fused the immediate need of families for affordable housing with the broader neighbourhood need for integrated economic, social, and cultural development.

Like community development corporations (CDCs) across the continent, Quint moved beyond the departmental organization of the welfare state, with its traditional focus on vertically integrated service provision to individuals. Replacing the socially isolating and stigmatizing focus on income transfers, Quint's holistic social-problem focus empowered neighbourhood residents themselves to take charge of development. The housing co-ops created strong horizontal bonds of trust, mutual assistance, and commitment to collective action. They were at the very foundation of the Core neighbourhood redevelopment strategy, creating new skills, knowledge, relationships, and identities – a dynamic process of democratic development that extended the horizon of the possible in Saskatoon's Core neighbourhoods. In this way, the Quint model was rebuilding the social and cultural capital frayed by decades of social disintegration and cultural dispossession as surely as it re-invested in the physical infrastructure of the Core's deteriorating housing stock. As Lewis has argued,<sup>40</sup> social enterprises – in this case, the housing co-ops – and community economic development strategies have a natural affinity. This provides a potent example of that synergistic potential.

Indeed, Quint's strategy was also symbolic: establishing a flagship initiative that would demonstrate what community organization could achieve. Reworking an old adage, "If a picture is worth a thousand words, a working model is worth a library." The housing co-ops therefore also fit into an externally focused adult-education strategy, creating a new paradigm of symbolic as well as practical agency that empowered people to think beyond the "bipolar model" of private-versus-public enterprise.

The narrative of the housing co-operatives is a powerful idea in the popular imagination of the Core's emerging social economy, an *idée-force*.<sup>41</sup> It is a powerful demonstration project that lends credibility to other social economy initiatives, both because the construction of "home" is invested with strongly evocative meaning<sup>42</sup> and because the housing co-op taps a deeper seam of stakeholder involvement than does a consumer co-op or a credit union, which are based on loose ties. It therefore created an organic and resonant base, in the lived experience of residents whose lives have been positively transformed, for what sociologist Anthony Giddens<sup>43</sup> calls a "utopian

realism": a heightened awareness of "institutionally immanent possibilities" for change. As Castells puts it, it marks a cultural maturation from apathetic resignation on the one hand and a nonstrategic opposition on the other hand towards a disciplined focus on realistic and achievable projects. This is the same kind of cultural dynamic that has propelled Quebec's robust social economy (which employs over 100,000 workers) into a paradigm of previously inconceivable achievements.<sup>44</sup> Against the "vicious spiral" of suburbanization and the peripheralization of capital in the outer-city, driven by global ownership concentration and centralization of administration, the housing co-ops were a powerful counter-example of the "virtuous spiral" promised by an alternative CED development strategy.

#### "To See Each Other as Neighbours": The Development Process

This development effort required more than hard work and a good idea at Quint. Bringing mortgages within reach of low-income, inner-city residents required supportive municipal and provincial government partners. It required supportive financial institutions, which Quint cultivated at Saskatoon Credit Union (SCU) and St. Mary's Credit Union (now both part of Affinity Credit Union) and a second-tier financial co-operative, Concentra Financial (formerly Co-op Trust). In short, it both required and reproduced Quint's linking social capital. Through these brokered relationships, low-income Core residents would be able to access the resources of powerful institutions. Like the CHFT in the Atkinson Co-op case, Quint was a crucial intermediary organization.

Developing these partnerships required board-to-board linkages and many face-to-face discussions to wear down entrenched skepticism. After much groundwork, SCU and St. Mary's sponsored five houses each, on a pilot basis. The mechanism was now in place for Core homeowners and community leaders to come together with an enlightened sense of their shared self-interests. For just as the "community" cannot act to stabilize the market behind the backs of residents, low-income aspiring homeowners can't meet credit requirements to enter the real estate market without a mechanism to pool their risk and collateral and an intermediary organization to facilitate the process. What neither community organizations nor would-be homeowners could do for themselves by acting alone, they would do by acting together.

This pooling mechanism, which was the engine of the Quint homeownership model, parallels the Grameen Bank's revolving loan circles, where

peer supports and sanctions secure the groups' success. When Muhammad Yunus, founder of the Grameen Bank and father of the global micro-credit revolution, was awarded the Nobel Peace Prize in Economics in 2006, he said "people can change their own lives, *if they have the right kind of institutional support*."<sup>45</sup> The Quint model applied this approach to low-income housing in the declining urban neighbourhoods of a developed nation. But, like the Grameen model, it also did more: it fertilized new forms of grassroots reciprocity, building bonding, bridging, and linking social capital; it formalized structures of stakeholder inter-dependence; and it expanded the local scope of social autonomy. The Quint homeownership co-ops created new individual and community capabilities, as Amartya Sen describes them. It built more than homes. It opened new frontiers of social opportunity, social choice, and social commitment.<sup>46</sup>

In bringing together multiple stakeholders, the Quint homeownership co-ops resembled Quebec's multi-stakeholder or "solidarity" co-ops, described in this collection by Girard and Langlois. Solidarity co-ops often combine the disciplines of consumer and worker co-operation, making things happen when one stakeholder group alone may lack the necessary resources or motivation to "go it alone." Similarly, the Quint housing co-ops were part of a new kind of alliance and response to the global structural adjustments that have destabilized inner-city neighbourhoods. These housing co-ops also pooled the resources of consumers (homeowners in this case) with those of another stakeholder, the community – represented by a community development corporation. The structure of a solidarity co-op in a Quebec village like Saint-Camille reflects the fact that workers, users, and supporters all need to be "at the table" to secure the success of their home care or housing co-op, drawing in as broad a net of territorial and sectoral resources as possible. As in the Quebec case, the Quint model re-pooled community and resident resources to create important private goods (homeownership for the families), pooled goods (an added anchor of stability for other residents on the block), and public goods (re-injection of capital, people, and economic and social activity into the inner-city).

This innovative approach resulted in a new line of business for the credit unions, in which not a single mortgage payment had been missed at the time of writing. The Saskatoon Credit Union (now part of Affinity Credit Union) budgeted \$2 million to the program in 2006.<sup>47</sup> Their support for homeownership co-ops recognizes, too, that redevelopment initiatives mitigate risk to other credit-union-held debt in the central city. Gent puts it well:

CED is an investment strategy in which asset-holders and asset-managers work with each other and with other local organizations to seek out areas and initiatives that promise long-term returns to the community's quality of life. This in turn expands market opportunities still further. Investments that enable people to get organized and seize opportunities are not "kind," they are *smart*.<sup>48</sup>

### Impact

The accomplishments of this award-winning experiment in co-op housing innovation<sup>49</sup> are impressive. Where the traditional models had failed, Quint's CED housing strategy aligned stakeholders – from residents, to community organizations and volunteers, to credit unions, to governments with an emerging alternative "development system." Officials had to stretch policy parameters to realize this innovation's potential. But the result was to give more than a hundred Core families the basic infrastructure for a healthy, opportunity-seeking lifestyle: a stable, safe, affordable base for raising a family, cultivating friendships, and pursuing career aspirations. Affordable homeownership has had a stabilizing effect on their neighbourhoods, restoring neighbourhood pride, self-confidence, and some of that cohesion frayed by decades of neighbourhood decline and transience. Even the program's wind-down, as an overheated housing market undermined Quint's ability to purchase properties at affordable prices, is a testament to its success in the neighbourhoods' turnaround.

With the model replicated ten times in the Core in its first decade, the provincial government also transferred the CED development capacity represented by Quint to four other urban centres in Saskatchewan. It used its Neighbourhood Home Ownership Program to transfer the Quint housing co-op model as well. Like First Nations self-governance, Quint helped define a new form of local urban governance within state-defined parameters. Like on-reserve economic development corporations, these community development corporations reinserted central-city community development goals into Saskatchewan's emerging political economy, which threatened to further neglect and undermine these constituencies. In these ways, Quint acted as a catalyst for public-policy modernization and modest social re-investment well beyond the Core. The housing co-ops were its flagship achievement. Perhaps more than any other initiative in Saskatchewan during this period, Quint's achievements in co-operative homeownership advanced the policy case for CED, the new mixed economy, and the social

investment state,<sup>50</sup> policy reforms now well established in other jurisdictions, including Manitoba and Quebec.<sup>51</sup>

Quint also spun off training and employment initiatives, and established a tool co-op, which offered tools and workshops to residents who wanted to take on their own renovations. Most recently, the community movement that Quint both expresses and shapes rallied behind a major, multimillion-dollar integrated development project. It would bring together a full-service, co-operative food store with sixty units of affordable housing. Made possible by two anchor tenants, a Saskatoon Public Library branch and a University of Saskatchewan Dental College training outreach facility, the Station 20 West project illustrates the positive role public-community partnerships can play in re-development efforts.<sup>52</sup> It also demonstrates the living legacy of Quint's early development work, including the long-term attachment to place sown by the housing co-operatives.

Giving low-income families the legal and financial tools and peer support they need to achieve their dream of homeownership has lent Quint's CED crusade strong street credibility. It has helped win over grassroots ambassadors for confidence, hope, and optimism in a community where dependency, despair, and cynicism had sunk deep roots. The housing co-ops have provided important cultural leverage and momentum for more ambitious redevelopment efforts, such as the Station 20 West project. According to former community organizer, now city councilor, Charlie Clark, "Housing co-ops create a sense of belonging, trust, and mutual support that's really important to have the hope and strength to pick up on other opportunities and move forward."<sup>53</sup>

Given the colonial legacy that haunts Saskatoon, a community still reeling from the traumas of the Starlight Tours<sup>54</sup> and the Pankiw<sup>55</sup> and Ahenakew<sup>56</sup> scandals, the housing co-ops have also been an importantly unifying cross-cultural force in the Core. Clark says "the community needs to find different ways of working together and different ways to achieve good, authentic dialogue": "We need to not create dichotomy. Many people are in the middle. We need to see each other as neighbours."<sup>57</sup>

The housing co-ops counter the socially fragmenting and atomizing consumer lifestyle of our age. They challenge the entrenched segregation that limits the routines and relationships available to urban low-income people. Integrated transitional and affordable apartments and homeownership co-ops have expanded the scope of Core residents' relationships, creating opportunities to build bonding and bridging social capital between Aboriginal and non-Aboriginal neighbours alike.

The housing co-ops have strengthened Core neighbourhood stability. They have helped root, focus, and build the organization and skills needed to tackle difficult problems in the Core. They have had a cultural empowerment effect within the civil society of Saskatoon's Core neighbourhoods. For example, on 5 April 2008, after a new provincial government announced it would withdraw its support for the Station 20 West development, Core neighbourhood residents staged the largest protest rally in Saskatoon's history.<sup>58</sup> Despite considerable and persistent obstacles, a measured optimism has replaced defeatism in the Core. The success of Quint, particularly its housing co-ops, has also unleashed a subterranean torrent of citizen energy and patron support for community economic development and other social enterprise ventures. It has animated what Grossberg calls an "affective epidemic"<sup>59</sup> for scaling up CED efforts.

Despite inertial resistance and political ambivalence, the resources and the mobilization capacity of groups like Quint and its housing co-ops create valuable, new competitive advantages for inner-city neighbourhoods in social enterprise.<sup>60</sup> Indeed, as Giddens has noted, "Local entrepreneurs are often already active in the social sector" in inner cities. They therefore provide a valuable, though often overlooked, engine for collective entrepreneurship: "They can use their expertise to develop economically competitive enterprises as well as social ones."<sup>61</sup> Whether or not housing co-op organizers and members take economic action beyond the confines of their own co-ops, the success of the Quint model can only encourage innovative social economy organizations like the Community First Development Fund, youth-training businesses like the Core Neighbourhood Youth Co-operative (CNYC), and the Community-University Institute for Social Research. Most recently, GAIN – a loose replication of the CNYC – has launched to provide similar support to divert at-risk young girls from street involvements in crime, including the drug and sex trades.

This restless articulation of community networks, enterprises, and institutions mobilizes voluntary energies, combining goodwill and grassroots infrastructure in a way that is unavailable to either the market or the state. While business leaders and policy makers may not understand or consistently support these self-help movements, it is clear that *if they have the right kind of institutional support* they can create important social re-investments in distressed communities.

### Conclusion: New Ways to Nest in a Placeless World

In this era of globalization, where Todd Gitlin notes we all now live in a state

of "uprooted juxtaposition,"<sup>62</sup> the happy home seems almost kitsch, a mere parody of an unrealizable or simply outdated cultural ideal. And yet, from reality TV home renovations to do-it-yourself mega-stores the size of football fields, the home has never been bigger business. If consumer demand is any measure, the striving to feather our nests has never been greater. Our homes still give us at least an illusory hope for independence, particularly for young adults living alone for the first time and for our elders who hope to stay in their own homes as long as possible. For parents, the home offers the promise of continuity across the life cycle, a place to build their family and a place where their children can come "home." This powerful emotional attachment still rakes in the holiday receipts for Hollywood and the airlines ... but, as we have seen, it can also spur extraordinary innovation when private and public housing markets fail to deliver the goods. Home means that much to people, perhaps now as much as ever.

In this new global reality, where we're increasingly told that place matters less than ever, it is ironic that housing options and policies may just be *more* important than ever. The reason for this is that forces of global economic integration have generated considerable economic polarization, cultural dislocation, and social exclusion. Co-operative housing provides a critical lever for local, face-to-face *social integration*. It is a fulcrum for inclusive development that can better meet the needs of communities for which *system integration* has yielded such perverse outcomes. In an age of increasingly precarious and mobile employment and fractured families, the grounding powers of the "home" provide what may be an increasingly important life-line of routine and stability. As Giddens has argued, our sense of self and personal security are profoundly anchored in these everyday routines. The home, in this sense, is a crucial *existential resource* for the modern individual's need to carry on in a sea of increasingly unpredictable, rapid change that may otherwise threaten to engulf us in anxiety.<sup>63</sup>

In this chapter we have briefly outlined a couple of path-breaking innovations that are recreating more than the institutional arrangements that house us. They are recreating a sense of self, of collective entrepreneurship, and of community that reflect the new needs and challenges of our increasingly deterritorialized planet. The pace of grassroots innovation may leave both the research and public-policy communities scrambling to catch up. Nonetheless, these housing initiatives provide suggestive and powerfully instructive examples of how civil society and modern governments can learn to work together as partners in development, and in the co-production of the public policy that facilitates it. Research findings on the benefits of

traditional co-op housing in Montreal's Hochelaga-Maisonneuve district and innovative cases such as the Atkinson and Quint co-ops suggest a strong policy case for further research and development investments in co-operative housing innovation. They provide important new evidence that co-op housing can make a significant difference in people's quality of life and that innovative models are already emerging to meet the needs created by global restructuring.

#### NOTES

- 1 Hope Schurman, member of a housing co-op in Saskatoon's Core neighbourhood, cited by Len Usiskin, Laverne Szejvold, and Mike Keeling, in "Quint: CED and Affordable Housing in Saskatoon" (Ottawa: Caledon Institute, Opportunities 2000 Series, March 2001), 76.
- 2 Wendy MacDermott, *Evaluation of the Activities of the Working Group to Stop the Sexual Exploitation of Children* (Saskatoon, SK: Community-University Institute for Social Research, 2004).
- 3 For this section, we are greatly indebted to the work of Morin and colleagues, some of which is paraphrased below: Richard Morin, Marie J. Bouchard, Winnie Frohn, Paul Bodson, and Nathalie Chicoine, "Le logement communautaire à Montréal: Satisfaction résidentielle et insertion socio-spatiale," *Canadian Journal of Urban Research* 14, 2 (Winter 2005): 261-85.
- 4 *Ibid.*, 261.
- 5 Giddens makes a distinction between "social integration" and "system integration." Social integration refers to the relation between spatial proximity and social ties, and is defined as reciprocity between actors co-present in a given time and space. System integration refers to interactions other than ordinary relations of proximity; it is reciprocity between actors or collectives across extended time-space. See Anthony Giddens, *La constitution de la société: Éléments de la théorie de la structuration* (Paris: Presses universitaires de France, 1986), 376-77.
- 6 The type of housing co-op referred to here is the nonprofit continuing housing co-operative. Its members collectively are the owners of the building or buildings that the co-op owns, but individually they rent the unit in which they live. As members, they buy a share, which corresponds to a small sum that is refunded when they leave. As tenants, they pay rent, for which in certain conditions they may receive aid from the government.
- 7 Kate Bezanson, "Gender and the Limits of Social Capital," *Canadian Review of Sociology* 43, 4 (2006): 429.
- 8 See Deepa Narayan, "Bonds and Bridges: Social Capital and Poverty" (Policy Research Working Paper, Washington, DC, World Bank, 1999), <http://www.worldbank.org/html/dec/Publications/Workpapers/wps2000series/wps2167/wps2167-abstract.html>; and Michael Woolcock, "The Place of Social Capital in Understanding Social and Economic Outcomes," *ISUMA Canadian Journal of Policy Research* 2, 10 (2001): 11-17.



- 9 The analysis of housing provision provides a valuable opportunity to rebalance the dominant gender-blind approach to social capital, which tends to focus on system integration rather than the particular roles of *bridging and linking networks*. These are associated with the (male breadwinner's) public sphere and the logic of accumulation. Housing necessarily draws attention to the *bonding networks* of the private sphere, traditionally understood as the domain of women's work. It brings the reality of lived social experience as social integration back into the picture, reminding us that there is more to quality of life than simply accessing employment. Foregrounding this too-often invisible logic of social reproduction promises a more complete approach to the development of social capital, and to the full diversity of its forms – including the importance of reproductive labour/social care and traditionally devalued forms of “women's work.” For a deeper understanding of bonding, bridging, and linking social capital, see the Narayan and Woolcock articles referenced in the note above as well as M. Woolcock and D. Narayan, “Social Capital: Implications for Development Theory, Research, and Policy,” *World Bank Research Observer* 15, 2 (2000): 225-50. A more recent article by Majee and Hoyt adapts Woolcock and Narayan's social capital and poverty transition model to show how co-operative businesses might be used in the development process: Wilson Majee and Ann Hoyt, “Cooperatives and Community Development: A Perspective on the Use of Cooperatives in Development,” *Journal of Community Practice* 19, 1 (2011): 48-61.
- 10 Mark Granovetter, “The Strength of Weak Ties: A Network Theory Revisited,” in *Social Structure and Network Analyses*, ed. Peter Marsden and Nan Lin (London: Sage Publications, 1982), 105-29.
- 11 Morin et al., “Le logement communautaire.”
- 12 Francine Dansereau, *Statuts et modes d'accès au logement: Expériences et solutions innovatrices au Canada depuis les années 1970* (Paris: Plan Urbanisme Construction Architecture, Ministère de l'Équipement, des Transports et du Logement, République française, 1998).
- 13 Conférence régionale des élus de Montréal (CREM), *Rapport sur la pauvreté à Montréal – Document de recherche et de réflexion* (Montreal: CREM, Forum régional sur le développement social de l'île de Montréal, 2004).
- 14 Morin et al., “Le logement communautaire.”
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- relations": Pierre Bourdieu, cited in Rodney D. Benson and Érik Neveu, *Bourdieu and the Journalistic Field* (Cambridge, UK: Polity Press, 2005), 39.
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- 43 Anthony Giddens, *The Consequences of Modernity* (Redwood City, CA: Stanford University Press, 1990).
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- 47 Diamantopoulos and Findlay, *Growing Pains*, 20.
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- 54 Susanne Reber and Robert Renaud, *Starlight Tour: The Last, Lonely Night of Neil Stonechild* (Toronto: Random House Canada, 2006).
- 55 A former Saskatoon-Humboldt member of Parliament, Jim Pankiw is a vocal critic of affirmative action and was widely condemned for fanning the flames of racial tensions for political gain. Among the flyers he circulated to constituents was one titled "Stop Indian Crime," which denounced "race-based privileges" and "handouts" for Aboriginal people. See Lana Haight, "Human Rights Tribunal Dismisses Pankiw Complaints," *Star Phoenix*, 6 March 2009. In 2003, he ran for mayor of Saskatoon

and was met by an organized community opposition. Critics sponsored billboards that read "Racism-Free Zone – No Pankiw, Thank You": "Billboard Targets Saskatoon MP Pankiw," *Star Phoenix*, 2 July 2003. Pankiw also made headlines after it was alleged that he shouted profanities and made lewd gestures at a Native man in a Saskatoon bar: Krista Foss, "Alliance MP, Native Spar over Alleged Spat in Bar," *Globe and Mail*, 23 March 2002.

- 56 A former National Chief of the Assembly of First Nations, David Ahenakew sparked a firestorm of controversy on 13 December 2002, when he compared the situation of dispossessed Aboriginal people in Canada to the desperate state of the German people after World War I. He also suggested European settlers in North America were akin to Jews in Europe. He commented that Jews were a disease in Germany and that Hitler was trying to "clean up Europe" when he "fried six million of those guys." Ahenakew was convicted of hate speech in 2005, but the conviction was overturned. In 2009, the appeal judge found that his statements were "revolting, disgusting and untrue" but not indicative of an intent to incite hatred: Joanna Smith, "Ahenakew Acquitted in Hate Case," *Toronto Star*, 24 February 2009.
- 57 Diamantopoulos and Findlay, *Growing Pains*, 49.
- 58 Clarke, Diamantopoulos, and Findlay, "Snakes and Ladders."
- 59 Grossberg defines the affective epidemic this way: "Like a moral panic, once an affective epidemic is put into place, it is seen everywhere, displacing every other possible investment. But, unlike a moral panic, such epidemics are not always negatively charged." Examples of recent affective epidemics in popular culture, Grossberg suggests, include the War on Drugs, the family, the debt, and even America itself: Lawrence Grossberg, *We Gotta Get Out of This Place: Popular Conservatism and Postmodern Culture* (New York: Routledge, 1992), 284.
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## 8

## Co-operation Reinvented New Partnerships in Multi-Stakeholder Co-operatives

JEAN-PIERRE GIRARD and GENEVIÈVE LANGLOIS

The residents of Thetford Mines (located about 130 kilometres from Quebec City) and the surrounding area, especially skiers, have always been proud of the nearby Mount Adstock downhill ski resort. Without this centre, would-be skiers would have to make a round trip of more than two and a half hours to ski in the Quebec City area. They were therefore surprised and disappointed to learn in May 1998 that because of insufficient revenues and considerable financial problems, not only did the owner of the resort want to sell this regional gem but future buyers might dismantle the equipment, which would mean permanently closing the resort.

