



CENTRE FOR THE STUDY OF CO-OPERATIVES

**Co-operative – Government Relations
in Canada:**

**Lobbying, Public Policy Development
and The Changing Co-operative System**

David Laycock

CO-OPERATIVE-GOVERNMENT RELATIONS IN CANADA:
LOBBYING, PUBLIC POLICY DEVELOPMENT AND
THE CHANGING CO-OPERATIVE SYSTEM

David Laycock

Centre for the Study of Co-operatives
University of Saskatchewan
Saskatoon, Saskatchewan
S7N 0W0

CANADA

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University of Saskatchewan
Saskatoon, Saskatchewan
S7N 0W0
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Preface

As the major Anglophone centre for academic research on co-operatives, the Centre for the Study of Co-operatives has a substantial interest in the participation of co-operatives in the Canadian public policy process. We are also interested in the progress of *frontier* co-operative sectors, such as worker co-operatives, and in the roles that established co-operatives and governments are playing in this progress. This is especially true now that the May 1984 report of the National Task Force, *A Co-operative Development Strategy for Canada*,¹ has identified the economic and social achievements, and new development potentials, of the co-operative movement.

This study was undertaken in collaboration with the Co-operative Union of Canada. The Co-operative College of Canada has provided administrative support and other services on behalf of the C.U.C. to facilitate completion of the Centre's research. The C.U.C. has helped considerably with travel costs, provision of valuable contacts for the researcher, and research suggestions.

English Canadian co-operatives have not often been the subject of critical and contemporary academic attention. It is thus appropriate for me to indicate the status of my research findings, analysis, and evaluations. In my study of co-operative-government relations in national and five provincial settings, I intentionally

raise issues not normally addressed in consultants' reports. Neither practitioners nor subjects or academic research benefit when frankness is sacrificed for reassuring blandness.

The bulk of my critical assessments in this report are consistent with, and often extensions of, self-critical claims that co-operative movement spokespeople have made over the past decade. I share with these people a strong desire to see co-operatives grow and meet their potential as valuable elements of democratic life in Canada. To this extent, I have contravened traditional academic practice, since I am not a *disinterested* observer of the co-operatives whose government relations work I have studied over the past year. Any professional political scientists reading this analysis will also notice that theory is employed in a less rigorous fashion than is found in much academic analysis. I intend to make up for this in subsequent papers addressed to other social scientists; since this report has a much wider audience, rigor has been sacrificed for accessibility.

There is a very long list of individuals kind enough to assist in the provision of written documents or personal knowledge of the events, processes and relationships relevant to this study. To those not mentioned in my interview schedule (Appendix II), but whose contributions were nonetheless helpful, who were informative, frank and largely supportive of my investigations and research objectives, I am deeply indebted. My greatest debt is to Christopher Axworthy, director of the Centre for the Study of Co-operatives, who did everything possible to ensure that this research could be conducted. I would also like to thank Jo-anne Andre of the Centre for the Study of Co-operatives for her admirable patience and ingenuity in typing, and making valuable editorial suggestions on several drafts of this manuscript. Finally, I have

¹ *A Co-operative Development Strategy for Canada: Report of the National Task Force on Co-operative Development*. (Ottawa: Co-operative Union of Canada, 1984).

I. Introduction

A. OBJECTIVES AND STRUCTURE OF THE STUDY

Among several valuable achievements of the National Task Force on Co-operative Development was reflection upon the relationship between co-operatives and governments by a wide range of co-operative leaders. To agree upon a set of over 30 recommendations, many of which prescribed closer and more effective ties between government and co-operatives, co-operative leaders were required to begin at least reconsidering how past and present relationships with the state might be extended or re-directed. As the Task Force Report made abundantly clear, the point of such reconsideration was to ensure that Canadians could benefit more fully from co-operative enterprises and values at a time when "the central challenge before Canadians is how to make our economic and social institutions more participatory and responsive to human needs".²

With these inter-co-operative reflections and recommendations as recent background, it seemed logical and important to undertake a selective assessment of the achievements of, and methods utilized by, co-operatives as participants within the processes of public policy development in Canada. Constraints of money and time limited the scope of objectives for this study in several ways. I decided that I would focus upon events and characteristics of the past ten years, since an historical study would take far too much time to do well. I chose five provincial governments--Saskatchewan, Manitoba, Ontario, Québec, and Nova Scotia--and the federal government, as objects of study in relation to co-operative efforts.

benefited greatly from the careful reading and suggestions upon earlier drafts by Albert Chambers, Douglas Holland, Skip Kutz, Lars Aplan and Christopher Axworthy. Having received such generous assistance from so many people, I must add in closing that the responsibility for errors of fact or interpretation is mine alone

I will gratefully receive and respond to readers' comments upon this study. Please write to me care of the Centre for the Study of Co-operatives, University of Saskatchewan, Saskatoon, Saskatchewan, S7N 0W0.

David Laycock

February 1987

² A Co-operative Development Strategy for Canada: Report of the National Task Force on Co-operative Development. (Ottawa: Co-operative Union of Canada, 1984), p. ix. (Subsequently referred to as the Report.)

Rather than looking at all four aspects of "new" co-operative development given priority in the Report, I chose to examine co-operatives' and governments' efforts in relation to the rapidly developing area of worker co-operative development. Since 1980, this new field of co-operative growth has shown modest signs of becoming "an idea whose time has come," as the Task Force had predicted. The fact that recent worker co-operative developments are revealing of co-operatives' and governments' likely approaches and responses to the need for alternative, democratic economic development gave additional importance to their study. So, for that matter, did the evidence they provide regarding likely developments in relations between co-operatives and governments in Canada.

As the study progressed, I devoted more and more attention to the government relations programs and efforts of major co-operatives, as seen from both their own, and governments' perspectives. In this report I reflect this attention with a description and evaluation of "lobbying" techniques and programs utilized by co-operatives to pursue their federal and provincial policy objectives. The objective here is to heighten awareness within co-operative organizations of techniques that have (or have not) been successful in influencing government policy development and implementation. Although individual co-operatives have distinct needs and political environments which prevent all other co-operatives' lobbying experiences from being directly relevant to their own cases, there is still much that can be learned from other co-operatives' past, present and intended lobbying activities.

Finally, this project will establish some of the preliminary groundwork for future, more detailed and/or focused study of co-operatives' roles and practices in public policy development. It is hoped that this will stimulate practical, applied research by co-operatives, as well as academic interest in

a field that has received far less than its fair share of scholarly attention.

This report takes the following form. I begin with a short discussion of the general theoretical concerns that have been valuable in this and similar studies, to provide the reader with some idea of the nature and limits of the ensuing analysis. As a transition to analysis of contemporary practices and patterns in Canadian co-operatives' relationships with governments, I provide some historical background. The second section provides a relatively detailed account of the Co-operative Union of Canada's government relations programs, including actions taken since May 1984 to advance the National Task Force agenda. In the third section, government relations techniques and approaches of selected regional co-operatives are considered, and their efforts to promote worker co-operatives are outlined. Section four deals with federal and provincial government promotion of worker co-operatives. In the conclusion, I attempt to place the preceding descriptive and evaluative analysis in larger contexts that address several basic issues facing Canadian co-operatives, and provide a brief summary of recommendations from the body of the report.

B. THEORETICAL APPROACHES TO CO-OPERATIVE - GOVERNMENT RELATIONS

For a study such as this which is descriptive, comparative and evaluative, a tidy theoretical framework is hard to come by. In the first place, a good deal of research--especially interviewing of key players in both co-operatives and governments--had to be undertaken before central concerns in these relations could be identified. Unlike the ideal social scientific analysis, then, the full range of hypotheses in the study did not effectively emerge until well into the research. Time and financial constraints made it impossible to contact a second time all of the people who had helped to shape the hypotheses,

for the purpose of methodically re-covering ground from the preliminary reconnaissance.