Residents near the Adstock ski hill did not believe they could afford for the venture to fail. They needed external revenues. They needed a regional symbol of economic vitality after decades in which thousands of jobs had been lost in asbestos mining and other regional industries. They needed recreation, including recreational options for local youth. The local economy needed an anchor for local employment, and tourism looked to be it: thirty-five seasonal jobs depended directly on the ski hill. The closure of the ski resort would be yet another blow to a region that was not willing to suffer any further. As is often the case, necessity and a sense of community identity combined to produce co-operative action. What was different in the Adstock case was the form the action took: Local residents turned to a brand-new and little-tested form – the multi-stakeholder co-operative.

The situation in May 1998 was urgent; the sale of the resort could take place quickly. Informed about the coming events and very much aware of the negative effects of a possible resort closure, the mayor of the small municipality where the centre is located, Saint-Méthode-de-Frontenac, decided to get to work on a rescue mission. A businessman in everyday life, Gérard Binet had good experience and a large network of contacts. He brought together a core group of people to form a promotion team. In this case, however, the transaction was more complex than a sale between individuals; Binet wanted to include as many people as possible in the project, and, of course, to find the money for the purchase immediately. This double challenge raised the question of the legal framework that should be adopted in order to proceed.

Since the late 1980s, the Government of Quebec has financed eleven regional development co-operatives (RDCs or, in French, *coopératives de développement régional*) throughout the province. The government's aim is simple: to support the development of new co-operatives in order to maintain and create jobs. Thus, an RDC agent covering the territory in which the Adstock ski resort was located became involved. He suggested that the promoters should adopt a new form of co-operative – the solidarity model. Only since 1997 has it been possible to establish this type of organization, which, in brief, allows three categories of members in the co-op: user-members, worker-members, and supporting members. This was a bold step. In Quebec at the time, there was no precedent for this. No ski resort or outdoor sports facility had used this legal framework in its operations.

The promoters recognized the advantages of this form of organization. It had the capacity to mobilize a large number of participants and it had a capitalization structure. But in other respects, because it was a first, it was a leap into the unknown. Once the various categories of members and, thus, the levels of financial contribution (that is, the cost of a share) had been determined, the promoters were immediately committed to fundraising. With the help of the media, they played the regional-pride card: "No, we don't want to be victims of the bad luck that seems to have plagued the area for years; we want to take charge of things and keep the ski resort, no matter what." Many people committed themselves; even young people dug into their pockets to contribute what they could. One philanthropist donated \$100,000. Within a few weeks, community members had raised the amount necessary to buy the resort – nearly \$500,000. The purchase took place in the summer of 1998, after the legal incorporation of the co-op. Thus was born the *Coopérative de solidarité récréotouristique du Mont Adstock*

(*Mount Adstock Recreation and Tourism Solidarity Co-operative*), the first solidarity co-op in the country to own and manage a ski resort.

In 2004, when this research was originally undertaken, the co-op included several hundred user-members in the leisure category and provided thirty-five seasonal jobs, as well as two year-round jobs. From a wider point of view, the preservation of this centre consolidated the recreational and tourism offerings in the region. A golf course is at the foot of the slopes, and Frontenac National Park, part of the network of Quebec parks offering a wide range of outdoor attractions year-round, is less than five kilometres away.

The case of this co-op illustrates one of the reasons for the existence of solidarity co-operatives. Its flexibility offers the possibility of involving a variety of local stakeholders in socio-economic development. It is perfectly suited for cases that require both economic viability and social returns. As Hans Münkner points out, this type of organization also stimulates the potential for self-help and co-operation among stakeholders.<sup>1</sup>

But where does the idea of a solidarity co-operative come from? What was the context of its adoption by the Government of Quebec? What are the legal characteristics of these organizations? These questions will guide us in the first part of this chapter. Do solidarity co-ops, in fact, have a significant impact on the milieux in which they develop? Do they contribute to improving access to services for people who are isolated, and for others? And are they especially good in providing jobs? In the second part of the chapter, we will deal with these questions on the basis of research carried out under the auspices of a large project that concluded in 2005. The chapter concludes with some thoughts on the future potential of the solidarity co-op and includes details about a solidarity co-op that is extremely inspiring for its impact on social cohesion – *La Corvée*, a health and social services co-operative.

## Origins, Legal Provisions, and Development

### Historical Context

In Quebec, as in other parts of Canada, the co-operative movement developed in the twentieth century mainly through a sectoral approach involving a single group of stakeholders: in the agricultural area, producers; in food consumption, consumers; in forestry, workers, and so on

This development effectively met the needs of millions of citizens over generations. Large organizations developed, some of which have preserved or even reinforced their co-operative foundations. Others have ceased to be

mutually owned, while some groups, such as the Quebec United Fishermen (Pêcheurs unis du Québec), have for various reasons disappeared.<sup>2</sup>

It became clear over time that this type of organization, based on a single category of members, could not adequately meet emerging needs, such as those faced by a community, a region, or various stakeholders, as in the case of Adstock and numerous other milieux.

The concept of the solidarity co-op comes from a number of sources, both foreign and domestic. Since the mid-1980s, through a variety of means, representatives of the Quebec co-op movement have been increasingly exposed to co-operative innovation in other areas, especially the exceptional case of social co-ops in Italy.<sup>3</sup>

Domestically, in the ten years from 1986 to 1996, four factors combined to form the basis of the concept of the solidarity co-operative: local development, the closing of small towns, the development of daycare centres, and the question of inclusion in the workforce. In 1996, a fifth factor caused the idea of solidarity co-ops to gain momentum – the question of home-care services for the elderly. Let us examine these matters more closely.

*Local development.* The idea of development in Quebec has long been seen in regional terms, that is, not at the local level or the provincial level. In the 1980s, however, this concept of regional development was replaced by the idea of local development, which initiates dialogue at the community level and adopts strategies to develop and support the start-up of new enterprises. It works by mobilizing society and representatives of local institutional stakeholders such as municipalities, *caisses populaires*, educational institutions, and so on. This dialogue takes place within collective enterprises that function according to democratic rules. However, the provisions of the *Loi sur les coopératives* (Co-operatives Act), with only one category of members, do not encourage a choice in the form of co-op. For this reason, developers chose the legal status of the nonprofit organization,<sup>4</sup> which also underlies the structure of numerous community development corporations and community economic development corporations (in French, corporations de développement économique communautaire, or CDECs).<sup>5</sup>

*Closing of small towns.* The scenario of decline is well known. In a small town, the closure of a service such as the post office or a financial institution is often followed by other closures, leading to the death of the town. Tired of having to travel for basic services, the residents finally move away. Fewer residents mean fewer services – a vicious cycle and a serious threat to the survival of a community. This is a good reason to explore a model of

enterprise that unites all organizations and the people concerned, and that offers locally a number of services essential to maintaining the community.

*Daycare services.* Statistics show clearly that more and more women are becoming part of the workforce, which means child-care services must be available and accessible to most families. A nonprofit organization that includes users and workers would be ideal for ensuring the best interests of parents and employees.

*Inclusion in the workforce.* Since the early 1990s, increasing attention has been paid to the question of reintegrating people who have been out of the workforce. One of the preferred forms is a training period in a workplace, along with assistance from professionals who have both technical and human-relations skills. Once more, the solidarity co-op offers the model of an enterprise with strong social goals in which stakeholders with various interests work together: management personnel, trainees, volunteers, and local organizations involved in the process, such as local community service centres (centres locaux de services communautaires, or CLSCs).<sup>6</sup>

These cases represent situations in which the establishment of a democratic organization that combines social and economic goals and includes a variety of stakeholders in its governance would make sense. This is exactly the idea of the multi-stakeholder co-operative. But a good idea is not enough to get things moving: There has to be sufficient momentum to bring about change. And despite requests to include new provisions in the *Co-operatives Act* that would recognize the concept of multi-stakeholder co-ops, nothing more happened until 1996.

*Home-care services.* A particular event provided the opportunity to develop this idea and make provisions for it by amending the *Co-operatives Act*. Instigated by the Government of Quebec, the 1996 Summit on the Economy and Employment<sup>7</sup> led to many initiatives to improve Quebec's performance in creating and maintaining jobs. Among them was the matter of home-care services. Like many other Western jurisdictions, Quebec must deal with the ageing of its population. As public residential accommodation for older people who can no longer function independently is limited and relatively expensive,<sup>8</sup> the government decided to encourage older people to stay at home. Through the network of CLSCs, the state can in theory provide assistance and care services to these people, but cannot provide help in the home. A significant part of these maintenance services was undeclared and thus without quality control, proper conditions of employment, or tax payments. Within the framework of the Summit on the Economy and Employment, the

government decided to support the creation of social economy enterprises for home-care services (Entreprises d'économie sociale en aide à domicile, or EÉSADs), in the form of either nonprofit organizations or nonprofit co-operatives.<sup>9</sup> The object was both to bring these services out of the underground economy and also to encourage job creation, in particular to reintegrate people outside the labour market. In the first stage, government support for the EÉSADs took the form of a program of financial assistance for users wishing to obtain the services of a home-care aide – mainly elderly people, but others as well. This initiative is called the Programme d'exonération financière pour les services d'aide à domicile (PEFSAD, or financial assistance program for domestic-help services). In the second stage, following representations by umbrella organizations, including all co-op sectors in Quebec and the Conseil de la coopération du Québec (CCQ, or Cooperative Council of Québec), the government agreed to add new provisions to the *Co-operatives Act* to allow the creation of multi-stakeholder co-ops.

Once the idea was accepted, the government service for co-ops, the Direction des coopératives, and the CCQ worked together for several months to lay the legal foundations for recognizing this new type of co-op. In June 1997, the Quebec Parliament approved the new provisions of the *Co-operatives Act*, thus allowing for solidarity co-ops. The word "solidarity" has a number of meanings: solidarity among the different categories of members; solidarity with the local milieu; solidarity as an alternative to a more individualistic world, and so on.

### Provisions Relative to Solidarity Co-operatives

The concept of the solidarity co-operative is defined in Section 226 of the *Co-operatives Act*. The main provisions are related to four elements: definition, capitalization, composition of the board of directors, and dividends.

According to the act:

A solidarity cooperative is a cooperative consisting of members who are users of the services provided by the cooperative and of members who are workers of the cooperative. In addition, any other person or partnership that has an economic or social interest in the pursuit of the objects of a solidarity cooperative may be a member of the cooperative. Such a member shall hereinafter be referred to as a "supporting member."<sup>10</sup>

In Quebec, the initial capitalization mechanism for co-operatives of all kinds is called "qualifying shares" (*parts de qualification*). Depending on the

choice of the co-op, these consist either of common shares (*parts sociales*) or of common shares and preferred shares (*parts privilégiés*).<sup>11</sup> This is risk capital and variable. In the case of solidarity co-operatives, it is specified that the number of these shares that a member must hold may vary according to whether the member is a user, a worker, or a supporting member. The solidarity co-op, like other kinds of co-ops, may use another capitalization mechanism – preferred shares belonging to categories not included in the qualifying shares. In addition, if a regulation allows, the act specifies that the solidarity co-op may issue to supporting members another kind of shares – participating preferred shares. Each category of members forms a group for purposes of electing a board of directors. The act requires that each group must have a minimum of one representative on the board of directors. The co-operative determines the number of members per group, but the act limits the number of directors from the supporting members to a third. If dividends are to be paid out, the act states that those paid to user-members are to be pro-rated according to their dealings with the co-op in the preceding financial period. For worker-members, the payment depends on the amount of work done during the financial period. This amount may be based on the number of hours worked, the salary of the member, or any other means established by the regulations. Dividends may not be paid to supporting members.

In November 2005, amendments to the *Co-operatives Act* made a number of changes to all co-ops, including solidarity co-ops. It is now possible to set up a solidarity co-op with only two categories of members, and an existing co-op may change from three categories of members to two. A person may not belong to more than one category of members in the co-op. For example, an employee who was both a worker-member and a user-member can now belong to only one category.

### Development of Solidarity Co-operatives

As seen in the table below, 754 solidarity co-operatives have been established since June 1997. The great majority of these were new creations, although a few grew out of nonprofit organizations, and several co-operatives changed their status to adopt this form. Of the 754 co-ops established, 505 of them – a little more than 67 percent – were considered active at the end of 2010.

These co-operatives are present in a great variety of areas but are most numerous in the service sector. As mentioned above, measures taken by the government to support home-care services have had a direct effect on the creation of co-ops. As Table 8.2 shows, the area of health and social services

TABLE 8.1

Development of solidarity co-operatives, 31 December 2010

Year established	Co-operatives established in Québec				
	Total number	Solidarity		Active solidarity	
		Number	Percent	Number	Percent
1997	127	25	19.7	20	80.0
1998	189	32	16.9	16	50.0
1999	185	48	25.9	20	41.7
2000	169	46	27.2	8	17.4
2001	142	31	21.8	12	38.7
2002	169	38	22.5	15	39.5
2003	220	52	23.6	19	36.5
2004	115	34	29.6	17	50.0
2005	131	43	32.8	28	65.1
2006	157	83	52.9	54	65.1
2007	150	92	61.3	81	88.0
2008	132	79	59.8	74	93.7
2009	132	81	61.4	75	92.6
2010	116	70	60.3	68	97.1
<i>Total</i>	2,134	754	35.3	507	67.0

Source: Adapted from Direction des coopératives, Ministère du Développement économique, de l'Innovation et de l'Exportation.

(which includes support home-care services) predominates, followed by professional and technical services. Third in importance is leisure, including the Mount Adstock Recreation and Tourism Solidarity Co-operative and a co-op founded in 2003 in the Saguenay region – the Coopérative de solidarité du Cap Jaseux.<sup>12</sup> Inspired by activities in the Monteverde region of Costa Rica, the latter co-op offers thrill-seekers a discovery circuit in the trees, using a system of cables and safety lines at various points along the tree trunks or at treetop level, sometimes as much as twenty metres off the ground. There are various cultural enterprises in the arts and entertainment category, including a museum with more than a hundred members – the Coopérative de solidarité artistique et culturelle du Haut-Richelieu – located at St-Jean-sur-Richelieu.

The food category consists of stores operating as solidarity co-ops, including the Coopérative de solidarité en alimentation saine L'Églantier du Kamouraska, an enterprise that deals with natural foods.<sup>13</sup> This co-op has

TABLE 8.2

Active co-operatives by area of activity, 31 December 2010

Area of activity	Co-operatives		
	Total number	Active (N)	Active (%)
Accommodation and food services	42	24	57.1
Arts, crafts, and entertainment	56	38	67.9
Other commerce (retail and wholesale)	40	17	42.5
Energy	20	16	80.0
Daycare centres	14	8	57.1
Farming and fishing	43	30	69.8
Food stores	66	46	69.7
Forestry	20	17	85.0
Funeral services	0	0	0.0
Housing	33	29	87.9
Information technology	12	4	33.3
Leisure	91	56	61.5
Manufacturing	12	4	33.3
Other sectors	1	0	0.0
Professional and technical services	100	66	66.0
Printing and editing	18	13	72.2
Retail stores in schools	15	12	80.0
School co-operatives	18	11	61.1
Services to First Nations	0	0	0.0
Health and social services	132	104	78.8
Telecommunications	11	8	72.7
Transportation	9	2	22.2
Utilities	1	0	0.0
<i>Total</i>	754	505	67.0

Source: Adapted from Direction des coopératives, Ministère du Développement économique, de l'Innovation et de l'Exportation.

continued to flourish and grow since the original research in 2004. The food category also includes some general stores or convenience stores, which provide essential services in small towns. In Saint-Tharcisius, a village of five hundred residents in the Gaspésie region, for example, the gradual closure of services led five community leaders to found in 1999 a solidarity co-op that provided a convenience store, postal services, and a service station. Much appreciated by the community, the co-op initially provided employment for five people and then went on to open a snack bar. The co-op currently employs six people and in 2011 received funding from the regional

county municipality of Matapédia to move on to phase two of its development plan.<sup>14</sup>

Solidarity co-operatives are found mainly in semi-urban or rural settings. Large cities such as Montreal and Quebec have very few, whereas in areas such as the Centre-du-Québec and the Outaouais, these organizations represent more than 15 percent of all co-ops.

Statistical and financial data on solidarity co-ops are limited. Government authorities have detailed information, such as an auditor's report, for only about eighty of them. Furthermore, these data come mainly from co-ops providing personal services, which generally have a large number of users and workers.

Keeping in mind these limits, we can say that financially, for the period from 2000 to 2004, when this research was done, the average turnover per solidarity co-op was increasing, amounting to about \$500,000 in 2004. Economic profitability, measured by net surpluses, was positive for three years, but negative in 2004.<sup>15</sup>

From an organizational point of view, again from the original period under study, the average solidarity co-op has 356 user-members, 24 worker-members, and 13 supporting members, for a total of 393 members. The average cost of shares – that is, for a combination of participating members and preferred members – is \$117 per person.

## Solidarity Co-operatives and Social Cohesion

### Research Framework

As we have seen, there are many motivations to create solidarity co-operatives. In the framework of the research project *Co-operative Membership and Globalization: Creating Social Cohesion through Market Relations*,<sup>16</sup> researchers at the Centre de recherche sur les innovations sociales (CRISES, or Research Centre on Social Innovation) at the Université du Québec à Montréal decided to study these organizations from the point of view of social cohesion. In 2002, researchers set up a supervisory committee made up of stakeholders that were knowledgeable about solidarity co-ops. It was composed of individuals from a nonprofit organization offering loans and loan guarantees to collective enterprises (the Réseau d'investissement social du Québec), the government service for co-operatives (the Direction des coopératives of the ministère du Développement économique, de l'Innovation et de l'Exportation), the Coopérative de développement régional

Québec-Appalaches, and the Fédération des coopératives de services à domicile du Québec.

We analyzed the solidarity co-operatives according to five dimensions that CRISES had used in another research project on social cohesion and the financial service co-operatives, the caisses Desjardins.<sup>17</sup> These dimensions are (1) a sense of the local territory, (2) accessibility, (3) employability, (4) the degree of democracy, and (5) how connected the solidarity co-op is to local networks. Since these concepts are explained further below, we discuss them here only in terms of how they guided this research on solidarity co-operatives.

*Territory.* Throughout North America, the territory to which one belongs is being redefined in a new spatial framework. Do solidarity co-operatives fit into this new framework, or do they still operate according to the traditional framework, which in Quebec was the Catholic parish?

*Accessibility.* In general, solidarity co-operatives are set up to facilitate access to new products or services, or to improve access to existing products or services. Do they really do this? If so, how? Does the organization remain open to the expression of new needs?

*Employability.* Are the working conditions of jobs created by solidarity co-ops comparable to or better than those of jobs in similar organizations? Do the co-ops contribute to integrating or reintegrating people who have been excluded from the job market for some time?

*Degree of democracy.* What type of democratic process is favoured in the solidarity co-operative? Is it a representative democracy, a direct democracy, or a deliberative<sup>18</sup> democracy? How is the chosen democratic structure put into practice, for example, in the composition of the board of directors and the committee structure?

*Connectedness.* What social networks contributed to the creation of the solidarity co-operative? Since it was set up, what is its contribution to the development of social ties among the various individual and collective stakeholders, particularly the different categories of members?

We used a number of research methods in our review of solidarity co-operatives: a literature review, case studies, a discussion group, and a concluding seminar. In addition, we had the benefit throughout our work of close collaboration with the government service responsible for co-operatives, the Direction des coopératives, which gave us access to up-to-date data on solidarity co-ops.



TABLE 8.3

Summary of case studies	Name and year of establishment	Place, population, and region	Services and/or products	Financial data	Data on association and cost of qualifying shares
Coopérative de solidarité en aide domestique	Domaine-du-Roy (1997)	St-Félicien Population 10,622 Lac-Saint-Jean	<ul style="list-style-type: none"> <li>• Home services</li> <li>• Assistance in daily activities</li> <li>• Personal assistance</li> </ul>	<i>As of March 2003:</i> Turnover: \$1,176,011 Social capital: \$18,670 General reserve: \$172,163	<i>As of March 2003:</i> <ul style="list-style-type: none"> <li>• 1,182 user-members (\$10)</li> <li>• 99 worker-members (\$50)</li> <li>• 18 supporting members (\$100)</li> </ul>
Coop de solidarité en soins et services de Saint-Camille (also called La Corvée) (1999)		St-Camille Population 440 Cantons-de-l'Est	<ul style="list-style-type: none"> <li>• Access to alternative-medicine professionals</li> <li>• Program of activities</li> </ul>	<i>As of December 2002:</i> Turnover: \$72,845 Social capital: \$11,620 General reserve: \$605	<i>As of February 2005:</i> <ul style="list-style-type: none"> <li>• 45 user-members (\$250)</li> <li>• 2 worker-members (\$250)</li> <li>• 15 supporting members (\$250)</li> </ul>
Coopérative de solidarité récréotouristique du Mont Adstock (1998)		Adstock Population 2,399 Appalaches	<ul style="list-style-type: none"> <li>• Mountain offering downhill sports (skiing and snow-boarding) and other activities, including snowshoeing and hiking</li> <li>• Take-off areas for hang gliding and paragliding</li> </ul>	<i>As of April 2003:</i> Turnover: \$512,354 Social capital: \$542,550 General reserve: \$148,025	<i>As of June 2003:</i> <ul style="list-style-type: none"> <li>• 405 user-members including:               <ul style="list-style-type: none"> <li>– 371 leisure members (\$50)</li> <li>– 34 business members (\$5,000 and +)</li> <li>– 1 worker member (\$1,000)</li> <li>– 5 supporting members (\$10,000)</li> </ul> </li> </ul>
Coopérative de solidarité en alimentation saine L'Églantier du Kamouraska (1999)		Saint-Pascal Population 3,643 Bas-St-Laurent	<ul style="list-style-type: none"> <li>• Health food retail store</li> <li>• Bistro (meals)</li> <li>• Café</li> <li>• Health-care advice</li> </ul>	<i>As of February 2004:</i> Turnover: \$267,743 Social capital: \$18,049 General reserve: \$1,638	<i>As of February 2003:</i> <ul style="list-style-type: none"> <li>• 274 user-members (\$50)</li> <li>• 6 worker-members (\$100)</li> <li>• 12 supporting members (\$100)</li> </ul>

*Literature review.* This consisted of a review of writing on multi-stakeholder co-operatives in developed countries. Those in Spain<sup>19</sup> and in Italy were of particular interest.

*Case studies.* After careful consultation of works on solidarity co-operatives, we chose four enterprises from different areas for case studies and used a qualitative approach to the research. Through questionnaires, we interviewed various stakeholders<sup>20</sup> – worker-members, user-members, and supporting members, as well as persons working for organizations supporting the development of collective enterprises. In addition to a study of grey literature – internal documents of the organization, annual reports, and other such documents – we also produced a meticulous review of the news media publications about each case.

*Discussion group.* This activity, with help from the Coopérative de développement régional Québec-Appalaches, consisted of gathering representatives of solidarity co-operatives – managers, user-members, and others – to exchange ideas based on the results of case studies.

*Concluding seminar.* This seminar, including the members of the supervisory committee, examined the research results from the various practical and theoretical perspectives of the participants.

## Results

In general, solidarity co-operatives make a significant, and in some cases very significant, contribution to the various dimensions of analysis described above, with one reservation – the degree of democracy. Although it is useful to turn again to these dimensions, situations are not always clear-cut, and more than one of the dimensions may be involved. A co-operative that increases the size of its territory of activity, for example, will have an impact both on its relation to the territory and on its accessibility. And if a board of directors is made up of people of various origins, including supporting members, this affects both degree of democracy and connectedness.

*Territory.* For all the co-operatives studied here, the territory corresponds to the definition that has been established in Quebec since the early 1980s – the municipalité régionale de comté (MRC, or regional county municipality). This new spatial unit is different from the traditional frame of reference, which, as noted above, was mainly based on the Catholic parish. Of course, co-ops must have their headquarters in a particular place, in a town or city, but their activities are not limited to that place. Thus, the co-op La Corvée offers its services to residents of other municipalities and, of course, membership is open to people from those areas. The same thing is

true for the co-op L'Églantier. Residents of other municipalities attracted by healthy food products belong to the organization.

The situation is a little different in the home-services sector for EÉSADs (social economy enterprises for home-care services). First, access to financial support from the PEFSAD program (financial assistance program for domestic-help services) requires that the enterprise be accredited. To avoid competition among organizations receiving this support, only one enterprise may be accredited per territory. The territory corresponds more or less to an MRC, or to a CLSC (community services centre). Once this territory has been determined, the ministère de la santé et des services sociaux (minister of health and social services) offers, through PEFSAD, a supplement of \$2 per hour (called "prime de ruralité") to home-aid enterprises to cover travel expenses and the time required to serve clients in rural areas. This was part of the plan when EÉSADs were set up, so that people would have access to their services no matter where they lived. The representatives of one co-op who participated in the discussion mentioned a system of balancing out the monetary cost, whereby the provision of services to wealthier people, or to those who live in a municipality with a larger population, compensates for what it costs the co-op to travel to distant areas. Hourly rates vary according to income and population density. This mechanism is an admirable way for the co-op to offer the same services in all parts of its territory, and also improves accessibility. However, the relation of EÉSADs to their territory may well have changed since this research was completed, as the system of CLSCs has been overhauled since 2004. After considerable amalgamation, the CLSCs have been integrated into new structures, the Centres locaux de services de santé.

*Accessibility.* The solidarity co-operatives studied here greatly improved accessibility to existing or new products for their user-members. Before the co-op L'Églantier was established in St-Pascal, for example, people in the area who wanted natural foods had to organize buyers' groups, with all the difficulties that one can imagine in ordering, payments, and distribution. Since it was founded, the co-op has not only fulfilled these buying needs but, through its courses and information sessions, it has contributed to making many people more conscious of the advantages of healthy food. The fact that this co-op is thinking of opening another store in a neighbouring municipality with more than five times the population shows how great the demand is in this area. In another example, as shown in more detail in the conclusion, the promoters of the co-op La Corvée in Saint-Camille showed great foresight. Many residents had to travel to get access to an

alternative-medicine practitioner, and with an ageing population, travel was becoming more and more difficult. The community decided to reverse the situation: Now the village receives practitioners in osteopathy, orthotherapy, acupuncture, and massage therapy, among other disciplines. The dynamic milieu and the natural beauty of this rustic village bring increasing numbers of residents from urban settings who come to consult these professionals at Saint-Camille.

The only barrier to accessibility, in certain co-ops, is the cost and conditions of membership for worker-members. For example, in the case of Adstock, requiring \$1,000 from seasonal workers who receive a relatively low salary is an impediment to membership, as seen by the fact that there is only one worker-member. This extremely low worker-membership also has a direct effect on the degree of democracy, as the pool of members available to be on the board of directors and to take part in other democratic activities is exceedingly limited.

*Employability.* The contribution of co-operatives to this dimension may be less obvious – working conditions cannot be considered apart from the real economic situation in the area or in the sector of activity – but they are still present. The case of home-services co-ops, including the Domaine-du-Roy co-op, is revealing. Since the PEFSAD support program was set up, these organizations have helped thousands of people return to work. The great majority of returning employees are single mothers. These organizations have taken advantage of provisions to support employability, but this is not all. By training people and improving their proficiency, they have often made it possible for these people to develop not only technical skills, but also interpersonal ones. This is particularly important in view of these people's previous isolation. Also, for people who have been working unofficially, entry into the official work force means that they are covered by public norms concerning working conditions, health and safety, and employment insurance. Some home-service co-ops also wish to improve social benefits such as vacation, insurance, and retirement funds, for example.

The representatives of one co-operative who took part in the discussions emphasized that, as the third largest employer in its territory, the co-op also influences other enterprises in the area. It is recognized as an exemplary employer. And perhaps because of the considerable increase in employment in these home-services organizations, labour unions have appeared in the area in the past three years.

Generally, the creation of co-ops like Adstock has helped to save jobs and to create new ones.

However, this research did not allow us to study in detail the organization of work, an important component of employability that also affects the degree of democracy.

*Degree of democracy.* With one exception – La Corvée<sup>21</sup> – the organizations we studied and those that participated in the discussion group are not exceptional regarding their degree of democracy. For example, one co-op has not innovated in the type of democracy it practises (the good old formula of representative democracy); another has a very homogeneous board of directors with little concern for representing the diversity of its members; another leaves practically no place in its deliberations for the lone worker-member present. So these organizations are far from practising a deliberative-democracy approach, which is based on deliberation in order to produce enlightened and socially validated choices.<sup>22</sup>

The relative novelty of the solidarity co-op model in the co-operative landscape in Quebec, the lack of training in complex governance (for both managers and elected directors – How can one easily reconcile opposed interests?),<sup>23</sup> and the influence of traditional cultural models all help to explain this fact. The new legal provisions allowing two categories of members may possibly facilitate the management of diversity, but people still have to learn to deal with this kind of governance. Not everyone has the ability to handle tense situations so that they have a creative rather than destructive effect. As Alix Margado writes of multi-stakeholder co-ops, “Different types of membership require democratic and dynamic management, based on acceptance of mutual questioning and on confidence in each other.”<sup>24</sup>

The representatives of a home-services co-op who took part in the discussion group mentioned an original and dynamic approach to their annual general meeting. The directors of this co-op, which covers a large territory made up of many small municipalities, hold the meeting in a different place each year in order to facilitate access to as many members as possible. This is important for them because the majority of members are older people, some of whom are losing their independence. The meeting is always preceded by a social activity, such as a show, as well as a meal in common. According to the directors, this helps to bring members closer together and to develop a sense of solidarity.

*Connectedness.* Results are extremely positive, both before and after the creation of a solidarity co-operative. Setting up this type of co-op requires the mobilization of a variety of stakeholders, and as it develops, networks

are formed among individuals as well as organizations. In addition, as it functions, the co-op facilitates communication among the various categories of members. Support members often come to the table with a well-established network of individuals, groups, and organizations. And people who direct or co-ordinate solidarity co-ops are often involved in many milieux: boards of directors, roundtables, consultative committees, and others.<sup>25</sup>

### Conclusion – and a Vision for the Future

It is too soon to make definitive judgments about the impact of solidarity co-operatives on social cohesion. The oldest ones are only fifteen years old. We are still in what might be called an experimental phase. This being the case, what conclusions can we draw from the work done in this research project?

There is no doubt of the potential for positive effects. Solidarity co-operatives fit with the new territorial reality and contribute significantly to improving access to products and services for people who would have limited access or none at all. In cases such as Saint-Tharcisius, the co-op plays an essential role in the survival of the community. Given that the relation to work has long been the weak point of user co-ops, we note that solidarity co-ops can also make a positive contribution in the area of employability. In addition, these co-ops multiply social ties in the milieux where they are present. This networking occurs among the different categories of members within the co-op, and with other organizations in the area.

On the other hand, for various reasons, these co-ops have not introduced and maintained new forms of democratic practices. Managing diversity requires much effort, and there are few educational resources available for training. This challenge in governance applies to managers as well as to elected directors. One director of a co-op, for example, felt uncomfortable that two worker-members who serve on the board of directors were appointed to her evaluation committee. She feared that there could be a strong temptation for these people to use the evaluation to gain advantages.

Despite these reservations, the solidarity co-operative form has great possibilities. There are few other cases where users and workers together construct supply and demand in contexts that consider both business logic and social effects. The example of Italian co-ops illustrates the potential of this organizational model, not to mention its great capacity for inspiring free contributions in the form of gifts and volunteer work (also known as hybridization of market and nonmarket resources).

Since the solidarity co-op has become the most popular form for new co-operatives in Quebec, research should continue for a better understanding of its contributions, its strengths, and its weaknesses. Recent publications hold out the hope of new tools to improve our appreciation of these organizations.<sup>26</sup>

### The Remarkable Case of La Corvée<sup>27</sup>

Saint-Camille is a small town in the Canton-de-l'Est region, about forty minutes from the city of Sherbrooke. Like many towns in Quebec, Saint-Camille had its heyday around the 1910s. Agricultural production was flourishing, a new generation was coming along; Saint-Camille had a population of a little more than a thousand. Later, because of factors such as urbanization, the town suffered a slow but inexorable demographic decline. For young people, the future was no longer in Saint-Camille. In the mid-1980s, town leaders decided to get together to stop this depopulation. With about 450 residents, it was indeed urgent; the town was in danger of disappearing from the map.

Townpeople created an organization called Le Groupe du Coin, whose mandate was to support projects to revitalize the milieu. Each promoter subscribed \$1,000 to set up a fund to provide start-up capital for local initiatives. The first project was to save the old general store. With the accumulated capital, promoters laid out the money to buy the building. Two years later, the building was transformed into a cultural centre. As this project gradually covers its expenses, it can itself become the owner of infrastructures. Le Groupe du Coin can thus recover its initial investment and keep it for another strategic outlay of funds.

In the late 1990s, the group developed another project. As in many other places, the decline in churchgoers makes it difficult, if not impossible, for the Catholic Church in Quebec to maintain all its churches, presbyteries, and other buildings. The presbytery of the local church in Saint-Camille was thus put up for sale, since there was no longer a priest residing there on a permanent basis. Le Groupe du Coin, aware of the need for housing for older people, saw the opportunity to convert the premises into a seniors' complex. The group chose to develop it as a solidarity co-op, but financial constraints forced it to create, in addition, a housing co-op (a legal entity that has the status of a consumer co-op), whose sole purpose is housing. To meet local needs, two additions were made to the presbytery, making a total of nine units, which gave priority to Saint-Camille seniors who could no longer live in their own homes. The solidarity co-op, commonly referred

to as La Corvée, really began its work in 2000. The organization was given two important mandates that reflected local needs: to allow alternative-medicine professionals to practise in Saint-Camille, and to offer a program of activities aimed mainly at seniors.

Fulfilling the first of these two mandates, the co-op brought in an osteopath, an ortho-therapist, an acupuncturist, a psychotherapist, a nurse specializing in foot care, and a beautician. These services are not covered by government health insurance but must be paid for by users or by a personal insurance policy. These services are also not provided five days a week, but depend on demand and on the availability of the professionals, who in many cases are there only one morning or afternoon each week.

The program of activities consisted of a variety of offerings, including physical-activity-relaxation, group games, and discussions on various subjects. The activity-relaxation program was designed for groups of ten or more, usually retired, people.

Saint-Camille also developed another project, which aimed to attract new residents to the town. It is really a two-part project: the development of hobby farms and a housing development. A doctor showed interest in the hobby-farm project. The hope was that if she settled near Saint-Camille, it would be likely that she would join La Corvée and practise there.

This co-op's activities have earned considerable recognition. In 2002, it received the Prix Ruralité from Agriculture and Agri-Food Canada, which honours the development of rural resources for local and regional communities. In 2004, the Association de santé publique du Québec awarded La Corvée the prize for excellence and innovation in health promotion, which recognized its contribution in creating an exceptional quality of life for seniors in the community, located in the MRC (regional county municipality) of Asbestos. The press release issued with the announcement of this prize described the co-op's exemplary contribution:

La Corvée has succeeded brilliantly in mobilizing the community to face two major challenges: ageing of the population and the decline of rural communities. The "accompagnement de vie" project is an innovative concept aimed at preventing certain effects of ageing such as the loss of independence. These home services are offered to seniors at times of crisis; they promote self-management and support their caregivers. La Corvée believes that providing good, timely support in crises promotes a more satisfying state of health.

La Corvée emphasized the well-being of seniors and of the population in general, helping to keep people in their own surroundings by providing alternative care and services for prevention, education, and activities. For example, individuals were provided with a health record combined with a memorandum focused on the prevention of illness. Local young people produced a newspaper that was much appreciated by the community. And residents also published a collection of seniors' life stories, including information about local history.

La Corvée's approach was humanist, respectful, participative, and educational, based on the philosophy that learning new things is possible at all ages. It was also anchored in the community, with different stakeholders working together and sharing responsibility for co-op projects.

In all aspects, this project allowed seniors to enter a new stage of life without the risk of being uprooted, enabling them to maintain their independence while remaining in familiar surroundings. The initiative called on the human, technical, financial, and social strengths of the community. It was an excellent model for rural communities, providing inspiration for those who wish to create an environment that favours health in its broadest sense. Its unfortunate demise in the fall of 2008 due to financial difficulties does not diminish the example it set for future endeavours.

#### NOTES

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- 1 Hans Münkner, "Multi-Stakeholder Co-operatives and Their Legal Framework," in *Trends and Challenges for Co-operatives and Social Enterprises in Developed and Transition Countries*, ed. Carlo Borzaga and Roger Spear (Trento: Edizioni 31, 2004), 49-81.
- 2 Jean-Pierre Girard, with the collaboration of Suzi Brière, "Une identité à affirmer, un espace à occuper: Aperçu historique du mouvement coopératif au Canada-Français" (Montreal: Chaire de coopération Guy-Bernier, Université du Québec à Montréal, and Sherbrooke: Institut de recherche et d'enseignement pour les coopératives de l'Université de Sherbrooke, 1999).
- 3 In 2005, there were more than seven thousand co-ops of this kind. They may include several categories of members: users, volunteers, supporting members, regular members, temporary workers, and so forth. These co-ops are of two kinds: The first deals mainly with social and health problems – for example, a house for terminal-phase AIDS patients; the second includes enterprises that offer job opportunities to

excluded people such as the long-term unemployed, or those convicted of minor offenses who can work off part of their sentences in these protected workplaces. See Jean-Pierre Girard, Enzo Pezzini, and Isabelle Mailloux, "Les coopératives sociales italiennes: Description et éléments de réflexion sur le contexte québécois" (Working Paper 011-110, Chaire de coopération Guy-Bernier, Université du Québec à Montréal, in collaboration with the Corporation de développement économique communautaire Centre-Nord, 2000).

- 4 In Europe, people generally use the term "association."
- 5 Particularly in the City of Montreal.
- 6 These are third-sector organizations working in the areas of health and social services. Nearly sixty such organizations in Quebec, along with other health establishments such as hospital centres and housing and long-term care centres, have been integrated into new structures called *centres de santé et de services sociaux*. In 2011, there were ninety-four of these organizations in Quebec.
- 7 This event included representatives of government, business, labour unions, and community and co-op organizations. The summit was preceded by the work of specialized groups, including one on the social economy.
- 8 In Quebec these institutions are called *centres d'hébergement et de soins de longue durée* (CHSLDs) – "long-term housing and care centres".
- 9 A nonprofit co-operative must agree to include in its statutes a provision that surpluses will be reinvested in the co-op, not returned to the members in the form of dividends. Thanks to these provisions, from the point of view of the Ministry of Revenue, the co-op can be tax-exempt.
- 10 Government of Quebec, *Loi sur les coopératives*, L.R.Q. chapitre C-67.2. *Lois refondues du Québec*, 1999.
- 11 The price of a common share is \$10. No interest is paid on these shares, and their value does not increase. The board of directors may, if regulations allow, issue preferred shares. The board then determines the characteristics of these shares – that is, their price, the rate of interest if applicable, conditions of redemption, and so forth. Neither common shares nor preferred shares carry any voting rights.
- 12 See the Parc Aventure Cap Jaseux website, <http://www.capjaseux.com/-Who-we-are-.html>.
- 13 See Coopérative de solidarité en alimentation saine l'Eglantier du Kamouraska, <http://www.coopeglantier.com>.
- 14 Jean-Philippe Thibault, "Un bon bilan pour le dépanneur de Saint-Tharcisius," *L'Avant-Poste*, 29 June 2012, <http://www.lavantposte.ca/2012/06/29/un-bon-bilan-pour-le-depanneur-de-saint-tharcisius>; and Canada, Province of Quebec, MRC de la Matapédia, "À la séance ordinaire du Conseil de la MRC de La Matapédia tenue le 9 mars 2011," <http://www.mrcmatapedia.qc.ca>.
- 15 This is explained largely by the situation of personal services co-ops, now called home-services co-ops. It has been shown that the profitability of these organizations has declined considerably in recent years, largely because of reductions in various subsidies.
- 16 This was a cross-Canada research study conducted over the period of 2002 to 2009 by a team of more than fifteen academics, representing seven disciplines, at nine

universities. It was funded by the Social Sciences and Humanities Research Council of Canada; by contributions in cash and in kind from the universities, led by the University of Saskatchewan; and by contributions and co-operation from more than twenty community-based partner organizations.

- 17 This work led to various publications in the form of case studies. The overall report was published in 2003. See, for example, Marie-Claire Malo, Benoît Lévesque, Omer Chouinard, Pierre-Marcel Desjardins, and Éric Forgues, "Coopératives financières, cohésion sociale et nouveau territoire local à l'ère de la mondialisation" (Cahier ETO 108, Cahiers du CRISES, collection Études théoriques, Montreal and Moncton, Centre de recherche sur les innovations sociales [CRISES], Université du Québec à Montréal, and the Chaire des caisses populaires acadiennes d'études cooperatives, l'Université de Moncton, 2001).
- 18 Benoît Lévesque, Patrick de Bortoli, and Jean-Pierre Girard, "Social Cohesion and Deliberative Democracy: A Challenge for Co-operatives in Building the Common Good," in *Co-operative Membership and Globalization: New Directions in Research and Practice*, ed. Brett Fairbairn and Nora Russell (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004), 51-62.
- 19 While the case of Mondragon in the Basque country is specifically concerned with worker co-ops, multi-stakeholder co-ops in financial services and consumer services (under the Eroski name) are important components of this extraordinary co-operative movement. In all cases, there are at least two groups of members: workers and consumers. In some cases, as in education, an institution can include as members students (consumer-members), teachers, and support employees (worker-members), as well as co-operatives (supporting members). See Roy Morrison, *We Build the Road as We Travel – Mondragon: A Cooperative Social System* (Philadelphia: New Society Publishers, 1991).
- 20 The close collaboration of the co-ordinators or directors of these co-operatives was much appreciated.
- 21 In this case, the directors of the co-op have considerable experience in similar organizations.
- 22 Benoit Lévesque, Patrick de Bortoli, and Jean-Pierre Girard, "Social Cohesion and Deliberative Democracy."
- 23 The role of regional development co-operatives (RDCs) is of course most useful for setting up these organizations. However, because the development of RDCs is based mainly on jobs created or maintained, they tend to withdraw once the new co-op has begun its activities.
- 24 Alix Margado, "SCIC, Société coopérative d'intérêt collectif," *RECMA: Revue internationale de l'économie sociale* 284 (2002): 19-30.
- 25 It is symptomatic of increasing institutionalization in the milieu that people directing home-services co-operatives spend a large part of their time serving on committees and other bodies in the health and social-services field.
- 26 Marie Bouchard, ed., *The Worth of the Social Economy: An International Perspective* (Brussels: Peter Lang, 2009).
- 27 Regrettably, La Corvée was forced to suspend operations in the autumn of 2008 due to financial difficulties.