It is also true that although the subjects addressed in interviews and examination of written documents did not change significantly between the beginning and end of the primary research process, there was no precisely structured questionnaire from which "hard", quantitative data could be drawn to describe and classify the attitudes and perspectives of participants in the research project. Detailed notes were of course taken at all stages of the interview and documentary research, but the results were necessarily somewhat impressionistic. This does not substantially reduce the value of participants' contributions or of the analysis to follow.

The following comments on theoretical orientations to co-operative--government relations in public policy development are unavoidably of the *ex post facto* variety. I have, in other words, reviewed what I considered to be a reasonable sampling of the relevant theoretical literature, and characterized those approaches which appeared to provide useful means of either ordering the data I collected, or placing this data and these co-operative experiences in revealing light. There are literally hundreds of ways of theoretically interpreting what I discovered during this project; I have chosen several which help to make sense of the concerns, unique characteristics, and problems of Canadian co-operatives as participants in public policy development. At this point, I will simply characterize these theoretical frameworks and ideas, with brief suggestions as to why they are useful. In the remainder of the report, their relevance will become clearer as I use them to structure my account and analysis.

Preceding the choice of any explanatory or classificatory theory is an identification of the broad problems and questions raised in the researcher's investigations. These can be stated in the following terms. Generally:

(A) How have co-operatives fared as participants in and/or beneficiaries of the development of government policies bearing directly upon their health and success over the past decade? Do these activities and benefits differ significantly from those of other business organization participants in public policy development? Why?

(B) How will the future of co-operative economic development be affected by the character of relations between co-operatives and governments in Canada?

More specifically:

(C) Which factors in Canadian society, economy, co-operatives and government will have the greatest effect upon the implementation of the 1984 Report recommendations--in particular, those affecting worker co-operative development?

(D) Are co-operatives' traditional positions regarding the "non-political" character of their activities still appropriate?

Does this affect, or is it affected by, the question of whether co-operatives' leaders take public stands on major public policy issues?

My study was not rigorously organized around these questions but rather conducted with them in mind, since they all have some bearing upon both the nature of lobbying activity, and assistance to co-operative development, by the major co-operatives. Appreciation of these questions' bearing upon the specific concerns of this study is assisted if we have some sense of how theories can be used to address them. We need theoretical guidance as to the nature and effects of "interest group" lobbying upon governments, to whom interest group players relate in distinctive ways as a consequence of the federal, cabinet-centred character of legislative and executive action in Canada. We need theoretical guidance regarding the range of political roles and functions performed by interest groups generally, and by the diverse, quasi-federated "system" of

Canadian co-operatives specifically. Some theory is required to appreciate the force of co-operatives in the Canadian political economy relative to that of other major economic groups. This should, additionally, assist in accounting for the barriers confronting co-operatives in implementing the Task Force agenda. The question of whether Canadian co-operatives divorce their business concerns from major social issues and public debates requires theoretical framing. And finally, some recent theoretical observations on the changed nature of organized economic groups' relationships with the state in advanced industrialized societies will provide useful points for discussion of co-operative leaders' thoughts on the future of co-operative development.

1. Interest group activity and public policy development in Canada

Since about 1970, four trends in Canadian academic analysis have done much to aid our understanding of the "politics of interest" in this country. One is the rapid proliferation of studies of Canadian federalism, which have addressed both institutional and public policy process changes. Partly as a consequence of this trend, but nonetheless distinct, has been an increased focus upon the role of "central agencies" and the bureaucratic elements in Canadian governments, especially at the federal level, in shaping public policy. The third development of note is the renaissance of "political economy", and its preoccupation with locating particular policy results and patterns in a context of the logic, or at least the constraints, of interest accommodation in a capitalist economy. The fourth approach, as initiated by people such as Paul Pross and Helen J. Dawson, and recently given empirical depth and theoretical refinement by William Coleman and others, relates the internal organizational dynamics and structural characteristics of interest organizations to the activity and function of different policy

resolution/implementation points within Canadian government institutions. Each of these distinct but mutually employable lines of investigation have helped considerably to provide a broad context within which specific types of interest group activity may be appreciated.

A useful summary of and addition to the literature dealing with Canadian federalism's impact upon interest group activity can be found in Hugh Thorburn's study for the Royal Commission on the Economic Union and Development Prospects for Canada, Interest Groups and the Canadian Federal System.³ Thorburn underlines what all perceptive students and participants in interest group activity in Canada have known for years: the federal division of powers between provinces and national government in Canada massively complicates the articulation and effective promotion of any significant economic interest, especially those spread across the country. This division of powers presents advantages and disadvantages to both specific economic interests, and to the governments with whom they deal. Whether these will weigh in favor of either particular interests or particular governments depends very much on specific circumstances and the organizational structure of the interest group(s) in question.

In some cases, notably those related to regional economic development, powerful economic interests can "play off" provincial governments (and even federal cabinet ministers) against one another in an attempt to secure the best "deal" for locating their industry in Canada. In other cases, for example where jurisdiction is clearly confined to the provincial level of government in matters of labour law, group interests--of organized labour, in this case--can be significantly disadvantaged by the diffusion of power in the federal regime. In still other

³ Hugh Thorburn, Interest Groups and the Canadian Federal System, vol. 69 of research studies for the Royal Commission on the Economic Union and Development Prospects for Canada. (Toronto: University of Toronto Press, 1985.)

cases, divided jurisdiction over various policy areas can require an interest organization to spread its resources thinly across the land. This can exacerbate the division of opinion within the sectoralized interest organization(s) by building different advantages, concerns, and administrative or political support structures on top of already distinctive economic sub-sectoral interests. Such is the case in Canadian agriculture, the implications of which are very profound for co-operative enterprise in Canada.

Closely related to this type of situation created for national interest groups by the federal state is a "paradox" identified by H.J. Dawson in 1975:

. . . if a provincial organization permits its policies to be too profoundly influenced by national as opposed to local considerations, it will lose support amongst its local clientele, and this in turn will diminish the national organization's political impact; whereas if the provincial organizations adhere too rigidly to the policies approved at the provincial level, it may be impossible to achieve any kind of national policy at all.⁴

If one adds to this paradox the complicating factors of sectoral diversity, uneven economic success, and democratic policy development processes within member organizations, an insight into the difficulties faced by the Co-operative Union of Canada emerges. Co-operators committed to, or at least hopeful of, a broadly supported and substantive, concrete agenda

⁴ Helen Jones Dawson, "National Pressure Groups and the Federal Government," in Paul Pross, editor, Pressure Group Behaviour in Canadian Politics. (Toronto: McGraw Hill Ryerson, 1975), p. 31.

for co-operative development may be forgiven for seeing Canadian federalism as an annoying obstacle to this development.

Finally, the costs involved in maintaining effective lobbying efforts at federal and provincial capitals are such that groups unable (or unwilling) to support such expenditures find themselves (and their constituencies' interests) easily overlooked in government policy deliberations, because they lack the same degree of access to decision-makers as groups which can afford to (or do make) these expenditures. The inability of Canada's working and non-working poor to significantly improve their lot (in relative terms) since World War II should be seen at least partially in this light.⁵ Oddly enough, the failure of co-operative organizations as a group to secure governmental and public acceptance of themselves as constituting a "third sector" should be seen in this light as well. We will return to and qualify this point recurrently as the analysis proceeds.

Thorburn's overview also emphasizes a point which binds together studies of the impact of federalism, and changing executive decision-making processes in Canadian governments, upon interest group activity. Presented simply, this is that the increasingly complex, then (after 1970 or so) competitive and acrimonious pattern of federal-provincial relationships (of the past 25 years), did much to exaggerate the development of "central agencies" at the federal and provincial levels. Such "agencies"--the expanded and more powerful Prime Minister's Office, Privy Council Office, and Treasury Board at the federal level, and their equivalents at the provincial level--emerged to streamline, co-ordinate and centralize decision-making across government departments as quickly as they did, at least in part, because inter-governmental relations in our changing federal system demanded such expansion.

⁵ Thorburn, (1985), p. 60.