## 9

## "To See Our Communities Come Alive Again with Pride" (Re)Inventing Co-operatives for First Nations' Needs

LOU HAMMOND KETILSON

*When we first walked into Montreal Lake, a jar of Cheez Whiz was \$14.00 ... People in the community never know if there will be gasoline at the pump when they go to fill up ... There are no jobs for our people at the local store ... We want to see a community co-op in each of the seventy-five First Nations in Saskatchewan. We want to see stores run by the local community, hiring and training band members. We want to see our people supporting their own community businesses, spending wages earned in their community, in their community. We want to see our communities come alive again with pride, having culture days and teaching our young people about their traditions. We can do this if we run our own businesses ... We can do this if we start a co-op.*

– Ernie and Jesse Morin, members of  
Waterhen Lake First Nation

The development of new co-operatives in First Nations communities in Canada promises to change not only community economies but the idea of co-operation itself. New models, new initiatives, and new approaches by First Nations people offer insights into the dynamics and the future of social enterprise.

Currently, there are 123 co-operatives in Canada owned and operated by First Nations, Métis, and Inuit communities.<sup>1</sup> These co-operatives are as diverse in their character as those in the general population, serving rural, remote, and urban populations. The greatest number of Aboriginal co-operatives is found in the retail sector, with increasing strength in housing and the fishery. Potential also exists in the financial services and natural resources sectors. Social co-operatives (health care, child care, medical care) have potential value, too, but are not present in large numbers.

As in every situation where co-ops are found, these organizations have developed as a result of needs not met, or needs met in an unsatisfactory manner, by existing organizations. And whether the need is for decent housing or more affordable and traditional food sources, or to keep large influxes of seasonal wages in the community, or to access credit and loans using Aboriginal lending criteria and rules, these co-operatives play central roles in creating sustainable communities.

Co-operative models of social and economic development are not as common in Aboriginal communities in southern Canada as they are in the Arctic: More than half of the Aboriginal co-operatives are in the Northwest Territories, Nunavut, and Nunavik. They had their beginnings during the late 1950s and expanded rapidly during the 1960s and 1970s. Across Canada's North, co-operatives form the foundation for almost every community; an earlier chapter in this book, "*Nuna Is My Body*," details their phenomenal success in the region.

Many exciting examples in housing, finance, and retail can also be found in southern, urban communities. However, within rural and remote First Nations communities, co-operatives are rare. Where examples exist, we find they are breaking new ground in a number of areas, including the development of novel governance models to bridge the gap between contemporary First Nations life and existing co-operative governance models, in order to redress an imbalance of power linked to property ownership and privilege.

### Current Conditions

While conditions have improved in many communities, the state of social and economic development within Aboriginal communities and nations is far from satisfactory. A study of the Aboriginal economic gap in Saskatchewan<sup>2</sup> demonstrates that, compared to the non-Aboriginal community, Aboriginal people experience higher poverty rates, lower education levels, and chronic unemployment. The 2000 study shows that average Aboriginal personal income was 56 percent of average non-Aboriginal personal income.

While 2006 Statistics Canada data reflected an improvement to 60 percent in Saskatchewan and 66 percent Canada-wide, however, this still leaves a tremendous income gap when the data are compared with those for non-Aboriginal Canadians. The 2000 study identified that 60.4 percent of the Saskatchewan Aboriginal population aged fifteen and older had not completed high school, and that the Aboriginal community as a whole had an estimated unemployment rate of 53 percent. By 2006 these numbers had improved, with a decline to 49 percent of the Saskatchewan Aboriginal population aged fifteen and older not completing high school, compared to 43.6 percent Canada-wide. In addition, the employment rate had improved to 65.8 percent.<sup>3</sup> In the same year, a study published by Eric Howe<sup>4</sup> estimated that

an Aboriginal male who drops out without receiving a high school diploma is reducing his lifetime income (on average) by over a half million dollars. An Aboriginal female who drops out without receiving a high school diploma earns a lifetime income which is less than ninety thousand dollars; however, by completing high school and going on to college she will earn more than a million dollars more.

Painter, Lendsay, and Howe predicted that the income disparity and unemployment rates would continue to grow, depriving both Aboriginal and non-Aboriginal communities of economic potential and GDP, not to mention the significant associated social costs that such figures invariably imply. The 2006 statistics show modest improvement but demonstrate the need for continued policy attention.

In this vein, a national study conducted by Indian and Northern Affairs Canada<sup>5</sup> highlighted many of the economic and social problems confronting people living on-reserve. Figures from 2006 indicate that while the percentage of people fifteen years of age and older with no schooling or with kindergarten only is dropping, it still stands at 5 percent; and more than 29 percent of the population over fifteen has less than a ninth-grade education, more than double the national average. The percentage of the population on reserves with a university education, while increasing, is not rising faster than that of the general population.<sup>6</sup>

In 2006, the male labour-force participation rate was 70.9 percent, a significant improvement over previous years, but still 3 percent behind the national average. The low participation rate among young people is particularly troubling: it stands at only 56.9 percent, 10 percent below the national average.<sup>7</sup>

Unemployment among Aboriginal people in Manitoba and Saskatchewan is more than three times that of the general population; rates are a little better in the East, though still more than double that of the rest of the population.<sup>8</sup> Self-employment is only 2.4 percent, significantly below the 9.8 percent to be found in comparable communities and less than half the national average.<sup>9</sup> The *Report of the Royal Commission on Aboriginal Peoples* identified the need for more than three hundred thousand new jobs for Aboriginal peoples by the year 2016.<sup>10</sup> The report of the Senate Committee on Aboriginal Peoples reinforced the urgency of job creation through Aboriginal economic development.<sup>11</sup>

The impacts of globalization have not missed Aboriginal communities in Canada. Layoffs in resource-based industries such as mining, logging, and pulp and paper have all had additional impact where employment is often seasonal and unemployment rates high to begin with. Communities struggling to heal from the ravages of residential school legacies are perhaps more vulnerable to the breakdown of community that often accompanies massive layoffs.

Where there is the possibility of jobs through new developments in resource extraction, First Nations communities do not always benefit as they should. Accessing additional training and postsecondary education often means travelling a long distance from home. For those who leave their communities to acquire the skills needed, the loss of their community support network makes success in urban centres difficult. Unfortunately, without strong government policies in place to encourage "northern hires," private companies have little motivation to recruit and train locals, often finding it simpler and less costly to bring skilled labour in from other locations.

There are some areas in which globalization has perhaps had a modest positive impact on First Nations communities. Since the mid-1960s, programming and service delivery have increasingly been left to the control of local band councils. While the transition has been easier in some First Nations communities than in others, overall the benefit has been felt in greater autonomy, with more decision making determined by local needs. On the negative side, program costs and community demands, in particular in the important area of housing, have not kept pace with federal transfers.

### Lessons from Experience

Previous research<sup>12</sup> has demonstrated the great potential for co-operatives to address the issues and challenges faced by Aboriginal communities. Co-operatives have been found to have a significant and positive impact

on community in building and strengthening three areas: physical infrastructure, personal infrastructure, and social infrastructure.

*Physical infrastructure.* Co-operatives contribute to the development of the physical infrastructure – roads, telecommunications, services – of a community through the construction of facilities and the provision of services inadequately or not currently provided by government or the private sector. In Arctic communities, multipurpose co-operatives have built retail outlets, hotels, and housing units; provide postal, cable, and Internet service; operate the school bus and airport facilities; and market local art and destination tourism. Co-operatives in the Arctic provide more full-time jobs – 12 on average compared to 2.6 in an average Aboriginal business – generate as high as 55 percent of total employment in a given community, and pay higher salaries than the average in the Canadian retail sector.<sup>13</sup>

While it is more often in remote and rural communities that co-operatives play a major role in adding to and improving the physical infrastructure available to community residents, examples can also be found in large urban settings where market forces fail to meet the needs of marginalized communities. For instance, Native Inter-Tribal Housing Co-operative and First Nations Housing Co-operative in London, Ontario, vigorously addressed the need for the Aboriginal community to have input into and improved control over the quality of housing available to it within the city. The Kahnawake First Nation near Montreal offers another example. The community had not been well served by the traditional banks, which often had little or no awareness of Aboriginal laws and culture and had been reluctant to do business in the community. The lending rules established by Caisse Populaire Kahnawake recognized the cultural realities of the First Nation, thereby providing a mechanism to support personal and business loans, and assist with economic development in the community.<sup>14</sup>

*Personal infrastructure.* The development of individual leadership within a community has been demonstrated to be one of three aspects critical for the development and maintenance of vibrant and entrepreneurial communities. Education, training, and leadership development are central to the principles of every co-operative, and examples within the Aboriginal co-operatives support the fact that leadership development plays a critical role in the success of the organizations.

In addition to receiving training on the role and responsibility of a board member, members of the Native Inter-Tribal Housing and First Nations Housing co-operatives have gained life skills from their involvement with the co-op's various committees. Caisse Populaire Kahnawake has invested



considerable effort in training its employees, with the assistance of the Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec. Most of the employees had never worked in a financial institution before, so the caisse offered them complete on-the-job training. And by participating in the governance of the Arctic co-operatives, the Inuit have gained essential leadership skills and honed their knowledge of the democratic process. The majority of today's elected officials in the government of Nunavut have held managerial or elected positions in their community co-ops.

*Social infrastructure.* A third essential component that enables communities to exhibit entrepreneurial characteristics is social capital, the key ingredient that ties together the physical and the human, allowing the community to develop. Unlike other forms of capital, social capital is not a single entity, but a variety of capital types, with elements in common. Community members develop social capital only through co-operation and mutual aid, a fact commented upon in more detail in the introduction to this book and well illustrated in the chapter titled "Rebuilding 'Home' in a Transient World" by Diamantopoulos and Sousa.

Co-operatives enhance the opportunities for the development of social capital within Aboriginal communities. For example, by working through Arctic Co-operatives Limited, remote communities have not only accessed a broad network of suppliers for products and services but have also absorbed new ideas, training programs, and managerial expertise that was not easily available in the North. Membership in Arctic Co-operatives Limited means membership in the Canadian Co-operative Association,<sup>15</sup> and representation within the International Co-operative Alliance – and thereby access to ideas from across the world. On a local level, Arctic Co-operatives Limited, in addition to the employment it has provided, has markedly increased the capacity of people to understand effective business practice, to assess economic activities, to reach consensus on complex issues, and to contribute to community economic and social development.<sup>16</sup>

Caisse Populaire Kahnawake has contributed to the development of social infrastructure by providing a mechanism to contain and recirculate financial resources within the community. With the support of the Desjardins federation, management training and technical support are made available, enhancing the ability of the community to access additional resources to further economic and social development.<sup>17</sup>

In every co-operative studied for the 2001 *Report on Aboriginal Co-operatives in Canada*,<sup>18</sup> there are examples of how the organizations provided

a means for advancing Aboriginal traditions, whether it was offering a chance for employment in traditional pursuits, or emphasizing traditional foods, language, or cultural practices. All have strengthened social relationships, thereby contributing to the development of social capital.

The findings of the 2001 study were primarily positive, but there were two areas identified as problematic: governance, and community support and participation. These two areas are particularly relevant given the challenges faced by the First Nations Wholesale Co-operative, described in greater detail at the end of the chapter.

### **Governance**

The case studies revealed that members generally (and sometimes elected officials) have a mixed level of understanding of the philosophy and values underlying co-operatives. For instance, Apaqtukewaq Fisheries Co-operative on Cape Breton Island, Nova Scotia, gave examples of band leadership interfering in the decisions of the co-operative. In the Arctic, in contrast, one of the guiding principles of the co-operative movement is co-op management by the Inuit themselves, in the form of both elected officials and paid staff. The Inuit have had great success in achieving these goals on their boards and among middle management, but so far not at the senior management levels.

More importantly, however, the case studies raise the more complex issue of the relationship between elected band councils and elected co-operative boards, flagging the potential difficulties Aboriginal co-operatives might encounter as they seek to fulfill appropriate roles in relation to other First Nations and Aboriginal organizations in the community.

### **Community Support and Participation**

One of the most difficult challenges for any co-operative is to encourage and maintain active participation by the membership. The people interviewed for the case studies cited a lack of member understanding of how co-operatives function and the kinds of benefits they can provide. Generally, however, members of the co-operatives examined in the case studies patronized their co-operatives well, but they demonstrated limited enthusiasm for participating in the democratic process.

Among the more recently established co-operatives, the greatest challenge was communicating with the larger community and expanding the membership to provide necessary funds for development. Stimulating participation was particularly problematic within communities where co-op

membership came as a result of band membership. Possible explanations for this phenomenon are discussed in the closing section of the chapter.

Overall, despite these challenges, co-operatives have demonstrated their ability to support the development of a local labour force and to provide on-the-job training and other opportunities for personal and professional development. Decision making led by the local community means that choices made support job creation and reinvestment in the community. The current role and contributions of co-operatives are demonstrably strong. But why is their presence not felt more strongly in southern First Nations communities?

### Impediments to the Development of Co-operatives in Aboriginal Communities

At various times since the 1940s, federal and provincial governments have encouraged the development of co-operatives among Aboriginal peoples, particularly in the Arctic and the northern Prairies. As previously discussed, co-operative development flourished in the Canadian North but was never widespread across the south.

While it is difficult to pinpoint precisely the reasons for the low numbers, in the south in particular but also overall, part of the explanation is due to broader government policy frameworks and priorities, such as regional economic development initiatives. There are several general barriers<sup>19</sup> unique to Aboriginal economies that hamper enterprise development; these apply equally to co-operative enterprise development.

The complicated and cumbersome regulatory environment under the *Indian Act* restricts the economic and entrepreneurial environment, particularly on-reserve. Regulations are ambiguous and complicated; rules on ownership and autonomy, and the complex mix of individual band by-laws and standards act to discourage investment and entrepreneurial initiative. Land ownership structure also acts as a barrier to First Nations accessing private capital. Because they live on Crown land and do not own private property as collateral, First Nations cannot access financing from financial institutions or banks. This often means resorting to government sources, which, it has been suggested, perpetuates dependency and can hamper initiative.

The *Indian Act* has had profound effects on the chief and council structure of First Nations communities. In the early years, the government imposed foreign governance structures, severely limited the scope of First Nations governance, made the band council accountable to the government,

and began the process of removing the control of membership from First Nations communities and putting it in the hands of government officials. Since the mid-1960s, First Nations councils increased their scope of powers. However, the authority base of band councils continued to reside with the government.

For a few First Nations communities, the Liberal government's Inherent Right Policy enabled a greater degree of First Nations control over their own affairs. Unfortunately, self-government exists in only a handful of First Nations.

The instability and insecurity of outstanding land claims and self-government negotiations consume community resources and priorities, leaving few human or financial resources to dedicate to economic and social development. Many communities are dealing with pressing health and social needs, or laying the foundation for governance structures before embarking on economic development. Ongoing jurisdictional debates hamper the ability of different levels of government and Aboriginal polities to work together effectively. Further, uncertainty over rights and unsettled claims acts as a barrier to commercial development, particularly in the resource sectors such as forestry and the fishery.

Aboriginal groups have limited access to capital and start-up funding. Some have greater access to resources than others, since most federal programs apply to status Indian and Inuit people but not to Métis. For historical reasons, First Nations tend to rely more on federal programs under Indian and Northern Affairs Canada and Industry Canada. Generally, Aboriginal entrepreneurs are not using provincial economic-development and business-development programming for which they are eligible as provincial citizens. Most provinces do not have outreach programs, partly for jurisdictional reasons and partly due to lack of resources. As a result, there appears to be uneven support for Aboriginal co-operative development across the country. While some provinces seem to have made this type of development a priority, others appear to have not.

Placing the responsibility for co-operative development on government shapes the mandate and function of those responsible. In most provinces and territories, the co-operative function is housed in an administrative or central service ministry – such as finance, corporate services, or justice – and this serves primarily an administrative role. In such cases, the co-operative unit is responsible for applying regulatory requirements and documenting applications. The provinces and territories do, of course, share

information on co-operative development, but with a lack of resources and limited functional mandate for development activities, they operate on a passive, on-request basis.

In the few provinces and territories where the co-operative unit is housed in a programming ministry – such as economic development, the community development and volunteer sector, or industry and trade – policy and program approaches are more proactive and dynamic. The role and mandate of these branches is active information and programming support for co-operative development. In these provinces, the co-op model is included among other options for business and entrepreneurship. The co-operative function in territorial governments faces many of the same issues and challenges as that of provincial governments, yet co-operatives have a strong presence in the North and a unique and long history of helping to serve the most remote and disparate populations in the country.

From the perspective of many working in government, co-operatives are viewed as the middle option, between band-run business and private enterprise. Co-operatives are considered to have served remote and isolated communities well, sharing scarce resources, creating employment, sharing cash dividends, and helping each other. Overall, however, there is a general lack of awareness and understanding of the co-operative model, both within and outside of government. What is a co-operative, how does it work, how does it differ from other businesses, and what kind of commitment is involved?

Finally, Aboriginal development corporations play a central role in controlling decisions over Aboriginal community development. These corporations have been supported as primary mechanisms to dispense and manage federal transfers and settlements of land claims and self-government negotiations. As nonprofit development agencies, they are very active in supporting new Aboriginal business and economic ventures, such as quarries and fisheries in Labrador or tourism in Yukon Territory. They decide what types of investments and business models to pursue and tend to prefer a collective approach over individual initiative. The co-operative model, however, has not been promoted. The development corporations play a crucial role in the potential development of co-operative enterprises, but their views regarding the appropriateness of the co-operative model are currently not well known. By and large, however, the co-op model is not being put forward as an option for Aboriginal economic development or on-reserve initiatives. Typically, co-operative units do not deal directly with Aboriginal communities, and Aboriginal policy units are not familiar with the co-operative model.

### The Impact of Colonialism

The stark contrast in the development of co-operatives between northern and southern communities requires closer examination. One might speculate that a partial, but significant, explanation has to do with historical context. Most Inuit communities grew out of intentional government policy in the late 1950s, designed to bring families into a permanent settlement in order to access health and educational services. When the northern co-ops were developed, the potential co-op members were still very closely tied to their traditional ways of living. Informal co-operation and sharing were integral to survival in an unforgiving northern landscape. The transition to a more formal form of co-operation was not difficult. In the words of Bill Lyall, current president of Arctic Co-operatives Limited, "Our traditional way of life was often the basis of starting our co-operatives. Arts and craft production, fur harvesting, and commercial fisheries are examples of the traditional activities that were the basis of the early co-operatives."<sup>20</sup>

The same conditions were not found, and are not to be found today, in Indigenous communities in the south, largely due to the impact of government policy, which was designed to assimilate First Nations peoples into mainstream settler life. One long-term impact of the policies contained within the *Indian Act* was the creation of a chief and council structure that, in governance terms, essentially competes with the elected-board structure of co-operative organizations.

Co-operatives have to fit with community structures and thinking. Southern First Nations show a diversity of community circumstances; co-operatives simply cannot address all circumstances. The political-economic structures imposed and negotiated as part of colonialism pose specific barriers. The following section<sup>21</sup> examines in greater detail the policy history that has led to one of the more pressing challenges facing developers wanting to establish co-operatives in First Nations communities today: the potential conflict between band councils and co-operative boards.

### Creation of the Band Council Structure

Before the arrival of Europeans to North America, First Nations had complex social, economic, and political systems that had been developed over thousands of years.<sup>22</sup> First Nations governments were generally decentralized and non-hierarchically organized. Governance systems typically had various political units, the most important unit often being the clan or extended family.<sup>23</sup> Decision making was usually based on consensus, and members of the community were encouraged to express their concerns and

views.<sup>24</sup> Important matters were typically discussed and decided upon at the family- or clan-unit level, after which representatives would discuss issues at the band and nation levels.<sup>25</sup> First Nations leaders would generally guide, counsel, and listen to the people of their communities. They spoke on behalf of the members of their community and did not usually "exercise authority to make unilateral decisions or to impose their will."<sup>26</sup> In most cases, formal leadership positions did not exist. Instead, leaders' authority was based on widespread community support.<sup>27</sup> Leaders lost legitimacy if they did not behave in accordance with the community's wishes. The authority base for First Nations government came from the people of the community and their willingness to participate in the governance process.

Group membership was generally determined through a community-based, self-identification process.<sup>28</sup> Frank Cassidy and Robert L. Bish explain: "Traditionally, citizenship in Indian First Nations and membership in Indian governments are synonymous. Such a status can come about in many ways. Usually, it is a birthright earned as the result of being born to a parent who was already accepted as part of a First Nation."<sup>29</sup> The concept of citizenship is important for First Nations councils in that only citizens have a right to choose their leaders, are bound by the council's decisions, and are entitled to the benefits of membership.

The Indigenous leadership styles, traditional governance and decision-making models, and processes for determining membership in place at the time of first contact stood in stark contrast to existing Eurocentric notions of representative government, elected from a membership determined by property ownership or, in the case of co-operatives, economic transaction. These inconsistencies were neither noticed nor given credence as the government of the day moved forward to implement a model that was believed to replace an "irresponsible" system of government with a "responsible" one.

Government officials believed that tribal government was the key obstacle to their enfranchisement efforts and the "progress" of First Nations people.<sup>30</sup> After Parliament was given exclusive law-making authority over "Indians, and Lands reserved for the Indians" in the *British North America Act of 1867*, the federal government introduced the *Gradual Enfranchisement Act of 1869*.<sup>31</sup> The *Gradual Enfranchisement Act* interfered with First Nations traditional systems of governance by introducing what is known as the three-year elective system.<sup>32</sup> In 1876, the federal government consolidated all laws concerning Indian peoples in the first *Indian Act*.

The imposition of the three-year elective system on First Nations communities changed the structure and scope as well as the authority base of

First Nations governments. The new structure of First Nations governments was hierarchical and centralized. Formal community involvement in the decision-making process was reduced to electing leaders for a three-year period, and leadership selection was done under the close supervision of the Indian agent. Community involvement in the decision-making process was not recognized under the *Indian Act* election provisions. And women were prohibited from participating in the political process, whereas traditionally, in many communities, women had important political roles and were involved in the decision-making process.

Under the *Indian Act*, the "band" was the basic political unit of First Nations governments; other important political units, such as the family or nation, were not recognized. The scope of First Nations government powers was drastically reduced under the *Indian Act* provisions. Furthermore, band councils did not have any means of enforcing compliance to their rules and regulations. Overall, band council election provisions and powers under the *Indian Act* disrupted traditional methods of leadership selection and decision-making processes, imposed the political unit known as the "band," and drastically reduced the scope of the councils' power, with government assuming authority over the band councils. The power to remove individuals from their position of leadership was no longer vested in the community.<sup>33</sup> In effect, chiefs and councilors became accountable to the government rather than the community.

Perhaps more importantly, the *Indian Act* attacked the ability of First Nations communities to determine who was or was not a member of their community. Through voluntary and involuntary enfranchisement, First Nations people would lose their Indian status. For instance, Indian women who married non-Indian men or an Indian who became a doctor or lawyer would be forced to give up their Indian status.

Under the provisions of the 1951 *Indian Act*, the government tightened its control over the definition of band membership and Indian status. The federal government introduced the Indian Register, which was developed to keep track of those people with Indian status. Unfortunately the process used to create the Indian Register was extremely faulty. As a result, many people who should have been on band lists were not, which ultimately stripped them and subsequent generations of their band membership and Indian status.<sup>34</sup>

From the 1960s until the late 1970s, a desire for self-government was growing in many Aboriginal communities, and Aboriginal peoples across Canada and the world began to advocate for their Indigenous rights.<sup>35</sup> By

the 1980s, First Nations peoples had become committed to having the inherent right to self-government entrenched in the constitution. This view was given momentum by the report of the Special Committee on Indian Self-Government.<sup>36</sup> Today, the Inherent Right Policy continues to form the basis of government policy, according to which First Nations governments must work within the framework of the existing constitution.

However, the authority base of band councils remains much the same as it was in 1876. The *Indian Act* rests upon the assumption that First Nations band council powers are delegated to them by the government. For many years, band members were not required to exercise control over their leaders because the band councils were accountable to the government.

Bill C-31 amendments to the *Indian Act* returned more powers to First Nations band councils, which regained control over decisions regarding membership in their communities.

Despite its limitations, however, the band council system is entrenched in First Nations communities, and it is unlikely that many band members would be open to a return to more traditional structures. And while there may be an interest in co-operative models among those attracted by the potential for increased transparency or electoral accountability, the existing mix of cultural and historical practice means that it may be difficult to convince First Nations communities to adopt yet another "white settler model."

### Co-operative Development in Non-Aboriginal Communities

As mentioned earlier in this book, registered, formally organized co-operatives were first established in Europe during the nineteenth century by people concerned about protecting their interests and improving their economic and social well-being. In the wake of European migrations worldwide, co-operative organizations were established in most of the rest of the world as well. In their very earliest stages of development in Europe, co-operatives formed as reactive solutions to the problems posed by the transformation of technology and markets.<sup>37</sup> In North America, the evolution of co-operatives was influenced by the desire to redress the balance of power between the members (as consumers or producers) and the institutions prevailing in the marketplace.<sup>38</sup>

More recent research has demonstrated the role that co-operatives have played in Canada as a mechanism for reclaiming and retaining cultural identity. Co-operatives served to secure control over economic and social conditions for French-speaking Quebecers at a time when power and control

rested in the hands of English-speaking Quebecers. Chinese immigrants to Vancouver successfully employed housing co-operatives as a means to prevent the destruction of their cultural community in the 1960s. And Japanese immigrants in British Columbia turned to fishing co-operatives to control their source of income and working conditions.<sup>39</sup>

As evidenced by the statistics quoted earlier in the chapter, there has been some uptake of the co-operative model, and it has proven successful and beneficial to First Nations, Métis, and Inuit communities. And while many of the reasons for developing co-operatives in Aboriginal communities may be similar to the historic reasons that motivated co-op development in non-Aboriginal communities, there are unique circumstances. The following section introduces a case study of a co-operative development initiative on First Nations land in Saskatchewan. In this case study, the co-op developers have encountered a variety of challenges, one of which is the necessity to modify the "traditional" co-op governance model to reflect the needs and circumstances of their community.

### Case Study Methodology

The case study was developed using original documents, in-depth interviews with key informants, and participant observation over the period November 2003 to April 2007. The author was a co-applicant on the Co-op Development Initiative funding application and served as a member of the inaugural board of the co-operative.

### Lessons from Current Research: Saskatchewan First Nations Co-operative

The driving force behind the Saskatchewan First Nations Co-operative<sup>40</sup> was a young man named Jesse Morin. Jesse is a member of Waterhen Lake First Nation, which is located near Meadow Lake. He moved to Saskatoon in search of work after being injured in a sawmill accident. Although he had relocated away from his home community, his thoughts remained focused on the needs of Waterhen Lake and other First Nations communities. He was concerned by the social and economic conditions of First Nations communities – extreme poverty rates, housing shortages, low education levels, chronic unemployment, and the pressing need for more economic activity and growth in these communities. He was angered by the private-sector models of economic development that seemed to benefit outsiders rather than the members of the reserve. He was also not convinced that the band-run model of social and economic development was the complete answer to serving the needs of his community.

He and his father, Ernest Morin, were interested in exploring alternative models that would create community-centred businesses directed by community leaders, the benefits of which would flow back into the community in the form of further business development as well as initiatives to benefit the community socially and culturally. They were adamant that such a business should operate separately from, and uninfluenced by, the uncertainties of band politics.<sup>41</sup>

Through his research, Jesse Morin came across a report on Aboriginal co-operatives in Canada. Excited by the possibilities of the co-operative model, he set out to put together a team of supporters who could assist him in achieving his vision of creating community co-operatives in every First Nations community in Saskatchewan. The group, founded by Jesse Morin, Ernest Morin, and Wayne Storozuk, a chartered accountant providing services to First Nations communities, looked at ways of building a structure that would harness the economic activity and local cash flow currently leaving First Nations communities. The group concluded that a co-operative structure like that of Arctic Co-operatives Limited, with its Aboriginal-owned member retails, provided the foundation for building an economic force and well-being in Arctic communities. They wanted to build a similar structure to serve the First Nations communities in Saskatchewan.

Ernest and Jesse Morin surveyed Saskatchewan First Nations communities and their leaders to see if there was interest in the co-operative model.<sup>42</sup> Many bands responded with enthusiasm. Six communities – Waterhen Lake, Saulteaux, Lucky Man, Buffalo River, Canoe Lake, and Pheasant Rump – signed up to participate in an application to research and develop a co-operative model that would serve as a means of addressing each community's goals and objectives. Some of the needs identified within the communities included cost savings on the purchase of supplies, such as materials for new housing construction and the renovation of existing housing stock, and the purchase of merchandise for band-operated retail and gas-bar operations. They also identified opportunities for the development of band-member-owned enterprises to provide employment in the communities (worker co-operatives) and for the co-operative marketing of goods and services produced in the communities (producer co-operatives).

With the assistance of this team, Jesse applied for funding under the federal Co-operative Development Initiative (CDI) and received one year's financing in 2004 in support of First Nations co-operative development. The purpose of the team's CDI project was to demonstrate and study innovative uses of the co-operative model in six identified First Nations communities,

with the intention of incorporating a co-operative that would ultimately contribute to the economic and social development of Saskatchewan First Nations communities.

Saskatchewan First Nations Co-operative (SFNC) was incorporated in the fall of 2005. The members' goal was to establish a wholesale co-op to provide centralized purchasing services, as well as facilitate the development of community-level co-ops. The initial focus was to be recently closed retail stores in band-built facilities that were originally operated by the band or by a non-Aboriginal person. SFNC contracted the management of the stores to First Peoples Management Group (FPMG), comprising the team of Jesse Morin, Storozuk, and several staff members. It was intended that FPMG would eventually become one of SFNC's operating divisions.

FPMG's strategy was to approach a chief to see if there was an interest in the co-operative concept, then to work with the chief and council to get the store reopened. The benefit offered initially to the community was sound retail management and the promise that any profit generated would stay in the community.

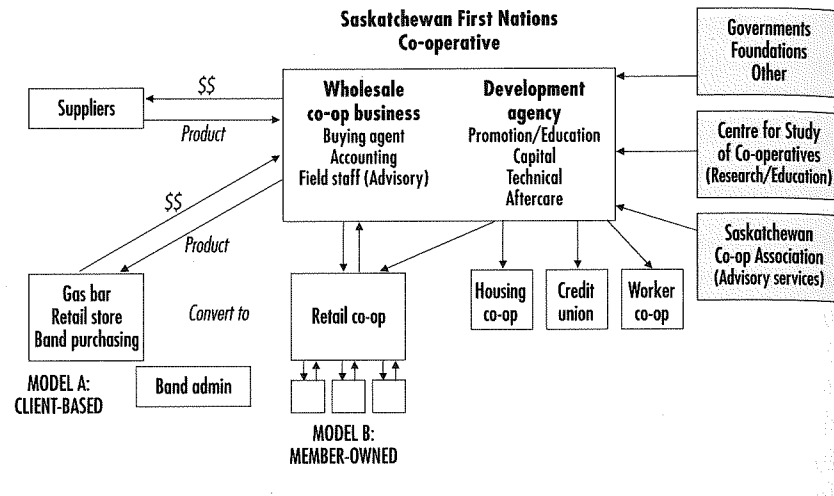
Once the plan was approved, FPMG entered into a management agreement with the band, which set out all the policies regarding spending and community reinvestment of surplus. The expectation was that once it had been demonstrated that the business could be run successfully by the management group for the benefit of the entire community (benefits included reinvestment in expanded inventory, contributions to community events, and reinvestment in other facilities within the community), the process of conversion to a co-op would begin. In return, FPMG would receive a percentage of the turnover, which would go towards FPMG staff salaries.

The management agreements with the bands set out clearly how the store would be operated, specifically with regard to who received credit and for what purposes, and directed that the profits were to be spent in the community. Out of necessity, FPMG developed a financing model that used GST refunds as a primary source of cash flow. Previously, under private-sector managers, the band would turn over that rebate to the manager as part of the incentive for keeping the store operating. FPMG was diligent about claiming this rebate as quickly as possible and used it to purchase inventory and pay retail staff salaries.

FPMG also searched for additional funds by applying to relevant government programs such as grants for retail staff training. They were not able to secure loans for inventory purchases from any financial institution or granting agency. Their goal was to eventually become a member of Federated

FIGURE 9.1

## Saskatchewan First Nations Co-operative governance model



Co-operatives Limited. They purchased inventory from local co-operative retails where possible, and other suppliers as needed, with the best available price being the primary criterion for the decision.<sup>43</sup>

At the local level, operating decisions were made by the management group with input from six members of the community chosen for their leadership position, their interest in the co-operative concept, and their support for the initiative overall. In James Smith First Nation, for example, where three bands were involved in the retail, each of the three chiefs was a member of the advisory group, along with three other leaders in the community.<sup>44</sup> The intent was to convert this six-member advisory group into the first board of directors of the community co-operative, and to hold elections in future years.

SFNC successfully operated retail stores in three communities, constantly expanding the range of stocked items and, for a time, providing full-time jobs for a number of community members. After a year or so, Jesse Morin felt that trust in the model appeared to have been established and the time was right to begin working with the communities more generally to talk about converting to a co-op.

Membership in SFNC at the time consisted of the original team members, community members from James Smith First Nation, and individuals

from Arctic Co-operatives Limited and the Centre for the Study of Co-operatives. It was intended that the membership would eventually include the First Nations community co-operatives and band representatives. In the interim, all operating revenue and expenditures were flowing through FPMG. The co-operative did not show revenue or expenses related to the operations of the retails, and was not functioning as a wholesale. It was, however, providing limited co-op development services. For SFNC to be considered for membership in Federated Co-operatives Limited – an event central to the ongoing sustainability of the co-operative – it had to demonstrate operating feasibility for at least two consecutive years. To do this, the status quo had to change.

The governance model was that of a multi-stakeholder, which recognized the centrality of the chief and council structure as well as the need to balance the influence of the band with that of the co-op members. At the local, community co-op level, membership in the band would also mean membership in the co-operative.

### Observations Regarding SFNC and Co-operative Development in First Nations Communities

The contrast between northern Inuit and southern First Nations co-operative development illustrates the importance, both in terms of enablers and impediments, of large-scale policy frameworks and also of culture. It can be argued that two primary factors distinguish co-op development in the north from that in the south: northern co-operatives were formed at a time when the Inuit were still engaged in traditional lifestyles with deep roots in co-operative living. It was not a great leap from the informal to the formal co-operative. For the leaders of the community, co-ops offered a means for maintaining Inuit control in the face of exploitation by people and businesses from outside their communities. The second factor was that the chief and council structure did not exist to the same extent across the Arctic. Northern co-operative boards did not have to compete for legitimacy with an existing governance structure.

In First Nations communities in the south, chief and council are key factors in determining the success of co-operative development. The chief is the central point of entry to the community. He or she and the council act as gatekeepers, controlling information, finances, and social and economic development. With elections every three years, the vagaries of band politics can lead to support for a particular initiative one term and limited or no support for the same initiative in the subsequent electoral period. The

terms of the management agreement developed by the SFNC appeared to be an effective mechanism for maintaining an arms-length relationship with the chief and council, and for identifying clearly how profit would be redistributed to the community as a whole, thereby reducing the likelihood of political interference.

Adding to the challenge of creating an arms-length relationship yet legitimate structure in the south is the fact that there is a total unfamiliarity with the contemporary co-operative model, which has been developed and refined since its introduction in Canada. First Nations communities are familiar with co-operation as it was practised within their traditional contexts, but the traditional way of living is no longer possible for the majority of First Nations peoples, and the similarities between traditional co-operative models and contemporary ones may not be immediately obvious. There is a need to adapt the co-operative model in use today to fit the current context of First Nations, in particular to recognize the centrality of chief and council. The work of negotiating the relationship between the chief and council structure and any co-operative that is formed is central to this understanding. SFNC's multi-stakeholder governance model provides a means for recognizing the necessity of direct band involvement in the co-operative while ensuring that control is retained by the community co-operatives.

It is also essential to respect important elements of traditional culture, including the way in which the understanding of membership in a co-op and membership in a band is intertwined. With citizenship in a First Nation being a right of birth and heritage, and a right over which First Nations peoples have had to fight to regain authority, the concept of charging a fee for membership in a community co-operative is foreign and potentially offensive.

The success of the multipurpose model used in Arctic communities suggests that it may be a good fit with the needs of on-reserve communities. In the survey conducted by Jesse Morin prior to applying for co-operative development funding, each community identified many areas where the co-op could serve a purpose. The ability of these communities to provide the human resources necessary to address each need through establishing a new co-op, each with its own board, is extremely limited. Resources – human and financial – could be leveraged effectively through a multipurpose model similar to that used among Aboriginal communities in the north.

It is clear from talking with the staff of the First Peoples Management Group that if co-ops are formed in the future, they will need ongoing support in many areas. Basic training needs will be significant. In the case example here, the retail was established with the purpose of meeting the needs

of the community, not by harnessing existing expertise. Management skills will have to be developed. There will be a need for ongoing training, materials, and support for areas such as the duties and responsibilities of a board, running meetings, and membership issues.

Funding will also continue to be an issue for co-operatives that experience significant start-up costs. Financial institutions, for example, will not lend money for purchasing inventory. The founders of the Saskatchewan First Nations Co-operative, through their management group, implemented an innovative strategy for mobilizing financial capital – using the GST rebate to provide cash flow – but this process requires astute management, constant monitoring, and technology that enables a quick recapture of that cash flow. This process may not be sustainable over the long run, nor easily replicated.

### Conclusion

The Saskatchewan First Nations Co-operative is an example of imagining a new future for the First Peoples of Saskatchewan. The founders saw in the co-operative model an opportunity to improve the conditions of life on-reserve and, with courage, attempted to carry the vision forward. They realized in the process of trying to build co-ops that there are aspects of the existing model that simply do not apply. But rather than give up on the model, they adapted and modified it to better meet the realities of today's First Nations communities. They insisted on an understanding of membership based on identity, not economic transaction. They attempted to integrate the logic of family and kinship as a mode of organization and respected the structure of chief and council while maintaining an arms-length relationship to the co-operative. They recognized the need to address power relationships, to devise solutions to build democracy, and to add transparency. One outcome of the co-operative's actions was a reinvestment of surplus into the community, leading to the creation of public spaces for events, for culture, and for celebration. The co-op also attempted to create space for Indigenous modes of enterprise. The SFNC had a vision of creating businesses appropriate to the First Nations context, consciously "re-inventing" an institutional form that might have looked different had the interests and needs of First Nations citizens been considered in the early days of the co-operative movement.

There is hope that co-operatives will eventually take root in First Nations communities, not as transplants from outside but as uniquely adapted enterprises that draw on and reinforce community strengths. The co-operative



model is sure to be tested and transformed in this process, demonstrating that social enterprise never attains a final or perfect form that is right for all peoples at all times. Co-operatives change communities – selectively, in ways members desire – and are changed by them.

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- 27 RCAP, vol. 1. Leaders did not usually have formal authority or a mandate to impose their will. For example, in the Iroquois Confederacy, the power of chiefs "rested solely on the respect their positions commanded and their skill in weaving consensus from the disparate positions represented in council deliberations" (60). Similarly, in the Blackfoot Confederacy, a chief's power came from personal influences, particularly his ability as a warrior and his generosity towards the community (67).
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## 10

## Imagination and the Future Learning from Social Enterprises

BRETT FAIRBAIRN

When we began the research for this book, the Canadian economy was riding high. Manufacturing, real estate, and the job market were booming. As we considered our research questions, two primary questions seemed likely: How can co-operatives survive in a period when individuals experience relatively little hardship and seem to have so many alternatives? How would co-operatives create social cohesion in a world characterized by choice, mobility, change, and dynamic private enterprise?

A lot has changed since then.

The global economy has been undergoing turmoil and at times cataclysmic transformation. Collapses in investment markets have been followed by sovereign debt and crises in public finances. Many people have lost their jobs and their homes. Some sectors – including many long-established manufacturing industries and public services – are shedding jobs and shrinking, while other areas are booming. Commodities and the regions that produce them have thrived. China has continued to grow and, increasingly, to drive the world economy.

All of this change has challenged community survival. And yet many organizations that local people have built for themselves, focused on community needs, have done remarkably well. They have weathered the storm. Many have grown stronger.

It turns out that the things co-operatives do successfully in good economic times are the same things that sustain them in bad times. They focus

on their communities, meet community needs, and build and draw upon their pride and resilience.

Whether the current phase of globalization is one of expansion or recession, basic problems for individuals and communities are similar. Change is driven by distant events. The rise or fall of corporations, sectors, and communities is significantly dependent on factors that lie beyond direct local control. In these ways, globalization hinders the ability of people to act on their own interests and aspirations. Globalization undermines individual and community autonomy. To win some of this autonomy back, people have to work together. In a context of widespread recession, lack of autonomy and failure to meet needs take on much more pointed and urgent forms. In a similar way, our research also took on a different and unanticipated form as we discovered community-based enterprises not just persisting but often thriving in the face of globalization.

New insights are clarified by new research. The findings of our cross-Canada study were produced by a model of research conducted within relationships with the communities and organizations concerned. Our project has been to learn from – not just about – Canadian people and what they are doing in their communities today. Globalization, considered in the abstract, may appear to assault the autonomy of both individuals and communities. Canadians in many kinds of communities do feel this pressure. And yet, in tangible, practical, and often remarkably successful ways, Canadian individuals and communities are adapting and responding as if no one has told them they are helpless.

The examples we have presented in the preceding chapters are not universal, permanent, or unqualified successes. One of our points is that social enterprise (in the form of co-operatives as in other forms) is not a fixed or rigid model, but a dynamic and imaginative process that engages particular needs and realities that change with time. There are things to learn from watching this process in action. Some of these can be seen as exemplary practices – or at least important considerations – that other social enterprises should study. In this conclusion, we summarize these practices and considerations as we see them.

Social enterprises like co-operatives are people and communities in action, grappling in economic terms with the forces and realities of globalization and change. They are microcosms of provincial, regional, sectoral, and Canadian society as a whole. Some of their lessons are ones from which municipalities, government agencies, philanthropic business leaders, policy

makers, researchers, and ordinary citizens can learn. So what do the experiences of co-operatives show about society and economy in the age of globalization? There are many themes and nuances that may be relevant for leaders and members of social enterprises, for policy makers and researchers, and for communities. We have selected nine.

### Lesson 1: Building Cohesion and Economy Together

As indicated in the introduction, policy discussions used to conceptualize social cohesion as something inherited or received – a historic characteristic of societies – and as something that is adversely affected by globalization, including particularly economic aspects of globalization. In other words, social cohesion is generally passive while globalization is active; social cohesion may be declining while globalization is increasing. Undoubtedly these concerns are true in various ways.

But our research has followed a different tack, and we have tried to highlight examples of how, on the ground in Canadian communities, social cohesion is not something that is only inherited from the past but is created every day under present conditions – how economically based activities are at least sometimes among the things that create it, and how social cohesion itself is of economic significance, a condition or a resource for some desirable kinds of economic development. Through the examples we have chosen, we are making a statement that the debate need not be only about social cohesion and the economy as two separate things. People should be thinking about social-economic cohesion, or the social economy.

Cohesion and a sense of identity are resources available to certain kinds of enterprises, locally owned social enterprises in particular, while being less available to organizations of other types. Community identity, confidence, trust, and loyalty have economic value and can be mobilized and reinforced over time for economic purposes. Multipurpose co-operatives in Arctic communities are classic examples of these qualities and have lessons to teach for the instruction of those who live and work in the more complicated environments of the urban south. When co-operatives combine service and value on the one hand with community profile and orientation on the other, the result is often lasting member loyalty and economic success. This remains true whether the co-operative is in Calgary, Maple Creek, the South Interlake, or Saint-Camille. And it is not just that social enterprises combine economic and community aspects in the sense of adding separate things in parallel, having social and economic sides, or having separate social

and economic bottom lines. Social enterprises find synergies between economic service and social function. Part of the value they generate, compared to other forms of enterprise, is in tailoring services to local needs and convenience. Part of the reason they innovate and expand is in order to address what is in *their* community, not in another.