From the perspective of all organized interest groups, the principal consequence was that the impact of their attempts to alter already formulated government policy was substantially reduced. To be effective, group representations had to be concentrated much more at the policy formulation stage, and had to be directed more at the key bureaucratic (or few elected) players in the central agencies. Access to and credibility with these decision-makers has thus become crucial.⁶ To complicate matters even more, this access has increasingly become valuable only to the extent that it involves direct or indirect representation of organizational interests (where indirect means having government officials "championing" the interests or agendas of these organizations) in the processes of intergovernmental bargaining. This is especially true where the organizations are centrally concerned with federal-provincial agreements on regional economic development or job creation programs. Co-operatives have recently become involved in federal-provincial discussions, but there is little evidence that the two sets of meetings thus far portend integration of these discussions (and the co-operatives' concerns underlying them) into more systematic federal-provincial negotiations on economic development strategies and programs.

Most recent political science literature on intergovernmental activity has contended that in Canada, unlike the United States, most of the "action" for interest groups is to be found at the bureaucratic rather than the elected representative level.⁷ Further to this, most analysts of interest

⁶ Thorburn, (1985), p. 65.

⁷ See subsequent footnote references to the work of H.J. Dawson, A. Paul Pross, B. Doern and R. Phidd, and C. MacMillan and V. Murray; see also Richard Schultz, Federalism, Bureaucracy and Public Policy (Montreal: McGill-Queen's University Press, 1980); Richard Simeon, Federal-Provincial Diplomacy: the Making of Recent Policy in Canada (Toronto: University of Toronto Press, 1974); and W.T. Stanbury, Business-Government Relations in Canada (Toronto: Methuen, 1986).

group influence upon public policy have agreed that the enhanced role of "central agencies" in the national (and provincial) policy-making process has increased groups' needs to interact with senior, centrally placed bureaucrats on an ongoing basis. A central agency, in the federal context, is an "executive support" mechanism which arose (or achieved its full central agency status) as a result of government concern about the ability of the Prime Minister and Cabinet to plan and manage the government. These institutions co-ordinate this planning and management across "line" departments and among themselves, and confer great policy-making power upon their bureaucratic heads.⁸ To be without good contacts in the PMO, the PCO, the Treasury Board Secretariat, the Department of Finance, and (during the Trudeau regime) in the Ministries of State for Economic and Regional Development, and for Social Development, is to disadvantage one's (group) relations with elected officials. However important for resolving particular problems after they arise, contacts with legislators are insufficient guarantees of involvement in the key pre-legislative phases of policy development. The power of civil service planners and administrators appears to have been altered to some degree since the Mulroney government has been in office,⁹ with its public commitment to reducing bureaucrats' power. It is nonetheless safe to predict that a good deal of the PMO's bloated power and responsibilities will shift back to the PCO, and that central agencies generally will continue to be of crucial importance to the success of interest group representations.

The significance of centralized bureaucratic policy development processes to Canadian co-operatives will become

⁸ See G.B. Doern and R.W. Phidd, Canadian Public Policy: Ideas, Structure, Process (Toronto: Methuen, 1983), pp. 175-181.

⁹ See, for example, Peter Aucoin, "Organizational Change in the Machinery of Canadian Government: From Rational Management to Brokerage Politics", Canadian Journal of Political Science, March 1986, XIX: 1, pp. 3-28.

clearer as we examine their government relations programs and orientations later on. At this point, it may be noted that while several of the major co-operatives--particularly in the financial sector--have designed their government affairs programs at least partly with the central agency phenomenon in mind, most have not. The majority continue to rely primarily upon elected politicians in instances where they feel they need support from or involvement with governments in their co-operatives' affairs. We will see that for a variety of reasons, links with such central agencies need to be taken far more seriously by co-operatives than they presently are. These reasons include the negative impacts upon co-operatives, that result from key bureaucratic decision-makers not understanding the nature or needs of co-operatives, and the overall importance of other groups' representations and information-provision activities to central agency decision-making. It is through these links, and those made with more specialized "line" departments, as well as with different segments of the public, that "policy communities"¹⁰ are developed and shaped. Collectively, Canadian co-operatives have attempted to shape a policy community which recognizes and promotes the interests of co-operatives as a "third sector" in the economy. The absence of systematic and influential co-operative organizational links to both central agencies and a sufficient range of relevant segments of the public has meant, as we shall see, that this policy community specific to co-operatives has not "performed" or "delivered the goods" in a manner consistent with either the expectations or the needs of Canadian co-operatives.

¹⁰ A. Paul Pross, "Pressure Groups: Talking Chameleons", in M. Whittington and G. Williams, eds., Canadian Politics in the 1980s, 2nd edition (Toronto: Methuen, 1984), p. 302. For a fuller development and application of this concept by Pross, see his Group Politics and Public Policy (Toronto: Oxford University Press, 1986).

The third major body of theory and analysis that helps to contextualize the nature of co-operative--government relations in Canada, and the pace of worker co-operative development, is that of "political economy". The writing of earlier political economists such as V.E. Fowke and G.E. Britnell on the prairie grain economy did much to account for how and why agriculturalists and their co-operatives faced major economic and political obstacles. Post-1960's political economy research has attended more to theoretical questions concerning the nature and functioning of modern capitalist economies, has looked more closely at manifestations and consequences of the "class conflict" which they argue is automatically generated within these economies, and has given considerable attention to demonstrating linkages between the objectives and agendas of political and economic elites in Canada. Stated rather simplistically, their approach to public policy study assumes that, except in rather special circumstances, governments will produce and administer policy in ways at least consistent with the interests of, and often at the behest of, dominant elements of the capitalist class.¹¹

What can this approach tell us about co-operatives' impact upon public policy in Canada? At one level, it forces us to consider the general and specific aspects and implications of what earlier (and contemporary) "elite analysis"¹² has demonstrated rather conclusively: i.e. that "[p]olicy-making has remained largely in the hands of a circumscribed socio-economic policy community composed of senior government officials, leading politicians (mainly ministers), and the leaders of the major economic interest groups (large corporations and some

¹¹ For an introduction to this perspective, and some of its variations, see Leo Panitch, ed., The Canadian State: Political Economy and Political Power (Toronto: University of Toronto Press, 1977).

¹² Representative and influential works of "elite analysis" in Canada include John Porter, The Vertical Mosaic (1965); W. Clement, The Canadian Corporate Elite (1975); R. Presthus, Elite Accommodation in Canadian Politics (1973); and D. Olsen, The State Elite (1980).

other organized interests)", which "tends to favor business over other parts of the community, *despite the addition of very strong central agencies*".¹³ Beyond this, however, the political economy approach requires us to ask what it is about the Canadian economy and political system that produces this situation.

Put another way, the political economy approach helps us to contextualize the exercise of elite power in historical, sociological, cultural and economic structural terms. This exercise can lead us to a fuller understanding of why Canadian co-operatives have struggled so long and so fruitlessly to be seen by most governments, virtually all of their bureaucrats, virtually all major private sector businesses, and large segments of the influential public, as a legitimate "third sector". Providing such a context also helps us appreciate, more specifically, why co-operatives have had to struggle to receive informed, sensitive treatment by government policy-makers in ways that come close to approximating that accorded private sector corporations. This approach can aid in identification of the constellation of economic, political, and socio-cultural obstacles to the achievement of Canadian co-operatives' development agenda. A realistic appreciation of the forces impeding this development is a necessary component of any evaluation of existing and potential government relations strategies for co-operatives. Finally, the political economy perspective assists in identification of the needs that state agencies and departments have regarding input from business community interests groups for their economic planning and management efforts.

It is worth noting that a kind of populist political economy was used by some co-operative activists and leaders between the wars to demonstrate the need for and challenges to

¹³ Thorburn, (1985), p. 121, my emphasis.

co-operatives in a capitalist economy.¹⁴ However, this kind of analysis is virtually never offered publicly by Canada's contemporary co-operative leaders. This appears to be due to a number of things, including the effect of the "cold war" on the nature of public critiques and discussion of capitalism, the institutional maturity of major co-operatives, and their leaders' desires not to appear radical (and hence illegitimate) to the public and governments.