An apparent effect of successful co-operative economics is to reinforce in particular ways a sense of local identity, local trust, and the density of ties among people. In our case studies of co-operative enterprises, we highlight numerous activities that appear to have such effects, ranging from the building of new facilities to the better integration of particular social groups such as the elderly, the youth, or recent in-migrants. Our methods in this book do not extend to studying the communities directly to see how big the impacts are; more research of a different kind is needed for that purpose. Our national survey does indicate that members of co-operatives hold attitudes towards community and globalization that differ from those of nonmembers, which is a preliminary indication that participation in co-operatives goes together with a different attitude towards the cohesion of society.<sup>1</sup> We can say that the founding members intend to strengthen the community when they create a co-operative, whether or not this objective appears in any subsequent business plan. Policy makers who are thinking about globalization or about social cohesion should not neglect co-operatives and other social enterprises, which constitute an important, on-the-ground infrastructure of citizen-created tools for reconciling community concerns with global economies. While pursuing the objectives of meeting member needs, co-operatives have spinoff effects on their communities – much as investor-driven, for-profit enterprises have spinoff effects – but these appear to differ because of member ownership in co-ops and the community orientation that accompanies it. Among other spinoffs, successful co-operatives contribute to group identification, community pride, and social cohesion.

### Lesson 2: Imagination and Place as Resources for Action

In the introduction, and repeatedly in our examples, we highlight the importance of imagination and identity as factors in the creation of space and opportunity for autonomous and creative action. In the communities we studied, imagination tends to revolve around a sense of place, fluid and changing though this notion may be. There are also important and an increasing number of examples of non-geographic and broad geographic identities, and we have touched on some of these (Mountain Equipment Co-op, for example, and other co-ops that conduct a significant part of their

business online). But for the most part, the community members and leaders who participated in our research stand with their feet planted in a place, not an abstraction.

Social enterprises, including co-operatives in particular but also other place- and membership-based organizations and initiatives, constitute an important strategy for “re-territorialization” in a global age. While the entry or expansion of Walmart and other chains and transnationals into communities is not something everyone can or wants to resist, a thriving, locally oriented organization adds a distinctive element to a community and boosts local identity and self-confidence. In our examples, we have seen this in credit unions that provide leadership to the local small-business community, generating hope, confidence, investment, and jobs. We saw it in community forestry co-ops that gave workers in a resource industry a way to have something of their own in an industry dominated by big corporations and government. We saw it in the desire of Consumers’ Community Co-operative (CCC) members to have stores and services that belonged to *them*, in their own towns.

What seems important in this process of local autonomy and confidence is the perception that an organization is “our own” – that it belongs to the local community in a way that matters to the people in question. This perception can apparently go together with different forms of organization, even with local branches of regional entities in which formal ownership is not strictly local. But while the concept of what is local – what is ours – floats a little freely in the minds of Canadians, it is not unmoored from reality. Public relations alone, carried out by big businesses, for example, does not convince people to accept an enterprise as their own. And as the CCC example shows, even a community-based organization may have difficulty being accepted as local if people perceive its policies as too centralized or standardized. Some real community ownership, engagement, interaction, or adaptation is needed for this perception to be solid. A sense of community ownership can come in various ways, reflected in the fact that there are many kinds of co-operatives in Canada, and many kinds of social enterprises. The possibility of succeeding as an organization with local identity is not limited to any one of these forms, and yet it is not just a question of marketing or public relations. Local identity helps an organization when it is meaningful in the minds of the citizens concerned.

### Lesson 3: Voice: Loud or Quiet, It’s Worth Listening

This brings us to themes about stake and stakeholders.

Social enterprises can provide a voice – a stake – in sector governance, in policy, and in the economy. What applies so clearly in Quebec forestry can apply in many other places and settings as well. Consumers in Calgary can be said to have a stake in the retail economy because of their ownership of stores. Members in housing co-ops have a stake in the housing market, in many cases a level of equity or ownership they cannot have under other models. Such a stake gives people an interest in their economy and creates a degree of social cohesion with others who also have stakes. But it is particularly interesting when this stake provides influence as well – when it gives people a voice over how the sector concerned actually operates. It is important to understand why this is sometimes the case, but not always.

Co-operatives and other social enterprises vary in the extent to which they seek to create a loud voice for their membership. They all represent common interests to some degree, as when they decide to handle or not handle certain products, invest in some locations or not others, or engage with local or provincial governments over regulations that affect their businesses. They differ greatly, though, in how pro-active they seek to be. A co-operative can act to advance its members' thinking to provide new services or lobby for new policies; or it can educate its members to understand, want, and support particular new services or policies; or, finally, it can represent existing member wants and desires. Most well-established co-operatives, especially the more commercial ones and including most of those we have studied, opt for something more like the latter approach. In context, it isn't hard to understand the reasons for this. Co-ops face considerable economic and political risk in advocating positions that not all their members agree with. A small co-operative (or a different form of social enterprise not driven by a membership dynamic) has a great deal more freedom to take risks by voicing positions in policy discussions or by instituting untried new services. Membership-driven organizations like co-operatives, especially large organizations, provide voice, but generally only on the condition that they are quiet and prosaic about how they use it.

Most co-operatives also use indirect methods (such as elections of directors) to represent their membership. While democratic theorists may argue that direct, deliberative, and participatory democratic methods are inherently better, there seems little doubt that members in the organizations we studied were not looking for places to have debates. Their participation often revolves around services, products, locations, jobs – highly practical matters. They tend to leave policy and positions to the volunteer directors or to other organizations. Without commenting on whether this circumstance

is desirable in the abstract, it is a practical reality in most of the co-operatives we study here, particularly in those that are longer lived and better established.

When we consider the issues of globalization and social cohesion, and the challenges in Canadian communities today, two recommendations stand out. First, co-operatives could afford to be a little more self-confident in their presentation, a little stronger in public advocacy, a little more daring in economic and service innovations; they can reduce the risks of doing so if these slight differences in emphasis are accompanied by correspondingly greater education of and discussion with their members. Their positions, discussions, and education do not have to be about anything as abstract as improving the world or the nature of co-operation. A good case can be made for each social enterprise sticking to its particular focus and expertise. One of the strengths of a co-operative model is realized if membership in a credit union, for example, leads people to have at least a little better understanding of the financial industry; if membership in a retail co-op leads people to think just a bit more about their consumption; if membership in a housing co-op involves engaging in new ways with neighbours and community; and so on. There is room for more co-operatives to do more of this without detracting from their often highly successful emphasis on business success in meeting member needs. Arguably, this could be a more important contribution to community than the many grants and donations of which co-operatives are justifiably proud. It would certainly be a contribution that would help turn the idea of the social economy into more of a reality.

The second recommendation is that leaders in other organizations, in government, and in policy networks should understand and appreciate the somewhat intractable reasons for co-operatives behaving the way they do. Co-operatives are practical organizations that offer local and community-oriented alternatives within a sometimes unrelentingly competitive, even hostile, economic environment. Perceptive leaders and policy makers should respect co-operatives, along with similar social enterprises, as important voices for community concerns and interests, without trying to turn them in all cases into lobbying, advocacy, or political organizations. The delicate ways in which various social enterprises work together through networks must be respected by those who deal with them from outside.

#### Lesson 4: Stakeholders – Who Has Voice?

If voice is a complicated issue for membership-based organizations, the accompanying question – *whose* voice? – is even more so. Most of the

co-operatives we study here follow relatively simple, tried-and-true models in which a single stakeholder group (such as users/clients or employees) was identified as the membership of the co-operative. Common governance practices and understandings are based mainly on this one-stakeholder-group membership model. In practice, however, life is more complicated than organizational theory. All businesses, including co-operatives, have numerous stakeholders, including their owners, managers, staff, suppliers, clients, regulators, neighbours, and so on, all of whom are involved at least in some limited way. Because of their generally local orientation towards community, co-operatives often have a special interest in local members and staff, in leaders in the community that the co-operative serves, and in other allies and partners. Despite the single-stakeholder, user-membership model of most co-operatives, it is not uncommon to see examples that do not strictly follow the user-member model. Two common cases involve employees and community leaders.

Most successful co-operatives see their employees as a critical stakeholder group, vital to the success of the organization. Where they differ is in their perception of how these stakeholders should be involved and, in particular, whether current employees should sit on boards of directors. Co-operatives have varying practices and opinions on this question. Some – like worker co-operatives, of course, but also other types – expect the board to include employees. Many of the co-ops we study here are of the well-established, commercial variety of consumer co-ops and credit unions, where this approach is much less common. But even in these cases, it is not uncommon to see ex-employees on the board of directors. In many consumer co-operatives, employees turn out in disproportionate numbers to participate as members in the annual meetings. In other words, employees are in fact a special stakeholder group, with a special interest and often influence, even in co-operatives that do not formally provide a separate governance role for them.

As a second example, consider boards of directors and the people who sit on them. If boards of directors were driven exclusively by the simple user-member governance model, we would expect directors to be thinking primarily of the use of the co-operative by themselves and others. And yet many of the directors we met were motivated primarily by care for their community, not by care for their patronage accounts. Their commitment to the co-op is part of a larger commitment to the community, not a substitute for it. They take great interest in what kind of uniforms the credit union

buys for the local hockey team, which community-building project the co-op supports with a donation (and whether the co-op is a bigger donor than anyone else in the community), and what kind of leadership the organization shows in the community. In other words, though co-ops have a self-help ethic, there is a widespread strain of philanthropy or altruism blended in with it. As a result, the leadership of co-operatives often overlaps with general community leadership. Citizens who are leaders in community causes are recruited to, or express a willingness to serve on, the co-op board. We met citizens like this in our research and saw their impacts on their organizations and communities.

All co-operatives have somewhat complex dynamics, even when their formal membership criteria are simple. Important stakeholder groups such as employees and community leaders tend to have a tacit special status. Co-operatives could, of course, make this status more explicit, and some do.

Our project involves detailed case studies and the first systematic ten-year review of new multi-stakeholder co-operatives in Quebec.<sup>2</sup> The formal multi-stakeholder model involves identifying two or more separate classes of members (such as users, employees, and community supporters), giving each type of member its own dedicated forms of representation and participation. Clearly, this approach brings some extra complexity in that it requires a mutual agreement among the groups as to their allotted influence in and benefits from the organization. But it also embodies in a particularly clear way the possibilities inherent in social cohesion. The mutual engagement of different groups around a multi-stakeholder model provides ideas, *energies*, and support from the stakeholder groups to a degree not available under any other model. Time will tell how many formal multi-stakeholder co-operatives are created outside Quebec. But all social enterprises can learn from the idea of engaging more systematically with more of their stakeholders.

### Lesson 5: Enterprise Appropriate to Community

For communities to affirm what is important to them, they have to choose and foster appropriate forms of enterprise – consistent with community concerns and priorities – that negotiate their boundaries with the state and with outside markets.

For the most part, co-operative models such as the ones we have discussed in this book are extraordinarily flexible and adaptable. Similar basic models are used around the world, so that villagers in the Philippines or

Ghana or rural Canada can all, for example, use a democratically controlled, autonomous credit union as a way to access conveniently the financial services they need. Indeed, these credit unions can even talk to each other and usefully exchange learning and expertise – all despite the fact that the actual services, the jobs and roles and buildings, and the social significance and meaning of the activity will be quite different from one case to the next. This degree of flexibility or polyvalence is shared by few other human institutions, among them government and market-oriented business. Co-ops are just about as common as anything can be. And yet, even within Canada, extraordinary effort and creativity are required to make something like the co-op model work in particular cases and communities. The model itself is transformed as a result of this process.

In this book, the examples of Aboriginal co-operatives illustrate these considerations especially clearly, highlighting the question of appropriateness. Early in our project, a representative of a northern co-operative organization told us about an Aboriginal elder, Annie Goose, whose life illustrates the integration of community economy with values, religion, and art. This co-op story, we heard in 2002, “is about business but it is also about the trapline and the residential school, hardship and learning from Elders, the importance of historic rights and land claims, music and dance and crafts, all of this united by respect for the Creator.”<sup>3</sup> Life itself, in Aboriginal communities, “illustrates a model for a new kind of business, an Aboriginal business in a contemporary economy,” a business that would be “about the past, its inescapable effects and its memory, but ... also about the future: values-based business, business tied to identities that are new/old and hybrid.”<sup>4</sup> That message was one we followed and found borne out in our research in northern and southern Aboriginal communities. While various First Nations, Métis, and Inuit communities have some commonalities in their experiences of Aboriginality and colonization, they exhibit, through their considerable diversity, the complex and intimate ways in which enterprises can be and need to be adapted to different community cultures, values, and structures.

It is not an accident that we began our volume with a consideration of co-operatives in Inuit communities – where co-operatives epitomize the historic complement of co-operative development and the development of communities themselves – and ended with an examination of First Nations communities, which are likely to be a fertile ground for organizational innovations in the future. Co-operatives (like the ideas of business and of the nation-state) originated primarily as European ideas and found resonance

initially among Canada’s mainly European settlers. The adaptation of the co-operative idea in Inuit, First Nations, and Métis communities represents a true test of the model. While many early efforts to import co-operatives from outside failed, there are signs today of remarkable new development possibilities. If these do not take shape as conventional co-operatives (and they may well not), they will likely produce social enterprises of new types from which all of us can learn.

Above all, the nascent co-operatives and social enterprises in First Nations settings focus our attention on two questions. What characteristics does an organization need to have for us (in our community) to perceive it as ours? And how much autonomy, and of what kinds, do we need to achieve the goals that matter to us, while finding a future in a context of globalization and international flows?

For movement leaders, policy makers, legislators, and regulators, the question of appropriateness is a warning against excessive enthusiasm to standardize models and police their boundaries. Even the time-honoured co-operative principles might have to change (and be enriched) to acknowledge new lessons from Aboriginal communities – this is a possibility everyone involved must acknowledge. To define a co-operative or a social enterprise too narrowly, or to frame program or membership criteria in order to identify exclusive models or “winners,” is a bad idea. The contrasts that our research team discovered in different communities reveal that a great deal of creativity, innovation, and flexibility is called for. Canadian communities appear to be up to the challenge, provided the bigger systems and frameworks in which they deal do not enforce excessive conformity.

### Lesson 6: Communications Broadly Defined

A couple of our examples indicate that co-operatives make important use of nonverbal messages about their behaviour, identity, and distinctiveness. The most concrete message – literally – is the one conveyed by physical buildings and locations. It is not just concrete that talks, however, but money, too: Many co-operatives make a statement by donating surplus revenues to support community projects of common interest, or by donating paid staff time to support local initiatives. In many cases, the most effective statement of what co-operatives are about is the manner and attitude displayed by their staff. All of these physical manifestations of social enterprise, in addition to more explicit communications activities, such as newsletters and advertising, constitute what we refer to in the Introduction as the semiotics of social enterprise, or, in other words, communication broadly defined.

Once again, the examples from Aboriginal communities are especially clear. What messages does an organization need to send in order to be accepted by its community as legitimately belonging to them? Such messages may include who is employed, what the staff look like and how they act, who the directors are, and what walks of life or groups the directors come from. These messages may also include visual symbols, colours, and physical design. And they likely include defined relationships with other important organizations, including, in Aboriginal communities, institutions of self-government.

Co-operatives in non-Aboriginal settings also make use of symbolic elements to demonstrate connection to community. Who is employed? How does the staff act? Credit unions and retail co-ops often try to engage and hire local people, with the effect that member-users see the familiar faces of community members behind the counter at the store or in the bank. They pay attention to the composition of their boards, thinking about geography, profession, gender, and age, among other factors. How are the organization's values expressed in its behaviour? Co-operatives decide to invest in certain facilities and lines of business, in certain communities. Each of these decisions, generally made on the basis of economic rationality, also conveys at the same time an important message about the co-operative and its relationship to the local community. The economic rationality of the co-operative – its profitability, if you will – is not inconsistent with these messages, but quite the opposite. Seen in a certain way, as successful co-operatives tend to see it, economic success often involves sending consistent messages about community, whether these messages are expressed in concrete, in cash, or in words. We found evidence in a variety of co-operatives that the co-op's leaders understand their relationship with members in this kind of integrated way, but that the concepts, language, and practices used by co-operatives do not seem to be highly developed. Where they *are* well developed, it seems to be by intuition and experience – conditioned by the member-owned, community-oriented context – more than by training or planning.

### Lesson 7: Governance Is Central

At a meeting of community research partners in 2007, attended by a number of the authors of this book, we asked how important organizational governance was to the social economy. Governance is central, we were told – fundamental, critical. Successful co-operatives think hard and clearly about governance, about who is responsible for what and how individuals'

roles mesh together in the organization. If anything, governance is of growing importance as organizations become larger or more complicated.

Leaders in community organizations said governance was critical because of their practical experience. Many organizational failures begin as governance failures. Many organizational successes develop in the favourable context created by good governance.

As researchers, we also see important connections among governance, cohesion, and the ability to take action. The governance framework of a co-operative defines what the organization is for, who is a member, and how members make decisions in common. When we write in these pages about the importance of imagination and renewed autonomy as ways to confront and manage globalization, we are writing directly or indirectly about governance. Governance is about who decides, and who has a voice, in an organization. Governance articulates differences, and must also identify common goals and frameworks. Nothing is more important to cohesion.

The success of the Co-operative Retailing System in reinventing itself to meet its commercial challenges was a success of imagination through governance. The leaders at multiple levels in the federated system had to imagine themselves as a new kind of entity in which the various co-ops and leaders had more interconnected and integrated roles. By contrast, the failure of the Consumers' Community Co-operative experiment was, at root, a story of a governance structure that did not embody the sense of identity desired by its members. Aboriginal co-operatives, northern and southern, in their many different forms, will no doubt succeed or fail according to their ability to find viable adaptations of governance, adaptations suited to their respective communities.

Distinctive governance matters in social enterprises consist of a number of recurring issues. These include the roles of volunteer citizen boards – directors who are experts (so to speak) in community, not necessarily in the technical aspects of management. The relationship of such volunteers to peak managers (CEOs, general managers, paid executive officers) is therefore a near-universal issue. Boards have to learn how to give general direction to and support a manager without involving themselves in day-to-day operations. It has never been easy for community-based organizations to control their managers without stifling them. Management needs to be supervised to prevent mission drift – to keep an enterprise serving the autonomous interests of the members as a whole. And yet, management also needs its own autonomy in order to exercise creativity and innovate. If



directors draw the line in the wrong place (or don't draw it at all), managers may be ineffective at their jobs, directors may make decisions they are not capable of carrying out, and the big-picture issues the board is supposed to be thinking about may be overlooked. The kinds of co-operatives we have profiled in this book generally have specific understandings and training programs to deal with these issues, but smaller, newer, and less-networked social enterprises often lack governance training and resources.<sup>5</sup>

The unique dynamics of social-economy governance have important implications for policy. Autonomy from government is a defining principle of co-operatives and social economy organizations, and of Aboriginal economic development with respect to provincial and national governments. A sense of citizen control and responsibility is an important part of what makes these organizations work. Canadian and international experience demonstrates that if the quality of this autonomy is impaired, organizational performance breaks down. Outside influence reduces the co-operative sense of self-help, accountability, trust, effectiveness, and efficiency. In many respects, this situation is analogous to the private sector, where it is accepted that the state should not intervene in ways that burden or distort the essential principal-agent relationship between the owners and the managers of the business. Yet government programs and policies targeting community economic development, co-ops, and similar areas – where such exist – have on occasion been rather prescriptive and burdensome. Some co-operatives in more regulated sectors (such as health and social services) live with this reality, while others, generally in more commercial sectors, are content to be left alone.

If they wish to support group self-help by citizens, governments may have to make a choice between ensuring that good governance happens in ways appropriate to social enterprise and taking the reins and doing good governance themselves, by direct intervention, with no pretence that the entity is a social-economy organization or a social enterprise.

### **Lesson 8: Management as Mediators**

In ideal models, citizens involved in social enterprises debate the impacts of economic change on their communities, deliberate with each other, and frame their own responses. Most of the co-operatives we consider in this book approximate such an ideal only in their formative years and in times of crisis. As we have observed and emphasized, typical co-operatives do not normally function as debating societies. Instead, there is a complex and sometimes subtle interweaving of ideas, initiatives, outside influences, and

responses, where consensus or the acceptability of new initiatives is often dealt with implicitly or by not entirely verbal processes. Where choices adequately meet the needs and serve the interests of members, members express support (it often seems) by supporting the co-operative with their purchases, or labour, or other contributions, and not by attending meetings. Where choices are controversial or less successful, people attend meetings and debates are more intense. This is the reality of citizen involvement in many parts of the social economy.

In the real-life context of social enterprises, important decision-making processes are often mediated by managers. Notwithstanding the importance of good governance in giving direction to managers, managers themselves often play a critical role. Sometimes this role is a dramatic one, providing direction in a time of crisis, as illustrated by manager John Pituley's role in the turnaround of Maple Creek Co-op in Chapter 4. Similar examples can be found in other co-operatives that have rebounded in a crisis. Today, the added pressures of globalization and changes in operating and regulatory environments tend to put a premium on sure and fleet-footed management. How managers think, what experiences and understandings they bring, and how they are trained or networked with each other are increasingly significant factors.

In some other forms of social enterprise, managers face fewer constraints than in co-operatives. In nonprofit enterprises that have small numbers of members or stakeholders beyond the members of the board of directors itself, for example, the manager has only to worry about his or her relationships with a handful of people. Social enterprises that have extensive, formal membership structures, like co-operatives, face a significantly different dynamic that needs to be seen to be appreciated. The manager can work with the existing board, but may have to keep an eye on what other kinds of directors are unexpectedly elected from the membership, and what factions, interests, or concerns lie behind such a change. The manager may take quite a controlled approach to the annual meeting, but the fact remains that in a membership-based organization, the manager can never be sure which members will actually show up to the meeting, or what the turnout will be. This adds a degree of unpredictability to a co-operative. Seen in another light, the fundamental unpredictability of members is a source of both discipline and creativity for managers.

We observed managers playing critical roles in our visits to so many, highly differentiated co-operatives across Canada. And yet it is likely that few outside the sector appreciate the nuances and subtleties of the managers'

positions in these kinds of organizations. The case of Sunova Credit Union in Chapter 3 illustrates the role of management, including a decentralized, local-community-oriented networked leadership, in shaping the development and the culture of a co-operative. While that kind of management is not as visible as more dramatic forms of crisis leadership, managers working quietly behind the scenes are vitally important to the direction and success of a co-operative business. Like good governance, good management is a key concern for everyone interested in the social economy, including policy makers, regulators, and partners. But also like good governance, good management does not reduce easily to a simple formula, certainly not to a simple formula shared with other businesses and the public sector. The unique aspects of social-enterprise management have only begun to be appreciated.

### Lesson 9: Effective Networks

Some of the organizations we have profiled appear to succeed primarily on their own individual strengths and merits. But a great number also rely on support from wider networks. This support comes in various forms.

Most of the larger and better-established co-operatives – retail co-operatives and credit unions, in particular – are formally connected to federations and economic centrals that provide them with (to varying degrees) products, services, capital, and marketing campaigns. There is in every case a tension in this relationship between the autonomy of the local co-operative (or its desire for autonomy) and the economic value and efficiency provided by the central. As illustrated by our examination of the Co-operative Retailing System in the West and the Consumers' Community Co-operative in the East, the operations of these federated networks are important determinants of success. They are also not easily understood – and often misunderstood by those outside.

At root, what these co-operatives are doing is institutionalizing a permanent tension between local autonomy and centralization – permanent because the success of the structure rests on neither completely overtaking the other. If a credit union or a co-operative were wholly controlled by a distant central, with no local management autonomy or member input, it would be hard pressed to follow the successful business strategies we have outlined in this book – strategies that rest on local value, personalized and community-oriented service, and community identification with the co-operative. But if a co-operative were entirely autonomous, without access

to any larger network, it would also face high costs to develop its products, to access expertise and capital, and so on, to the point that it would likely not be competitive in a globalizing economy. Just imagine a credit union that had to negotiate all its own cheque clearances or electronic transactions individually with every worldwide partner, competing against a bank branch that received all these services easily through vertical integration with its large corporate parent. How many Canadians would pay the price of the greater autonomy of a non-networked or poorly networked financial institution?

Thus, one lesson, from one group of co-operatives in this book, is that social enterprises, particularly those in highly competitive environments, need to network economically to succeed. They need firm, long-term partners, allies, and contractual relationships. In many of the sectors we studied, globalization does, in fact, mean greater high-level integration and co-ordination of the economy. The choice is not *whether* community enterprises and economies are co-ordinated, but *how* they are co-ordinated. Within huge corporations, co-ordination can happen internally. Among community-based enterprises, it can also happen through contractual co-ordination and networks. Our research shows that the latter approach makes a difference: Support community-oriented business strategies that are viable in a competitive sense but also assign priorities to investment, service, and job decisions that are different from the priorities of competing, corporate, global entities. Retail co-ops and credit unions in Canada provide some highly evolved examples of networks. At their best, these combine a level of efficiency competitive with that of a centralized corporation, with a level of local responsiveness and identity that can come only with a relatively autonomous organization.

There are also, of course, more centralized or unitary approaches among social enterprises: The federation is by no means the sole model. While centralized, branch, or franchise-like models may become more common in the future, our research leads us to suspect that, in the short term, centralized organizations will succeed mainly to the extent that their management and operations can mimic internally the network and federation structures of conventional co-operatives. The Canadians with whom we spoke made it clear that they are too wedded to local identity, pride, and autonomy to imagine giving equal support to fully centralized models as opposed to relatively decentralized models – and support has an economic dimension, as we have argued.

A second lesson comes from those organizations that are more uncommon, new, or innovative – organizations like the Saint-Camille multi-stakeholder co-operative, the Quint housing co-operatives, and so on. These organizations may or may not have a central *economic* organization (one could argue that the Quint Development Corporation serves this function for its housing co-ops), but they certainly cannot function without networks of mutually supportive partners. This is a different kind of networking and federalism. Instead of combining like with like – credit union with credit union, for example – to achieve scale and meet common needs, this model brings together complementary strengths of like and unlike – housing co-ops that need expertise, materials, and capital with different types of organizations, often other kinds of co-operatives or social enterprises that have these things to spare. Another example is fledgling new groups coming together with established community leaders who have knowledge and profile. These community support networks are critical to the success of many innovative and alternative organizations, such as the ones included in our study.

In one form or another, networks seem to be a central part of the solution to the problems of local self-help in a globalizing society. Collaboration and networking are not new to communities. They contribute to how people with relatively few resources or poor positions have done things for centuries. But it seems likely that globalization and the current stresses on many Canadian communities have granted networking a heightened and renewed importance. This thought brings us back to our starting point and to our reflections on social enterprises and the social economy.

### Conclusion: The Discourse of Society and Economy

Our approach in this volume has been primarily empirical. We have investigated local realities in diverse communities and membership-based organizations; we have analyzed these to look for signs of the pressures of globalization, the challenges of social cohesion, and successful and unsuccessful innovations and approaches. This kind of research has the advantage of highlighting context and story – stories of organizations and communities actively doing important things for themselves – stories, we hope, that make sense and convey experiences and insights to others. While every place is different, our research indicates that innovations and successful behaviours often emerge from the relationships that social enterprises cultivate with their communities.

Whether they establish themselves in villages in the Arctic or in urban neighbourhoods further south, many interesting organizations innovate and grow by providing products, services, and value that meet local needs. They benefit themselves as organizations, and their members as individuals and as a group, by benefiting their communities at the same time. They do this to an extent or in a manner that other businesses would not – investing in distinct ways, creating different jobs. These organizations do not necessarily intend to behave in the same way, and the ones we examined certainly did not study or confer with each other. They undertook similar approaches because of the comparable dynamics of the situations in which they found themselves. Primarily what they had in common was, on the one hand, having to face a globalizing, competitive, diversifying, and intensifying market, and, on the other hand, having to satisfy the needs of their community. Successful social enterprises figure out (1) how to use the market to serve the community and (2) how to tap into and reinforce the resources of the community (including cohesion), in order to outdo their competitors in particular respects.

Successful social enterprises have enough in common that they could learn from each other, even when they are active in different places and in different lines of business. The worlds of credit unions, housing co-ops, and other social enterprises are not so different that they have nothing to say to each other; neither are the worlds of Arctic communities, First Nations reserves, small towns, and urban neighbourhoods. In particular ways, there may even be special synergies and insights to be gained by combining different kinds of organizations and experiences in interconnected networks. We have made the case a number of times that the dynamics of social-enterprise development in Aboriginal communities are something that other social entrepreneurs should watch in order to renew their understandings or see new ways in which all social enterprises can potentially relate to their communities.

Co-operatives demonstrate the practical logic by which social enterprises naturally form networks, even when they are proud, autonomous, and place-based as individual organizations. While some thrive on their own, most succeed in part by making far-flung partnerships and co-operating with organizations that are like or unlike themselves. Credit unions and many retail co-operatives form large, highly integrated systems that enable them to survive and compete in globalizing markets. Meanwhile, many smaller and newer social enterprises have strong degrees of community or

democratic engagement, in some cases with stakeholder groups that have been less well represented in older community organizations. These smaller or newer organizations have more experience (good and bad) with entrepreneurship in public services, with mixed income sources, and with policy engagement and advocacy coalitions. They may innovate and network in different ways, but all of these organizations can learn from each other.

Canada's social-enterprise economy should be seen as a growing, productive tangle of interconnecting networks. The idea that people can intentionally link together to create cohesive communities is an old idea, one that is at the root of all kinds of social movements. In the context of today's globalizing economy, economic and organizational networking has taken on even greater importance. New social impulses, new technologies and forms of organization, and new groups of actors are driving innovative developments within and between communities today.

There is no predetermined future that will see a final victory or final defeat of community-driven enterprises. Our stories have not been about Utopian or dystopian finalities, but about constructive, ongoing, open-ended processes at work in countless communities – processes driven by citizens who are generally undaunted by globalization, markets, and change. In this book, we have seen how Canadians from coast to coast to coast are quietly engaged in remaking their local economies in small ways that respond and adapt to the market – or in some cases lead it – while being attentive to things that matter to their own communities. Their inventiveness and their distinctive approaches are best relayed in stories that make clear the uniqueness of every context. In these pages we have shown that there is no single, simple model for all communities to follow. Their solutions are as varied as their values, their priorities, and their problems. And yet, these stories illustrate common themes and patterns. The many separate stories together comprise a remarkable testament to community economic adaptation through self-help. Canadians are writing history and the future with their hands and their minds. It's inspiring to listen to what they have to say.

#### NOTES

- 1 Survey results can be found in Juanita Bacsu, "Measuring Citizen Attitudes toward Globalization," in particular Chapter 5, "Co-operative Membership and Attitudes toward Globalization" (MA thesis, University of Saskatchewan, 2007).
- 2 Others have addressed this model in more recent publications. See, for example, Marie Bouchard, ed., *The Worth of the Social Economy: An International Perspective*

(Brussels: Peter Lang, 2010), and Catherine Leviten-Reid and Brett Fairbairn, "Multi-Stakeholder Governance in Cooperative Organizations: Toward a New Framework for Research?" *ANSERJ, Canadian Journal of Nonprofit and Social Economy Research* 2, 2 (2011): 25-36. For further information as well as several case studies of multi-stakeholder co-operatives, see the website of the Canadian Co-operative Association at <http://www.coopsCanada.coop/en/orphan/Multi-Stakeholder-Co-ops>. The website of CRISES (Centre de recherche sur les innovations sociales) at <http://www.crisis.uqam.ca/> also has numerous publications on innovative social economy organizations.

- 3 Brett Fairbairn and Nora Russell, eds., *Co-operative Membership and Globalization: New Directions in Theory and Practice* (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004), 287-88. See also Chris McCarville, "Membership and Public Relations: An Examination of Arctic Co-operatives Limited," in the same volume, 74-83.
- 4 Fairbairn and Russell, *Co-operative Membership and Globalization*, 288.
- 5 For more information about the governance of social economy organizations, see Marie Bouchard, ed., *La gouvernance des entreprises collectives*, special issue of *Annals of Public and Co-operative Economy/Annales de l'économie publique, sociale et coopérative* 76, 4 (2005).

## Appendix

### The Enterprise with Many Names: Establishing a Common Language

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BRETT FAIRBAIRN

A theme in our research findings is that people often have a practical and intuitive understanding of what is going on in their organizations and communities, but do not share a common language for describing it. In one sense this does not matter much: most of the organizations we analyze in this book have gotten on just fine without knowing what social cohesion is, whether they are part of the social economy, or even what a co-operative is. But a problem surfaces if we want to generalize their experiences, to replicate their models, or to learn from their best practices. Then we need a set of concepts and definitions – a shared language – that helps us translate the experiences of forestry workers' co-operatives in Quebec or those of multi-purpose community enterprises in remote Arctic towns, for example, in order to help us devise practices for our own neighbourhoods. In this there is also an important political issue: not just how community initiatives can recognize, know, and learn from each other, but how they can represent and explain themselves to the public, to partners, and to governments in order to get the recognition they need. This is where a name is more than just a word: it represents a purpose and an agenda.

One sign of the importance of names for enterprising community action is the fact that there are so many different terms in circulation: social cohesion, social capital, social economy, community economic development, social enterprise, Aboriginal economic development, and co-operatives, to name a few in roughly decreasing order of generality. Each of these terms

has been advocated and lobbied for by people who believe it is a useful way to generalize experience and gain recognition. And yet none of them – apart from “co-operatives” – has endured. Indeed, in some cases, the promoters of one term have lobbied for their concept at the expense of those championed by others. Perhaps, one day, one or two terms will describe neatly how Canadians are pursuing economic development in their communities. In the meantime, we have to understand a little of each concept while at the same time avoiding being trapped by its limitations. One of the themes of this book is that there is no single, perfect model or structure for community entrepreneurship.

#### Cohesion and Social Capital

To understand what is going on in communities in an age of globalization, and especially to understand what advantages and resources communities might be able to draw upon, it is useful to start with the general concept of “social cohesion.” Over the past fifteen years, researchers and policy makers have increasingly taken the view that what is threatened by globalization is not so much communities or governments as entities but, rather, the cohesion among their citizens – people’s sense of interdependence, their feeling of mutual responsibility in a common societal project. In other words, one effect of globalization is to atomize people and groups. In our experience, community leaders and activists often refer to a “sense of community” as a quality that enables community-level initiative and response. By shifting the language from “sense of community” to “social cohesion,” researchers and policy makers were trying to do at least two things. First, they wanted to highlight the connections among all levels of activity in societies: cohesion at the local level; cohesion in regions; and cohesion in national political debates, such as intergenerational responsibilities and shared interests in national social policies. Social cohesion, in other words, is potentially broader than just the allegiance of people in one location to each other; it involves a way of thinking or a set of values and not just a connection to a group of people. Second, researchers and policy makers wished to emphasize the social issues of inclusion and exclusion. Whereas historical communities often defined themselves by physically excluding others (as Aboriginal people were excluded from settler communities) or ignoring their contributions and needs (as contributions by the working poor, the marginalized, and women might be ignored), the concept of social cohesion is intended to remind us of the need to work at inclusion.<sup>1</sup>

A much-cited formulation is that of Judith Maxwell of the Canadian Policy Research Networks, who stated that "social cohesion involves building shared values and communities of interpretation, reducing disparities in wealth and income, and generally enabling people to have a sense that they are engaged in a common enterprise, facing shared challenges, and that they are members of the same community."<sup>2</sup> Jane Jenson, in a similar vein but more concisely, defines social cohesion as "shared values and commitment to a community."<sup>3</sup> Jenson traces concerns about social cohesion to the circumstances of industrial societies in the 1990s, notably the problems created by trade and fiscal policy and by the downsizing of state services. The term spread first in policy discussions in the Organization for Economic Co-operation and Development and the European Union, and later in Canada. Of course, one can find similar concepts in earlier periods of history. In this sense, social cohesion is a recurrent issue in industrial societies, which has taken on new forms and renewed urgency in recent decades due to a new wave of globalization. In the present day, Jenson argues that there are five relevant dimensions of social cohesion: belonging, inclusion, participation, recognition (public acceptance of groups that might otherwise be marginalized), and legitimacy (respect for and belief in mediating institutions in society, as opposed to cynicism or negativity about them).<sup>4</sup>

At the same time that some researchers were investigating social cohesion, others were developing the concept of "social capital." The best-known writer in this area, Robert Putnam, built on previous work to argue that networks of relationships among people in communities constitute a kind of capital, a sort of resource that can be tapped when a new initiative is undertaken. Social capital is analogous to financial capital, a fluid medium that can be invested into any kind of endeavour. Having financial capital gives people resources and possibilities for undertakings of their choice; having social capital does the same. In particular, Putnam highlights the importance of trust. Relationships that develop trust over time permit the individuals involved to embark on an action more quickly and easily when they perceive that something needs doing. In economic terms, the development of trust lowers the transaction costs for collective action thereafter.<sup>5</sup> A useful discussion by economist Jeff Dayton-Johnson of Dalhousie University helps sort out some possible distinctions among these terms. Dayton-Johnson suggests that we can best think of social capital as an individual asset, rather like human capital. Individuals can invest in their human capital by acquiring training, skills, and experience. But they can also invest in social capital by devoting time and energy to building relationships, reputations,

and trust. By contrast, Dayton-Johnson suggests we should regard social cohesion as a society-level characteristic that is inherent in populations, not individuals.<sup>6</sup>

Social cohesion seems to be a macro-level phenomenon that represents a desired end state or outcome of policy and action, while social capital is a more discrete, quantifiable, and micro-level quality that can be employed as a tool towards many possible ends. Despite these differences, both highlight the importance of trust, recognized and legitimate relationships and ways of working together, and inclusion. Social cohesion and social capital both urge us to think beyond simple and reductionist models of economies and policy and to see interconnections related to health and vitality in communities. The approach we take in this book encompasses both concepts and focuses on interconnections. We are interested in questions of cohesion, trust, and inclusion, but we are interested in them both as outcomes of the activity of community enterprise, and as inputs or enablers. In other words, social cohesion sometimes appears as a dependent variable, and sometimes as an independent one. It is both a resource upon which community action can draw and a desired result of such action. Enterprises that draw on and contribute to social cohesion can initiate a "virtuous circle" of community development.

As we have shown, co-operatives employ both social capital and social cohesion, and reinforce them, enhancing the skills of their members for effective citizen participation in democratic societies.<sup>7</sup> One reason for this is their connection to volunteer networks in communities. The chapter on globalization notes that tens of thousands of Canadians serve as volunteer directors on co-op boards. These directors are recruited through processes of networking and election. They help identify community needs. And they make connections to other organizations and local governments. In the case of housing co-operatives, discussed in Chapter 7, this networking and participation are explicitly put at the service of goals of social inclusion. Yet participatory engagement not only strengthens communities internally – it also enables them to represent their interests more effectively and to have greater external influence. The examination of Quebec forestry co-operatives in Chapter 6 illustrates how co-operatives help local residents become a pole of influence in the governance of forest development.

Co-operatives vary in the degree to which they access and reinforce social capital and social cohesion, and they are by no means the only organizations that do these things. But stories from across Canada gathered together in this book suggest that successful co-operatives may be more effective

than other organizational forms in drawing on local strengths and contributing to the development of local people and places.

### Social Enterprise

Social cohesion and social capital are interesting ideas for the age of globalization. But many people are interested in action, not abstraction. They want the means to get things done.

One of the promising newer terms for what we examine in this book is "social enterprise," a term that has the merits of not yet being rigidly defined one way or another, and yet which captures the idea of risk-taking economic action with a difference. Generally, people who refer to social enterprise are referring to an activity or organization that combines social purposes (ones other than the maximization of profit for owners) with businesslike commercial activities. Defined in this way, social enterprise is a concept that offers a new look at long-established organizations, as well as drawing attention to new possibilities.

The term "social enterprise" actually has at least two uses that are cousins of one another. In European usage, the term refers to businesses that are nonprofit-oriented in ownership and character. These organizations are part of the "third sector," or the "social economy" (for more on this term, see below), and generate a large part of their income from commercial activities. Essentially, they do business for social purposes. The income from these businesses is re-invested back into the community to fulfil social, environmental, and community-based goals, which are of equal importance to their commercial pursuits. EMES, a Belgian-based research network developed in 1996 and formalized in 2002, defines social enterprises as: "organisations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. They place a high value on their independence and on economic risk-taking related to ongoing socio-economic activity."<sup>8</sup>

The term "nonprofit" (or, as used above, "nonprofit-oriented" or "not-for-profit") requires a moment of reflection. As the description indicates, nonprofits are organizations that undertake commercial activities and aim to generate revenue from doing so. As independent businesses – propped up by no one else – they will eventually cease to exist if their revenues do not exceed their expenses. One can refer to this excess of revenue over expenses as a profit. So why call these organizations nonprofit? "Nonprofit" is a useful shorthand that captures two important points: the purpose for which the profit is made, and whom it benefits. Social enterprises generate profits not

as an end in themselves, but as part of meeting a community need or fulfilling some other mission. It would be more precise to say they do not conform to the standard economic model of profit-maximizing enterprises, organizations whose sole or primary goal is to create the largest profit possible, as an overriding end in itself. Second, social enterprises re-invest their profits in the community or in services, or distribute them to members, unlike a private or corporate firm, where the importance of profit is to provide the highest possible return on investment. All the examples discussed in this book, even those that are highly commercial and aim to generate surpluses, are nonprofit in these senses. We use "nonprofit" as a short-hand to denote *nonprofit-maximizing* organizations, ones *not aiming primarily to provide return on investment*.

The second usage of "social enterprise" is an American one. The mainly US-based Social Enterprise Alliance defines a social enterprise as "an organization or venture that advances its social mission through entrepreneurial, earned income strategies."<sup>9</sup> While this usage resembles the European one, the Social Enterprise Alliance has something slightly different in mind. It is thinking primarily of charitable or nonprofit associations that decide to enter into commercial or businesslike activities to further their philanthropic mandates. Charles King, founder of the alliance, is quoted as saying, "What we are about is the business of changing the entire paradigm by which not-for-profits operate and generate the capital they need to carry out their mission."<sup>10</sup> They may not be created as businesses, but they stretch, so to speak, from the philanthropic world into the market in order to generate revenue. In this usage, form of ownership or legal incorporation is not important. Indeed, some would include private, for-profit businesses that have prominent social or environmental goals.<sup>11</sup>

If one envisages private business and private, nonprofit philanthropy as being on two opposite ends of a continuum, then the US definition of "social enterprise" illustrates a continuum in which both ends bend towards the middle. The European definition suggests a different continuum altogether, in which community-owned commercial businesses, such as co-operatives, are on the more market-oriented end, with charities and nonprofits at the other end. Again in this context, "social enterprise" envisions the two ends of the continuum coming closer together.<sup>12</sup>

The organizations we examine in this book all have the characteristic of mixing competitive commercial activity with goals that do not focus simply on investment returns. They operate in the market, but they do so fundamentally for reasons that go beyond what the market usually does. They also

represent the spectrum of social-enterprise diversity. Some of them (namely, the housing co-operatives and some of the Aboriginal co-operatives that we examine) resemble nonprofit-sector initiatives that have adopted a commercial strategy. Others (the bigger retail co-operatives and credit unions, for example) look more like traditional businesses, yet have in the background the understated goals of supporting their localities and their members rather than making profits for others. Many co-operatives, such as Vancity Credit Union and Mountain Equipment Co-op, are becoming more overt about their community goals. In all cases, *risk* is an ever-present factor; there is no enterprise without risk. The dramatic story of Maple Creek Co-op's turnaround and the experimental travails of Consumers' Community Co-operative show that social enterprises such as co-operatives take risks and get into trouble; sometimes they surmount it, and sometimes they do not. There is a lot to learn from the experiences of co-operatives, and one of the lessons is not to study only the success stories.