A fourth significant approach relates business interest associations' organizational dynamics and structures to the character of sectoral economic activity, on the one hand, and the functioning of various government policy development structures on the other. Initial work in this area has been done by Hugh Thorburn, W.T. Stanbury, Paul Pross and Helen Dawson; more recent publications by William Coleman have added considerably to our appreciation of the logic and limitations of business interest associational activity in Canada.¹⁵ Especially important in this work is the light shed upon the needs of the state for rationalized, consensual, and sometimes joint policy-shaping or implementing contributions, from business interest associations. As with the political economy approach, Coleman's work in particular allows us to see several opportunities for and

¹⁴ See D. Laycock, Populism and Democratic Thought in the Canadian Prairies 1910 - 1945, Ph.D. Thesis (University of Toronto Department of Political Science, 1985); see also Ian MacPherson, Each for All (Toronto: MacMillan, 1979).

¹⁵ See H.T. Thorburn, "Pressure Groups in Canadian Politics: Recent Revisions of the Anti-Combines Legislation", Canadian Journal of Economics and Political Science, Vol. xxx, no. 2, 1964, pp. 157-174; W.T. Stanbury, Business Interests and the Reform of Canadian Competition Policy, 1971-75 (Toronto: Methuen, 1977); A. Paul Pross, (1984); H. Dawson (1975); William Coleman, "Analysing the associative action of business: Policy advocacy and policy participation," Canadian Public Administration, 28:3, Fall 1985, pp. 413-33, and William Coleman, "Canadian Business and the State," Chapter 5 in Keith Banting, editor, The State and Economic Interests Special Research Study #32, Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press, 1986.)

limitations of "corporatist"¹⁶ relations between business and the state in Canada. A more detailed indication of how this fourth approach aids our appreciation of interest group activity will be provided further on in this report.

C. HISTORICAL BACKGROUND TO CO-OPERATIVE RELATIONS WITH CANADIAN GOVERNMENTS

1. Traditional attitudes towards the state among Canadian co-operators

With the prominent and, until recently, significant exception of social-democratic populist leaders, Canadian co-operatives have largely been directed by people suspicious of developing close relationships between their organizations and governments¹⁷. This suspicion has been expressed in two basic forms: a disinclination to involve co-operative organizational

¹⁶ At this point, we can simply borrow a well known definition of corporatism by Philippe Schmitter: "a system of interest representation in which the constituent unit are organized into a limited number of single, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and support." P. Schmitter and G. Lehbruch, eds., Trends Towards Corporatist Intermediation (Beverly Hills: Sage Publications, 1979), p. 13.

¹⁷ For a lengthy discussion of this in the prairie setting, see once again D. Laycock, (1985), and Ian MacPherson, (1977). For a contemporary expression of the elemental basis for this suspicion, see A.F. Laidlaw, Co-operatives in the Year 2000 (London: International Co-operative Alliance, 1981), especially pp. 12, 39-41, and 69. Laidlaw, who was a very influential Canadian co-operative leader from the 1950s to his death in 1980, put this concern especially bluntly in this passage: "... if one were asked to identify the greatest danger looming before the co-operative movement in most parts of the world, it would be adverse relations with all-powerful government." (p. 12, Co-operatives in the Year 2000). It is worth adding that Laidlaw was seen as a socialist by most current leaders of major Canadian co-operatives.

representatives in broadly focused public policy development processes co-ordinated by governments, and an opposition to the expansion of state enterprise except where it would unambiguously promote co-operators' (usually farmers') interests. In summary, this view of co-operatives' relations with governments expressed a worry that an interventionist state might take up the economic and social space "vacated" by private firms, within which they expected co-operative enterprises to grow and eventually challenge capitalist enterprises. One could also note that an antipathy towards the state was a product of co-operators' frustrations with governments that had, for generations, facilitated domination of average citizens by economic elites.

When most pre-1960s Anglophone co-operative leaders did abide and even promote "state intervention" in the economy, they did so because the communities and/or institutional organizations they represented were faced with impending economic crises.¹⁸ Thus after World War I when grain prices fell drastically, prairie co-operators promoted federal government control over orderly grain marketing; during the Depression, they supported the Wheat Board and Bank of Canada and welcomed the Prairie Farm Rehabilitation Act; in the mid-1940's, and again in 1969-70, they lobbied against tax changes that threatened to eliminate the margins of surplus and hence viability that they relied upon.¹⁹ To prairie grain grower co-operators, the recent elimination of the Crow benefit came at a time when grain prices were in decline and input costs were skyrocketing. The elimination of this positive form of state

¹⁸ An important post-1960's qualification to this generalization is, of course, the leadership of the Co-operative Housing Foundation, which may not like the details of its relationship to CMHC and the federal government, but realizes that the relationship has to be close and continuing between "crises".

¹⁹ See Douglas Holland, The Co-operative Movement and Taxation: A Study in Canadian Public Policy (York University: Master in Environmental Studies thesis, 1981).

intervention posed a similar threat to the communities represented by the Pools.

For many co-operative leaders then and since, involvement by co-operatives in either policy development or political activity is sanctioned only to resolve crisis situations. In their view, it threatened to contravene the almost sacred principle of "political neutrality", which they traced back to the Rochdale Pioneers. For nineteenth century Englishmen, this had initially been a non-exclusionary principle, designed to encourage all working people to become involved in a particular type of defensive and reform activity in the context of exploitive capitalism.²⁰ In Canada following World War II, the principle came to be interpreted as prohibiting not just partisan but even substantive reform (and systematic reformist public policy) commitments. Mixing an anti-statist inclination with this cautious and social movement-eliminating orientation to participation by co-operative leaders in public life has produced, in many Canadian co-operative circles, a profound uneasiness and uncertainty about how relations with government and the public should be shaped.

2. A Note on the history of co-operative - government relations in Canada

One of the most basic problems that Canadian co-operatives have with governments is at the same time perhaps the most difficult and, increasingly, sensitive problem for co-

²⁰ According to G.D.H. Cole, the "Pioneers" understood political neutrality in the context of rather specific disagreements "between socialists, the various brands of Chartists, and adherents of the Anti-Corn Law league" during the 1840s. They recognized that their specific commitments and critiques, all well within the anti-capitalist spectrum, were sufficiently strongly held that they had to be "neutralized" for their common demoninator-based, positive alternative to have any practical hopes of success. (Cole, A Century of Co-operation (Oxford: Allen and Unwin, 1944, p. 73.))

operatives to discuss openly and face squarely. This is the problem of the legitimacy of co-operatives in a largely capitalist economy, in comparison to their private sector competitors. It was raised quite strikingly and threateningly in two public policy reviews in the past half-century. The first was during the proceedings of the federal Royal Commission on Co-operatives, held during 1944, and the second was during the 1969 and 1970 hearings of the Parliamentary committee on Finance, Trade and Economic Affairs.

In each case, well organized and financed private sector lobbies laboured long and hard to convince the government that co-operatives were not paying their "fair" share of taxes, because patronage dividends were not taxed at the same rate as corporate profits. In each case, the underlying objective of the private sector lobby was to convince the government that co-operatives were not legitimately distinctive forms of business, and, consequently, that they did not deserve "special treatment" in relation to their private sector competitors. In each case, a combination of luck and effective representations by C.U.C. and other co-operative representatives prevented wholesale and debilitating changes to co-operatives' federal tax status. The fact that co-operatives have to periodically re-legitimize their distinctiveness and distinctive treatment suggests, however, that the federal government has never decisively rejected the private sector case against co-operative business.²¹

Compared to these periods of difficult encounters with the private sector and dangerously ambivalent federal government, the period since 1970 has been relatively calm for Canadian co-operatives--at least in the sense that their inherent character has not been under direct attack in government hearings. Lacking a compelling incentive to collectively or even

²¹ Again, see Douglas Holland (1981), and Margaret Kipp, The Co-operative Union of Canada: An Interest Group, (Carleton University: M.A. Thesis, Political Science, 1977).

individually re-examine their relations with governments and publics, most Canadian co-operatives have not fundamentally altered their *ad hoc* crisis management approach to government relations work.