In Canada, the use of the term "social enterprise" has spread in recent years and is promoted by a variety of networks, organizations, and business schools, most of which are trying to draw connections between the deep-rooted historical experiences of co-operatives and those of wider groups of somewhat similar organizations. Likely the most prominent of these is the Vancouver-based Enterprising Non-Profits initiative, which began in 1997. Enterprising Non-Profits has a variety of sponsors, including financial co-operatives (led by Canada's largest credit union, Vancity) as well as corporate, government, and foundation organizations. Among other activities to promote and develop the idea of social entrepreneurship, the initiative hosts an annual National Conference on Social Enterprise, a project it first launched in 2006. It defines "social enterprises" as "business ventures operated by non-profits, whether they are societies, charities, or co-operatives."<sup>13</sup> The Government of Canada's Policy Research Initiative (PRI) defined something called "Social Economy Enterprises," or SEEs, in 2005.<sup>14</sup> According to the PRI, social-economy enterprises involve a diverse range of stakeholders, reinvest any profits to advance their mission, are citizen-led and community-based, and combine market and nonmarket resources.

Co-operatives can be distinguished from nonprofits, however, in at least one important way, and this is the manner in which the business model *requires* surpluses to be distributed. A co-op may allocate surpluses for the development of the co-operative, to benefit members in proportion to their transactions with the co-op, or for other activities approved by the

membership – for example, reinvesting the money in the community, as nonprofits do. Members of co-operatives are both users and owners of the business, and it is this democratic distribution of surpluses to user-owners that sets co-ops apart from nonprofits.

Overall, the Canadian usage of "social enterprise" is not yet fixed, but it appears to include something of both the American and European definitions. It is not as narrow as the EMES definition, which includes only organizations that create a large part of their revenue in the market. Like US definitions, the Canadian "social enterprise" can include charities or nonprofits that undertake small commercial activities. But generally for-profit enterprises appear to be excluded, even those that have social objectives alongside their profit objectives. Most versions of the definition emphasize market-oriented commercial activity such as that undertaken by co-operatives.

### Social Economy

In discussing social enterprise, another "newish" term has already come up in our discussion above: "social economy." Researchers and practitioners in several industrialized European countries began developing the idea of the social economy in the mid-1970s (based on much older traditions), and by the 1990s the term had spread to Canada, in particular, Quebec.<sup>15</sup> In Quebec the idea of the *économie sociale* is well established and serves as a focal point for both research and public policy. The social economy became better organized when, in 1996, the Government of Quebec organized a socio-economic summit. Grassroots and community-based groups interested in the summit came together to form a task force on the social economy, or Chantier de l'économie sociale, becoming a formal, autonomous association by this name in 1999. The Chantier has become prominent and influential in discussions of the social economy. Alongside it, the second representative of Quebec's social economy is today recognized to be the Conseil québécois de la coopération et de la mutualité, or CQCM – the federation of Quebec's co-operatives.<sup>16</sup> In effect, the social economy has constituted itself, and has been recognized as, a separate sector of the economy and society, a sector whose businesses and employment are driven by a nonprofit service ethic rather than by the profit motive of the private or corporate sector.

But what, exactly, is involved in the social economy? As with other definitions of innovative organizations that bridge conventional boundaries between market and society, the general idea is a lot clearer than the particulars. While the extensive debates about the nature of the social economy need



not concern us here, two perspectives are relevant: the social economy can be defined based on the *structures* of organizations; and it can also be defined based on the *behaviours* of organizations.

The simplest definition of the social economy, and one of the older ones, is a structural definition. The social economy consists of nonprofit firms or associations, co-operatives, and mutual enterprises.<sup>17</sup> These are legal or structural models in which people get together for community-based businesses that involve shared ownership and goals that go beyond making a return on investment. Jack Quarter, in his 1992 book *Canada's Social Economy*, introduced the term to Canada and used his own version of this kind of structural definition. Quarter worked with the idea of co-operatives, nonprofits, and mutuals, but expanded this to include what he called mutual-interest organizations (trade unions and professional bodies, religious organizations), nonprofits in public service, and "near-government" organizations, including universities and hospitals.<sup>18</sup> While Quarter's approach highlights the huge size of the sectors of activity in Canadian society that are not encompassed by either private enterprise or central government, most writers and leaders in the social economy have chosen narrower definitions that focus more on organizations that have pronounced enterprise rather than charitable, trust, or public characteristics.

The second approach, to which social-economy actors have gravitated, is to define the social economy based not so much on what organizations *are* in terms of structure but, rather, on what they *do*: their behaviours, practices, and activities, and the values and rules they follow. The Québec Chantier defines the social economy as a sector of economic activity based on associations embodying solidarity, autonomy, and citizenship, values expressed through five principles:

- 1 service to members of the community
- 2 autonomous management
- 3 democratic decision making
- 4 primacy of persons and work over capital and profits
- 5 participation, empowerment, and individual or collective accountability.<sup>19</sup>

The organizations doing these things are, in fact, mainly nonprofit associations, co-operatives, and mutuals. However, this approach provides a normative standard for how such organizations should behave in the social economy and why their activities might be important to society.

Compared with the idea of social enterprise, the concept of social economy has many similarities and some differences. "Social enterprise" fixes attention on the individual organization, especially one with a pronounced economic or commercial character. We might see individual social enterprises as components – the most economically entrepreneurial components – within the social economy. "Social economy" stresses more how many organizations work together and constitute a whole, including the role of federations, networks, and associations that support the activities of others but are not themselves enterprises. The social economy is a cause, a project, a macro-level entity, whereas social enterprise is more a descriptive category.

To a degree, the ideas behind the term "social economy" – ideas such as community service, citizen engagement, and networking with like-minded organizations – also lie behind most co-operatives, including the ones we examine in this book. We might, though, distinguish between co-operatives that see member or citizen participation as an important activity in and of itself, and those that see it as a contribution to a successful business that meets member needs. We might also distinguish between co-operatives that network and associate primarily with their own type and those that are seriously engaged in very diverse associations. The co-ops of the latter types – intense internal engagement, wide external engagement – are the ones that better epitomize the social-economy approach and are closer to its heart. The housing and multi-stakeholder co-operatives we have studied here are particularly of this type. Not surprisingly, a number of these examples, such as the solidarity co-ops described in Chapter 8, are from Quebec, while the examples from the rest of Canada are mostly from urban inner cities. The social economy includes co-operatives, but views them through a different lens so that some stand out quite distinctly from others.

In Canada, the idea of the social economy received a short-lived boost from the Paul Martin Liberal government, which in its 2004 Speech from the Throne singled out the social economy for targeted developmental and research support. Despite this interlude, the social economy is not yet well established outside of Quebec. Academics, community advocates, and some grassroots practitioners are increasingly familiar with the concept, but often identify more strongly with other concepts. To some extent, the co-leadership of the social economy in Quebec by the Chantier and the CQCM is mirrored in Canada by two organizations that were actively involved with the Martin government and its programs. The rough equivalent of the Chantier might be the Canadian Community Economic Development

Network (CCEDNet), while the CQCM's mirror image is the Canadian Co-operative Association. In a certain way, one could interpret Canada's social economy as being a tentative partnership between the apex organizations of the community-economic-development movement and the co-operative movement.

### Community Economic Development

The term "community economic development" (CED) became common in North America in the mid- to late twentieth century, building on earlier traditions. In timing, it is roughly parallel to the term "social economy" in Europe; the definitions of both terms have similarities as well.

To understand CED, a good place to start is with the still-broader term "community development." As the name suggests, community development is an approach that is about much more than economics. Community development is a broad movement of people who work in various ways or sectors for the improvement of communities in participatory ways, from the bottom up. Although histories of the idea of community development could certainly trace their origins back to the nineteenth century, the term has been used in North America particularly since the 1960s and 1970s. The Community Development Society, which represents many practitioners, describes its work as follows:

We view community development as a profession that integrates knowledge from many disciplines with theory, research, teaching, and practice as important and interdependent functions that are vital in the public and private sectors. We believe the Society must be proactive by providing leadership to professionals and citizens across the spectrum of community development. In so doing, we believe the Society must be open and responsive to the needs of its members through provisions and services which enhance professional development.<sup>20</sup>

Good community-development practices include a number of activities:

- promoting active and representative participation
- enabling all community members to have meaningful influence over the decisions that affect their lives
- engaging community members to understand alternative courses of action
- incorporating diverse interests and cultures
- enhancing leadership capacity.<sup>21</sup>

Community economic development can be viewed as the subset of community-development approaches that are applied to generating income, businesses, employment, and commercial services.

CCEDNet defines CED as "action by people locally to create economic opportunities and enhance social conditions in their communities on a sustainable and inclusive basis, particularly with those who are most disadvantaged." It goes on to say that CED is

a community-based and community-directed process that explicitly combines social and economic development and fosters the economic, social, ecological and cultural well being of communities ... It is founded on the belief that problems facing communities – unemployment, poverty, job loss, environmental degradation and loss of community control – need to be addressed in a holistic and participatory way.<sup>22</sup>

The concepts of CED are clearly and directly relevant to the co-operative enterprises we studied in our cross-Canada project. Most of our case studies focus on local action for the creation of economic opportunities, and on combinations of social and economic development. The most obvious examples of this may be enterprises such as Sunova Credit Union. Such organizations have an intentional, strategic focus on mobilizing local resources and investing them in local economic development. Entrepreneurial credit unions of this kind are not just instances or results of CED, but are catalysts for ongoing and expanding local economic development that is sustainable well into the future.

There is a difference, however, between talking about co-operatives and talking about CED, and each approach has its merits. To focus on the co-operatives is to focus on a specific organizational form and its issues. Practitioners of CED are typically focused on process and are often understandably impatient with any one organizational form.

The CED community includes practitioners who are developers, facilitators, trainers, and staff, working together with community members and community leaders. There are many kinds of organizations at various levels, as well as numerous initiatives that are project-based and grant-funded. These include a myriad of projects and undertakings ranging from social-purchasing portals to housing development to job creation. The diversity of CED activities may be one reason the sector is insufficiently appreciated by governments and the general public.

Some influential CED leaders have formalized the concept in connection with specific mechanisms, especially community-development corporations, as a preferred way to support ongoing, progressive development processes.<sup>23</sup> These nonprofit, locally based corporations access grants and other revenues in order to promote local business development, generate training, and initiate projects that revitalize their communities. They epitomize a CED approach because they are open-ended and multipurpose. As they succeed in one project or area, they move on to another, representing a permanent and growing development capacity in the community. In Canada such organizations include Community Futures, community development corporations, regional development corporations, neighbourhood development organizations, and others by other names. In this book we mention the Quint Development Corporation, the Kitsaki Development Corporation (below), and the Osoyoos Indian Band Development Corporation (also below), which are examples of this model.

At the other end of a spectrum are CED approaches that do not focus on an organizational structure, but rather on a planning or engagement process that can be practised by almost any organization in almost any setting.<sup>24</sup> Between these approaches are organizations that mix a particular approach with a structure dedicated to a certain group (women's CED, francophone CED, and so on). And, of course, these approaches are not mutually exclusive.

Despite the diversity of forms and approaches, Canadian CED practitioners in the past two decades have built an inclusive nation-wide network to encompass their common interests. This is the Canadian CED Network, already noted to be one of the pillars of Canada's social economy. CCEDNet is a mixed, multilevel association of regional and local organizations and individuals. Growing interest in CED became evident when the Economic Council of Canada published a statement in favour of the approach in 1990.<sup>25</sup> Meanwhile, practitioners of CED were getting more organized. A BC-based Centre for Community Enterprise was created in 1988 and began publishing a newsletter, *Making Waves*, in 1989.<sup>26</sup> The newsletter quickly became a leading national vehicle for the CED movement in Canada, and networking among CED practitioners and organizations led to the emergence of a nation-wide network, CCEDNet, in the 1990s.<sup>27</sup>

Is the social economy part of CED, or is it the other way around – is CED a part of the social economy? Are co-operatives part of both? Neither? Are they in between? Such questions are mind bending in the abstract and try the patience of community-level people in all movements, who really just

want to get on with doing good things and don't much care what they are called. Instead of focusing only on abstract definitions, it is perhaps helpful to see things like CED, social economy, and co-operatives as networks or communities: groups of people with ideas and membership that sometimes overlap, but with strategies or emphases that are slightly different from those of each other. What defines them is the population of practitioners and their particular preferences, rather than mutually exclusive bodies of thought. The example of Aboriginal economic development indicates why it may be helpful to think this way.

### Aboriginal Economic Development

Aboriginal communities in Canada – First Nations, Inuit, and Métis – often suffer from high levels of poverty, unemployment, and social distress, though there are important exceptions to this generalization. People interested in poverty reduction have tried strategies in Aboriginal communities, including CED, social economy, and co-operatives, with some success. Generally, it has become apparent that the shape of alternative economic development in Aboriginal communities is different from that in non-Aboriginal communities. There seem to be two main reasons for this: the political-institutional environment, especially band government and the striving for Aboriginal self-government, and a desire to find business forms that are compatible with the variety of Aboriginal cultural values and social structures.

Like the other concepts discussed here, Aboriginal economic development is represented by its own network and organizations. One of these, at the national level, is the Council for the Advancement of Native Development Officers, or CANDO, created in 1990.<sup>28</sup> While there is no clear consensus about what, specifically, makes an enterprise Aboriginal, it is clear that it has something to do with both an Aboriginal identity (leadership, staff, members or clients, symbols and visual identification) and Aboriginal context (consistency with the values, structure, and culture of Aboriginal communities, including their political structures).

Well-known examples of Aboriginal economic development include enterprises owned by First Nations governments, such as the Kitsaki Management Limited Partnership, owned and controlled by the Lac La Ronge Indian Band in Saskatchewan. Chief Cook-Searson and her band council serve on the board of directors, guiding it in the interests of their nearly ten thousand band members.<sup>29</sup> Another outstanding example is the highly successful Osoyoos Indian Band Development Corporation. Under

the leadership of Chief Clarence Louie, the 450-member Osoyoos Band has aggressively pursued economic development as a way to win self-sufficiency and autonomy for its people. The centre-piece of the band's success is the Nk'Mip resort near the shores of Lake Okanagan, a cultural, touristic, and wine-tasting complex. Again, Chief Louie and the band councilors are executives of the development corporation.<sup>30</sup> Such organizations, integrated into their communities and political structures, are important components of Aboriginal entrepreneurship. Yet provincial or federal government development corporations would not be considered parts of the social economy, CED, or co-operatives. This difference in usage marks an important distinction between Aboriginal economic development and the other concepts examined here.

Social-economy, CED, or co-operative approaches certainly succeed in some or many Aboriginal communities, yet it is presumptuous to imagine that they are a universal fit. A co-operative might not be consistent with community values and cultures if it creates division or conflict in the community, or if it becomes entangled in unproductive ways with family and political structures. In societies that have been colonized for generations, the imposition of models or approaches from outside – even supposedly participatory ones – is an extremely sensitive issue. Yet it is clear from the research presented in this book that co-operatives can be authentic and outstanding examples of Aboriginal economic development. One example is the Koomiut Co-operative in Kugaaruk, a business that drives the commerce of the remote Inuit community while creating social cohesion, social capital, local enterprise, and economic development. Another example is the survey of Aboriginal co-operatives that highlights co-op housing in urban centres of southern Ontario and Manitoba, as well as regional credit unions and caisses populaires, and fisheries and other resource-based co-operatives in rural communities. It is clear that First Nations, Métis, and Inuit communities have distinct cultures, needs, and characteristics; it is also clear that Aboriginal economic development closely reflects these realities. At the same time, practical examples show that co-operatives, like other forms of social enterprise and social economy, can succeed as authentic Aboriginal enterprises.

### Too Many Names?

Co-operatives. Community development. Community economic development. Social economy. Social enterprise. Social capital. Social cohesion. We generate more and more terms for still comparatively marginal phenomena

that are not widely understood. Each new term seems to have a shorter and shorter half-life before a new word is coined to take its place. And, as noted above, the promoters of some of these terms have often actively dismissed or marginalized others in order to make more room for their own – as if the relationship among these concepts is a competitive one.

Without detracting from the energy and imagination generated by new terms and concepts, it is important to understand that communities have been pursuing alternative economic approaches for years, regardless of what anyone has called them. Not just years, in fact, but decades, generations, centuries – even millennia in the case of Aboriginal communities. A rich continuity of community resourcefulness and responsiveness is manifested today in new forms and by new names. Yet to stress only the newness of the terms, though helpful for getting people's attention – does not do justice to the fact that these concepts are deeply rooted in communities.

Why do people keep inventing new terms? There are probably several reasons. One very good reason is that words draw attention to particular ideas or details and structure people's way of thinking. Since none of the terms thus far has "stuck" – that is, none has rendered the sector of community-driven enterprise clearly intelligible to policy makers and the general public – new terms are constantly proposed.

Then, too, there is a remarkable array of innovations, organizational forms, cultures, and languages involved in community economies. It is not surprising that different terms emerge in different places and that innovative new approaches continually bubble up that are not covered by previously established terminology.

There is also, perhaps, a less laudatory reason for the multiplicity of terms and approaches. The advocates of marginal ideas seek to establish their views in competition with other ideas, including those in the mainstream, which have more resources behind them. The key resource that these advocates are competing for is people's attention. Old terminology, associated with other people's approaches, is not effective for achieving this. So there is a bias towards neologisms, a culture that attends to the new and neglects larger patterns, connections, and continuities.

In seeking to understand what co-ops are doing in Canadian communities, we looked for patterns and lessons that are relevant to social economy, social enterprise, CED, and Aboriginal economic development of many types. These sectors, groupings, and networks are emerging, changing, and forming connections with one another. Is there a single term that ties all of these areas together? Perhaps. Perhaps not. But regardless of whether or

not we can name them neatly in the abstract, in a universally agreed-upon way, there are realities at the community level that also require our attention. Communities are not helpless. Community organizations are acting and doing – carrying out business, job creation, and services. Their efforts have tremendous significance and much to teach us about the strengths and possibilities of community in a globalizing world.

## NOTES

- 1 I have discussed the concept of social cohesion and the literature that addresses it at greater length in "Cohesion, Adhesion, and Identities in Co-operatives," in *Co-operative Membership and Globalization: New Directions in Research and Practice*, ed. Brett Fairbairn and Nora Russell (Saskatoon: Centre for the Study of Co-operatives, University of Saskatchewan, 2004).
- 2 Cited by Paul Bernard, "Social Cohesion: A Critique" (CPRN Discussion Paper F-09, Ottawa, Canadian Policy Research Networks, December 1999), 5.
- 3 Jane Jenson, *Mapping Social Cohesion: The State of Canadian Research*, CPRN Study F-03 (Ottawa: Canadian Policy Research Networks, 1998), v.
- 4 Jenson, *Mapping Social Cohesion*, 15-22.
- 5 Some of the key works in which Putnam developed his ideas include "The Prosperous Community: Social Capital and Public Life," *American Prospect* 13 (Spring 1993): 35-42; *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993); *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon and Schuster, 2000); and "Social Capital: Measurement and Consequences," *ISUMA* (Spring 2001): 41-51. See also Gerald Gamm and Robert D. Putnam, "The Growth of Voluntary Associations in America, 1840-1940," *Journal of Interdisciplinary History* 29, 4 (1999): 511-57. They have all been extensively discussed, developed, and critiqued by others.
- 6 Jeff Dayton-Johnson, "Social Capital, Social Cohesion, Community: A Micro-economic Analysis," in *The Economic Implications of Social Cohesion*, ed. Lars Osberg (Toronto: University of Toronto Press, 2003), 43-78.
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- 17 See Laville, Lévesque, and Mendell, "The Social Economy." The definition goes back to Henri Desroche, *Pour un traité d'économie sociale* (Paris: Coopérative d'édition et d'information mutualiste, 1983).
- 18 Jack Quarter, *Canada's Social Economy: Co-operatives, Non-Profits, and Other Community Enterprises* (Toronto: James Lorimer, 1992).
- 19 Social economy is discussed (in English) by Benoît Lévesque and Bill Ninacs in "The Social Economy in Canada: The Quebec Experience," in *Social Economy: International Debates and Perspectives*, ed. Eric Shragge and Jean-Marc Fontan (Montreal: Black Rose Books, 2000). See also Laville, Lévesque, and Mendell, "The Social Economy."
- 20 See the Community Development Society website, <http://comm-dev.org/>.
- 21 Ibid.
- 22 See the Canadian Community Economic Development Network website, <http://www.ccednet-rcdec.ca/>.
- 23 This approach is particularly associated with Stewart Perry, a founder of the CED movement who headed the American-based Center for Community Economic Development from 1969 to 1975. Perry participated in founding many community development corporations (CDCs) in the US and Canada. Within Canada, a key proponent of CDCs has been Greg Macleod of Cape Breton, whose New Dawn Enterprises (1979) claims to be the oldest CDC in the country. See <http://www.newdawn.ca>.
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- 28 See the Council for the Advancement of Native Development Officers (CANDO) website, <http://www.edo.ca/home>.
- 29 See the Kitsaki Management Limited Partnership website, <http://www.kitsaki.com>.
- 30 See the Osoyoos Indian Band website, <http://www.oib.ca/>.

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