Part of the reason for the "business as usual" orientation of most major Canadian co-operatives to their relationships with governments is, undoubtedly, that where they have regional strength--especially in the agriculture sectors--co-operatives have generally been able to count on provincial government support and, in many cases, institutional assistance (through marketing boards and scientific research, for example). In several provinces--Québec, Manitoba and Saskatchewan--co-operatives are accorded "special" (which is to say distinctive, not overly-generous or competitively unfair) treatment by provincial governments because they are co-operatives. While this began out of recognition of the contributions and role of co-operatives in local economic life (in 1945 in Saskatchewan, 1971 in Manitoba, and 1970 in Québec), a good deal of the work in each of these provincial departments is now directed towards development of new co-operatives outside the spheres of the major co-operative organizational players in each province. The combination of these "special" and other, almost "clientelist"²² forms of attention would, one expects, help to give some regional co-operative leaders the feeling that government relations was a rather unproblematic element of their organizational activity.

From a national perspective, however, the picture appears somewhat different. National organizations like the Canadian Co-operative Credit Society (C.C.C.S.) and the Co-operative Union of Canada (C.U.C.) cannot treat government relations

²² For a suggestive discussion of clientelism as the concept is applied to analysis of political party relations with their chosen constituencies of support, see Reg Whitaker, The Government Party: Organizing and Financing the Liberal Party of Canada 1930-1958 (Toronto: University of Toronto Press, 1977).

work as an afterthought even if they wish to, both because it is one of their principal *raison d'être*, and because their elected officials and appointed staff unavoidably see the link between such work and the development (or even maintenance) of the co-operative system. By 1983, the need for serious and system-wide re-examination of this link, and its future implications, was evident to C.C.C.S. and C.U.C. officials. They recognized that Canadian policy-makers, politicians and the public had to become considerably more appreciative of co-operatives' distinct needs and potentials for these to be met or realized. It also appeared important to have such an appreciation informing governmental and public perspectives on recent and likely "bailouts" or financial assistance to co-operatives in economic distress, rather than having such assistance underpinned and legitimized simply by the contention that co-operatives deserved it if private and public sector firms received it. Finally, a system-wide review of co-operatives' development agenda(s), and the role that governments might play in this, could not help but re-legitimize and underscore the value of the national organizations to their member organizations and, perhaps, the federal government. This was particularly true and crucial to the C.U.C., which has had to do this almost continually throughout its 77 year history.²³ Despite the wide-ranging and thought-provoking character of the Co-operative Future Directions Project (1979 - 1982), this exercise did not produce much concrete direction or advice that the C.U.C. could use to demonstrate its own policy-related value to its member organizations--or to governments.²⁴ If another system-wide re-

²³ See Margaret Kipp thesis, esp. ch., 7

²⁴ As then C.U.C. executive director Bruce Thordarson said in the spring of 1984, "In terms of practical policy, the Co-operative Future Directions Project was not of much help to the movement" quoted in D. Morton, "Co-op Union of Canada brings co-operative message to the halls of power", Enterprise, May/June, 1984, p. 22.

evaluation of the co-operative potential for Canada were to be undertaken, the major Anglophone co-operatives and their two national (third tier) organizations were determined that it focus on and result in policy-specific concerns which both governments and co-operatives could respond to in practical and imminently productive ways. The National Task Force had its work cut out for it well before the opportunity arose for it to proceed.

The circumstances which facilitated creation of the National Task Force on Co-operative Development are illustrative, in some ways, of the larger dilemma faced by Canadian co-operatives in dealing with governments. In retrospect, it is clear that the Task Force would not have been launched--at least not as early as it was--if the federal government of the day had not recognized that such an exercise would serve its own political interests. Liberal party parliamentary representation west of Ontario was two seats short of being non-existent, and party strategists had long recognized the need to develop institutional as well as popular bases of Liberal support in the region. Hazen Argue had been a long-time proponent of building Liberal support within and through co-operatives, by displaying concrete support for the institutions and aspirations of the substantial co-operative sector in western Canada. This had begun with the Co-Enerco (joint federal-co-operative energy company) negotiations in 1980, and subsequent deal in 1982, but more was clearly required.

A major consulting company was hired in early 1983 to evaluate further potential areas of federal government collaboration with co-operatives on economic development projects or programs. In July 1983, a Canadian Unity Information Office public opinion survey (of over 2000 people across Canada) assessed "average" Canadians' attitudes towards co-operatives. Following these two developments, a

memorandum to Cabinet was prepared through Hazen Argue's office.

In anticipation of an unattractive or at least inadequate menu for co-operative development in this memorandum, two leading officials from C.C.C.S. and C.U.C. approached the P.M.O. principal secretary, Tom Axworthy, with the alternative idea that the federal government should subsidize a co-operative Task Force. At this point, the role that the co-operatives might indirectly play in the Liberals long-term "Western strategy" finally became apparent to more than Senator Argue within the senior councils of the Liberal regime. Even if it would not win the next election for them, clear Liberal sponsorship of co-operatives might eventually lead a significant number of community opinion leaders (i.e. those who were also co-op members) to re-evaluate their almost two decade long visceral rejection of the Liberal party.

Such origins of the Task Force are illustrative of co-operatives' relations to government in a simple but significant sense. Something as potentially important to the co-operative future as the Report of the Task Force had its effective origins in the political needs of the government of the day, not primarily in the new or distinctive needs of Canadian co-operatives, even though co-operative leaders did provide the effective final suggestion to Axworthy, whose role in political planning for Liberal re-election and long-term success was crucial at that time. Co-operative needs and agendas had to be addressed and created in response to an agenda and set of needs over which they had almost no control. Now this agenda and set of needs are not just any, but are rather those of the national government. And co-operatives are not alone amongst interests dealing with governments in finding their agendas created for them, or in having their ability to articulate or address their needs fundamentally affected by government action or policy direction. Further, it often seems that all organizations--

including governments--have a good part of their agenda set by forces or events over which they have little control. So why should the Task Force "event" for co-operatives be viewed in a special light?

The point is not that the Task Force origins are unique in the world of business (or interest group-government relations), but rather, that they reveal something about the power that co-operatives generally have had to insist that their issues are important for their own reasons. The private sector and its major business lobbies have no difficulty defining the public interest in terms of their own corporate needs, because the public has been generally led to equate the two, and because these lobbies (firms, etc.) have privileged access to or empathy of senior bureaucrats at their disposal. Co-operatives are still struggling to define their needs in terms that the public instinctively recognizes to be consistent with their understanding, and superior to the equation of institutional and public need provided by private sector interests. Governments and government departments in Canada, with very few exceptions, do not see co-operatives' specific needs and virtues in terms of distinctively co-operative definitions of these. This is largely because they reckon these as a species of corporate needs and virtues (i.e. job creation, etc.) since this is what comes "naturally" to them as a product of their experience and their culture. This government perspective is also, however, partly a function of the fact that co-operatives themselves have increasingly taken to presenting their needs, characteristics and virtues as an almost indistinguishable species of corporate needs, characteristics and virtues. According to some critics, for example, recent proposed changes to the federal Co-operatives Act by a C.U.C. committee are in this mold. In such an environment, it is difficult for

government officials--appointed and elected--to see why co-operatives merit "special treatment", whatever this might entail.²⁵

There are basic economic, socio-cultural, and political reasons for co-operatives' inability to set their own agenda, in their dealings with government in particular, and to set this agenda in terms of distinctive co-operative values and objectives. We will explore these later. At this point, it is sufficient to raise this issue to remind the reader that the context of contemporary co-operative/government relations is at least as complicated and problematic as the details and results of particular government relations programs of Canadian co-operative organizations.

²⁵ For a brief comment on this problem, see Ian MacPherson, Building and Protecting the Co-operative Movement: A Brief History of the Co-operative Union of Canada, 1910 - 1984 (Ottawa: C.U.C., 1984), pp. 233 - 234.

II. The Co-operative Union of Canada's Government Relations Programs: Background, Structures and Activities

A. BACKGROUND

Since its creation in 1909, the C.U.C. has presented itself as the organization which could, should or did most effectively represent the common interests of co-operative enterprises and members to the federal government. Its record in this regard has been uneven, for reasons associated with either its or other co-operative leaders' view of the utility or desirability of "lobbying", the level of funding provided to the C.U.C. by its member organizations, the absence or presence of clear threats to the business viability of co-operatives, and the organizational structure of the C.U.C. itself.²⁶ It is fair to say that the government relations function and responsibilities have been consistently taken seriously by the C.U.C. only since the famous taxation fight of 1969-71.

The Canadian Co-operative Associations Act of 1970, interestingly enough, formally empowers the C.U.C. to perform basic lobbying functions. During the 1970's, however, the C.U.C.'s government relations activities were "professionalized" only when Jim Milne of Federated Co-operatives Limited was hired to assume the post of government affairs director in 1979. Prior to this, the C.U.C.'s Executive Director had carried the responsibilities for government relations along with an already overly-demanding range of co-ordinating and other functions. Thus while contacts with government officials and M.P.s had improved somewhat through the 1970's, and several meetings had been arranged between co-operative leaders and cabinet ministers, the C.U.C. government affairs program was not the

²⁶ See MacPherson (1979) and (1984) and Kipp (1977).

object of systematic effort or the recipient of significant resources. In the mid-1970's, C.U.C. officials and directors could often be heard speaking of the federal government's growing recognition of co-operatives as a "third sector" in the Canadian economy. Objectively and in retrospect, we must say that this has been an over-optimistic interpretation of the federal government response. The C.U.C. Executive Director indirectly admitted as much in a 1974 report to the Annual Meeting, entitled "Co-operatives and Government", in which he claimed simultaneously that "the co-operatives of Canada have ten times as much involvement with government today as they had ten years ago", and that "We who have been leaders in co-operatives must recognize our neglect of adequate relations with government."²⁷

By 1976, the C.U.C. had come to realize that being treated seriously as a participant in the federal arena of policy development required the production of position papers and submissions to at least some government commissions, hearings, and so on, which did not concern co-operatives specifically. Thus in 1976 it presented a brief to the Bryce Commission on the Concentration of Corporate Power in Canada, apparently on the hunch that co-operatives' interlocking directorships, regional strength in agricultural marketing, and geographic dispersion might mistakenly be interpreted as signs of inordinate and irresponsible power in the marketplace.

In 1977, the C.U.C. submitted a brief to the Prime Minister in response to "The Way Ahead", the government's fall 1976 discussion paper of the context and possibilities for economic policy in the "post-control period". This submission is not notable for its substantive policy recommendations, which were piecemeal and almost unbecomingly "co-op-centric". Its significance, rather, was in the frank expression of

²⁷ L. Harman, "Co-operatives and Governments", an address to the 1974 C.U.C. annual convention, pp. 1 and 2.

disappointment with the attention paid by government to co-operatives, and the willingness with which philosophical concerns about "government intervention", or close ties with the state, were set aside in asking for joint C.U.C.-government action to establish "guidelines on development of government-aided co-operatives", and extension of small business assistance grants to co-operatives. Both aspects of such an enhanced co-operative/government relationship were linked to a prospective "small but senior unit. . . to advise all government departments on matters concerning co-operatives."²⁸ All three of these prospective developments were rationalized in terms of the government's stated objective of decentralizing economic decision-making in Canada. Finally, it is noteworthy that this brief provided the focus for a one-hour meeting of seven co-operative leaders with six federal cabinet ministers (only two of whom--Robert Andras as President of the Treasury Board, and Marc Lalonde as Minister of Health and Welfare--could be rated "senior"). This meeting was the first such since 1966, which in itself says a good deal about the C.U.C.'s profile in Ottawa over this decade.

One brief does not a program make, and we should be careful not to draw firm conclusions on the basis of this "consultation" with government. (After all, the ministers in attendance reportedly expressed interest in a "more visible advisory unit on co-operatives" in the federal government, in a senior department affecting co-operatives, and this has yet to be created--partially, it appears, because co-operative leaders from the mid-1970's to early 1980's were not agreed upon the desirability of such a unit.) Nonetheless, an evaluation of the June 20th, 1977, encounter that first appeared in The Credit Union Way of July 20, 1977, raised three critical themes which in one way or another have characterized post-1970 government

²⁸ C.U.C., (1977), p. 6.

relations programs by co-operatives. The first was that "having made a vigorous case for a lessening of government involvement in the economy, the C.U.C. unfortunately links all its eight recommendations either directly or indirectly to government action".²⁹

Secondly, the editorial points to "a disconcerting lack of specifics in the brief," and argues that "[i]nsofar as collective action to deal with the vexing social and economic problems of the day [is concerned], . . . the co-operatives as a system simply haven't anything faintly resembling a workable national blueprint". Finally, the editor comments upon a

growing tendency of the thriving co-operatives to concern themselves only with their own particular sphere of operations. Increasingly, economic considerations are being pushed to the forefront while social issues are ignored. Correspondingly, established co-operatives are becoming the economic vehicles for the more affluent members of Canadian society not, it should be emphasized, by design, but rather through neglect and lack of positive direction.³⁰

Each of these three criticisms point to ongoing problems underpinning the C.U.C.'s efforts to fashion and effectively implement a government relations program. This program's "mandate" is to serve its major sponsors' short- to medium-term interests while simultaneously providing leadership in promoting long-term co-operative development, in directions that retain a distinctiveness and clear social value for co-operative business in

²⁹ "But do they have a comprehensive plan?", Commentary, Vol. 31, #5, Oct. 1977, p. 2.

³⁰ "But do they...", Oct. '77, p.2.

Canada. We will address these aspects of the C.U.C.'s dilemma more comprehensively in later sections.

To return to our account of the evolution of the C.U.C.'s government relations program: by 1979, Jim Milne had managed to develop a more systematic and effective "plan of attack". Federal government department officials and research assistants were invited to informational sessions on Canadian co-operatives. Regional officials in the major co-operatives were both encouraged to contact federal officials and M.P.s, and enlisted to do so on behalf of the C.U.C. regarding particular issues. The "pre-election program" that the C.U.C. organized for its member organizations was on its way to becoming a methodical and apparently educational exercise within and for "the system". What is not clear from the records, however, is whether substantial progress had been made in getting middle- and senior-level policy-makers in the key economic departments and central agencies to think of co-operatives as potential, and differentially affected, recipients of their policy-making efforts. The evidence I uncovered and "inferred" is that outside of Agriculture and perhaps Consumer and Corporate Affairs, few career or contract officials in the federal government understood or cared about non-financial co-operatives prior to negotiations on Co-Enerco beginning in 1980.

The higher profile of the C.U.C. and co-operatives generally within the federal government in the early 1980s can be attributed to several factors. We have already mentioned Jim Milne's efforts. Still on the C.U.C. side, Bruce Thordarson's appointment to the position of Executive Director was crucial. Thordarson's previous experience as a ministerial aide in the early 1970's Liberal government, and then as government affairs director of Canadian Co-operative Credit Society, had provided him with a clear appreciation of the workings of official Ottawa, and the shortcomings of co-operatives' relations to it. Another factor of import was Senator Hazen Argue, whose long-time

support for co-operatives was injected into the federal cabinet (via his Ministry of State for the Canadian Wheat Board) in 1980, at a crucial time for Canadian co-operatives.

The practical policy basis for the enhanced co-operative profile came in two forms: (1) a series of financial disasters faced by major Canadian co-operatives, beginning with Co-operative Implements in 1979 and moving through United Maritime Fishermen, Pêcheurs Unis in Québec, to the United Co-operatives of Ontario, whose case was "resolved" in 1984, and (2) the economic nationalism of the re-elected Trudeau government in the fall of 1980. In the latter case, the National Energy Program and its policy objective of state-directed energy self-sufficiency within a decade provided an optimal context for co-operative expansion in the energy sector. Although conceived in rudimentary form by F.C.L. and several Credit Union leaders before the N.E.P. was announced, Co-Enerco would simply have been inconceivable in the absence of an interventionist, nationalist policy thrust by the federal government. The combination of Co-Enerco, federal government financial assistance to major co-operatives, Thordarson's quiet but effective networking with government officials, and Senator Argue's political support for co-operatives, resulted in a significant increase in the profile and clout of co-operatives in the federal policy process. In an important sense we can see the National Task Force, despite its rather contingent origins,³¹ as a logical conclusion to the momentum generated by and for co-operatives on Parliament Hill via the Co-Enerco dealings.

Ideally, the Task Force on Co-operative Development was to have accomplished several objectives consistent with, yet not confined to, the C.U.C.'s lobbying mandate. It was designed to focus the thinking of Canadian co-operative leaders regarding

³¹ According to Hazen Argue, then Minister of State for the Canadian Wheat Board, and unofficial cabinet spokesman for co-ops, the Task Force project was "approved by a hair" by Cabinet in Fall 1983.

the public policy environment within which any future co-operative development would take place. This, it was hoped, would impart a more concrete and practical, less "visionary" character to the results and recommendations of the Task Force than the Co-operative Future Directions Project reports of 1982 had achieved. Such a focus would also force co-operative leaders to assess recent development activities within their spheres of experience, in terms of the degrees of and requirements for government assistance in similar developments to come. Identification of these factors making for--or inhibiting--different types of co-operative development would benefit both the major national co-operative organizations' efforts to make the case for co-operative development to government officials and leaders, and the local or regional co-operative organizations which sponsor the "nationals". In particular, C.C.C.S., C.U.C. and C.C.C. (Conseil Coopératif Canadien) would be assisted in their attempts to shape the long-range planning process for the co-operative system.

Instrumental to both long-range planning and specific lobbying activities of co-operative organizations in Canada is government officials' understanding of the social and economic significance of co-operative enterprise. This understanding has been only rudimentary, if that, amongst government policy planners in most jurisdictions in Canada. The Task Force recommendations, therefore, were designed to elicit the attention and facilitate the education of a broader political and bureaucratic audience than co-operatives had previously achieved. With Senator Argue's assistance and the federal Cabinet's compliance (just before the federal election), selected federal government departments were put on notice after the Report's release that they would have to respond collectively to the Task Force recommendations. This undertaking, vague but potentially significant, was one that a new (Mulroney) government could not easily drop without alienating an expectant

co-operative leadership. Task Force participants and instigators realized this, and were thus relatively unconcerned about the short duration of the Task Force's work and its rapid translation into Report and recommendations. The priority given to recommendations for government action or assistance in the Report, which seems to be out of step with the traditional co-operative philosophy of self-reliance and mild anti-statism, makes more sense if one appreciates the strategic context within which the Task Force was situated. It seems to have been felt, correctly in my view, that the strategic value and concerns of the Task Force and its Report were of greater importance in the short- to medium-run than the development of substantive consensus on particular recommendations of the Report. The important thing at this stage, in other words, was to stimulate the interest and engage the policy-relevant attention of public officials.

The problem with this strategy, of course, is that the policy consensus implied in the Report eventually had to be manifested in concrete and concerted co-operative efforts to advance the development agenda to which leaders in the co-operative system had signed their names. In the absence of this, even preliminary, promising moves by governments to respond to this agenda might be either largely symbolic and oriented to public relations rather than performance, or extended in concrete ways that served the legitimation and related political needs of government (narrowly conceived job creation, for example) as opposed to the real developmental needs of co-operatives and communities. While the Task Force exercise would improve major co-operatives' government contacts in this scenario, its negative effects could perhaps be more substantial: government officials and politicians might become cynical about their recently discovered "third sector" organizations' commitment to co-operative development, and a crucial opportunity to forge a practical yet "movement"-reviving development agenda would be

lost to Canadian co-operatives. Whether the structure of the Canadian co-operative system enables such a consensual, co-ordinated and magnanimous development agenda to emerge is a question we shall address later.

B. THE PRE-ELECTION PROGRAM

To date, the record of co-operative and government responses to the themes and proposals of the Report is a mixed one. Here we can review the C.U.C.'s contribution to this situation, beginning with their co-ordination of a 1984 national pre-election program. Coming shortly after the May 1984 release of the Report, this program was substantively easy to put together, although the consultations beginning in mid-June with member organizations' corporate secretaries (or designates) did involve considerable effort. The basic package made available to co-operatives within the C.U.C. network was, in most ways, a condensation of the Report's "argument" for and recommendations regarding co-operative development. The economic significance and sectoral profile of co-operatives was outlined, the co-operative principles were listed, and the capacity of co-operatives to meet the "central challenge before Canadians"--"how to make our economic and social institutions more participatory and responsive to human needs"--was emphasized, all preliminary to an identification of co-operative policy issues and positions. Ten issues were selected as potentially interesting to parties and their candidates: a minister responsible for co-operatives (accompanied by a policy secretariat to co-ordinate "line department" activity towards co-operatives), worker co-operatives, health services co-operatives, housing co-operatives, fisheries co-operatives, northern co-operatives, capital formation in co-operatives, co-operative education, research, and a new Co-operative Credit Associations Act.

This package was sent to C.U.C. member-co-operatives on the expectation that it could be a resource kit in either or both of two ways: it could form the basis of approaches to the candidates by co-operative activists or leaders within particular constituencies, or/and be selectively re-constituted into a package that focused on the policy concerns specific to a particular co-operative organization. (See Section V, below.) In either case, the materials utilized for approaching candidates were intended to act as a basis for an M.P. contact program following the election.

Some co-operative leaders and officials viewed this "political action" suspiciously, even though many would view it as non-partisan and non-threatening. Their association of political involvement with partisan distortion of co-operative agendas was one key factor accounting for the under-utilization of these election materials, even where major regional co-operatives like F.C.L. had taken initiatives and responsibility for shaping the program to perceived organizational needs. Another factor in this regard was simply inadequate resources: at the local level, this election program relied heavily upon volunteer labour to achieve anything more than superficial results, and if local leaders were at all inclined to be suspicious of the intent or consequences of this program, the spade work would not get done.

Despite these rather predictable shortcomings, however, the program achieved more substantial results than any previous election-focused project in the co-operative sector. The fact that a wide range of co-operative issues had been identified shortly before the campaign in the Report, and the comparatively high level of co-ordination of C.U.C. with other co-operative organizational efforts, are largely responsible for these results. The responses of federal parties to C.U.C. positions during the campaign, which had been an almost isolated event in 1974, and only an element of a national-level

pre-election program in 1979 and 1980, were at least potentially of far greater value when placed in the context of regionally and locally delivered programs in 1984. Each of the three parties, of course, did its best to appear supportive of co-operatives in general and particular proposals. It was still easy to see that the N.D.P. were most accommodating, the Liberals less so but by no means unfavorable to any of the positions, and the Conservatives officially supportive yet unwilling to commit themselves to particular programs for, say, worker co-operatives as distinct from small businesses. Unfortunately for the local co-operative "campaigns", the information regarding party responses to co-operative positions was not made available until approximately 10 days before the election. This left little time for effective follow-up with local candidates.

Realistically, it must be said that under present circumstances, the major point of a pre-election program cannot be the education of co-operative members as to individual candidates', or parties', support for co-operatives. The primary strategic objective of such a program is, rather, to use the election campaign as an opportunity to increase the profile of co-operatives amongst sitting members and would-be M.P.s, and to perhaps have some impact upon party strategists in this regard. Many groups compete for the attention of parties and candidates during elections. Politicians are "on the spot" in the competitive, promise-mongering environment of a campaign, and for a group to eliminate itself from the crush of organizations or social categories to whom promises can be made or simple introductory contacts achieved, would be clearly counterproductive. By the 1984 election, the leadership of Canadian co-operatives had largely recognized this, and had "commissioned" the C.U.C. to do what it could to count co-operatives into this political circus. As the government relations capacities of Canadian co-operatives increase, these efforts will

probably become more and more sophisticated, and find greater acceptance at the local level.

Will these efforts in future involve a higher degree of education of co-operative members regarding the relative and genuine commitments of the various candidates and parties to Canadian co-operatives' interests, visions and values? There are several reasons for answering this with a qualified "no", at least regarding the short- to medium-run. The first has to do with the nature of Canadian election campaigns. As the 1984 federal election demonstrated, the most effective overall strategy that a party can adopt is to insist upon the need for change, by caricaturing both the incumbent party's record and policies, and the nature of the problems that stand in the way of delivering upon the vague promises made to all and sundry. Into such a campaign it is very difficult to inject group-based inquiries that elicit answers as to why and how the various promises (of prosperity, increased accountability, etc.) will be delivered. In fact, a group like the C.U.C. risks alienating at least the two major parties, and in some cases the N.D.P., if it persists during the campaign upon getting answers that go beyond qualified motherhood statements. The absence of a class-based, issue-oriented party system in Canada is a major disincentive to consistent policy positioning on the part of political parties. This is especially true with regard to co-operatives, which parties know in advance wish to appear non-partisan and able to work with any party once in power.

This second factor, concerning co-operatives' desire to project a non-partisan image, deserves further comment in this context. Many co-operative leaders have taken this desiderata to imply that criticism of government or party policies, especially that which frankly identifies the anti-co-operative or obsessively pro-free-enterprise philosophical bearings of certain policies or politicians, can seriously threaten the institutional interests of co-operatives. C.U.C. and other mainstream co-operative

criticism of even blatantly uninformed or un-complimentary party positions or government actions is generally very muted. Thus even in an election campaign, when parties are relatively vulnerable to targeting and criticism mixed with a "what can you do for me after" approach, the major co-operatives have studiously avoided attempting to "flush out" the parties on the rationale behind their responses to co-operative issues. The effect that this has upon keeping co-operative member/voters in the dark as to how parties will respond to their concerns as co-operators is not overwhelming, but neither can it be discounted entirely.

Another factor of importance in assessing the "political educational" and potential lobbying value of co-operatives' election programs is the extent to which co-operative members weigh "support for co-operatives" in their voting calculus. To my knowledge, no study has been done that isolates and attaches relative significance to this consideration among all those that members (supposedly 43% of all adult Canadians) have prior to casting their ballots. But there are several reasons for saying that this consideration is not prominent for more than a small minority of Canadian co-operative members. The first reason is that Canadian voting behavior studies have shown that most voters support parties for reasons associated with personal ethnic, religious, social class, or regional characteristics.³² Party support for co-operative enterprise has not been a factor that survey respondents have volunteered as being crucial to their voting decisions; nor, for that matter, have social scientists asked survey audiences this question. Now one could argue that there have been times and regional communities where co-operatives treatment by or attention from competing parties did make a difference to the electoral outcome. One thinks, of course, of Alberta from 1921 to 1935, and Saskatchewan from 1938 to

³² See, among others, S. Bashevkin, ed., Canadian Political Behaviour (Toronto: Methuen, 1985).

1964. The important question, however, is whether the concern regarding co-operatives was decisive; i.e., did it count at least as strongly as a concern for ethnic, regional, religious, class or perhaps family associations with, and reactions to, the parties? The most we could probably say is that for a significant and vocal minority, class, regional, and ideological considerations were intermingled with the concern for co-operatives in shaping the voting choice. In effect, this means that class, regional and ideological factors were responsible for these voters' concern for the party positions regarding co-operatives, since these other factors conditioned their strong support for co-operatives in the first place. In terms of patterns of party support being affected by party positions on co-operatives, this means that parties can normally--even where the success of co-operatives are (were) major public issues--safely assume that individuals seriously concerned about party treatment of co-operatives would vote as they do regardless of modifications to party policy concerning co-operatives.

In the post-war period, the absence of a substantive consensus among co-operative leaders as to what "support for co-operatives" by parties/governments might mean and entail, and the related absence of consistent attempts to measure such support from each party in public and well-publicized forums,³³ have reduced even further the various parties' perceived need to "prove themselves" to co-operative members. Put bluntly, this is a situation where when little is demanded, little is delivered. As

³³ One recent example of a modest attempt by a local co-operative to canvass party positions on co-operative issues specific to their situation was provided during the 1986 provincial election campaign in Saskatchewan. The Board of Directors of the Saskatoon Co-op set up a public meeting, invited the three major parties to participate in it through their chosen representatives, and experienced a lively two-hour discussion. In addition, the Board posed a written question to all three parties, informing them that their responses would be printed in an advertisement in the local paper shortly before the election. The question and three responses are reproduced in Appendix #3 of this study.

we shall note later, there are several good reasons (and several unconvincing reasons) why co-operative leaders have felt that they have been in no position to demand much from the parties.

C. CONTEMPORARY C.U.C. GOVERNMENT RELATIONS: CURRENT STRUCTURES AND SHORTCOMINGS

1. Recent background and structure

There is a general consensus amongst C.U.C. affiliates' elected leadership that the negotiations between a co-operative sector committee and the federal government--primarily the Department of Energy, Mines and Resources--on the prospects for and terms of a Co-Enerco agreement, were a decisive turning point in the C.U.C.'s role in and approach to government relations. The same can be said, to a lesser degree, about the effect that these negotiations had upon large co-operatives in the C.U.C. network, especially Federated Co-operatives. Through these negotiations, C.U.C. directors and their organizations acquired a stronger appreciation of the role of the federal bureaucracy in national public policy development, the complexity of the policy process, and, therefore, the complexity of any co-operative or other organizational involvement in this process.

They also came to realize that federal bureaucrats almost completely lacked an understanding of both the co-operative business form, and the extent and significance of the co-operative system. Federal officials in Energy, Mines and Resources could be forgiven for being frustrated with the co-operatives' inexperience with large project negotiations in the early stages of discussions on the Co-Enerco joint venture, but were somewhat culpable themselves in that they did not explain how and why their players would change positions, responsibilities and apparent interest in the project as the

negotiations proceeded. Federal officials did complain about the difficulty they had in determining who they should deal with on particular issues--i.e., who had "authority" in the co-operative system to agree to, reject, or modify in a given time period, federal officials' proposals? As Bruce Thordarson noted in W. Bergen's monograph on the Co-Enerco project, their frustration was a reflection on "the very real weaknesses which the movement still has [had] in working together particularly in Ottawa."³⁴ One obvious effect that C.U.C. recognition of this weakness had upon the C.U.C.'s government affairs program was the creation of the National Co-operative Legislative Affairs Committee, in January 1982.

Before going on to describe the mandate of this committee, we should refer once again to Bruce Thordarson's thoughts on the Co-Enerco experience. In his estimation, "[m]ore than any other single activity in recent years, the Resources Project created a vastly improved understanding of the co-operative movement in Ottawa,"³⁵ especially amongst politicians and civil servants from "the co-operative wasteland of Ontario." Thordarson's remarks on this matter were offered in late 1981, while the C.U.C. and other co-operative participants in the Resources Project were basking in the glow of the recently-signed agreement. While not wishing to cast doubt upon his judgement, it is fair to say that with the hindsight of four and a half years, even Thordarson would want to qualify his statement. The Co-Enerco experience was undoubtedly a turning point in co-operative leaders' and officials' appreciation of how their enterprises were perceived by "the Feds", but to say that the latter's understanding of and concern for co-operatives had been "vastly improved" by the Project is more optimistic than is warranted by subsequent events.

³⁴ W. Bergen, *Co-operation: It's Good for Canada* (Saskatoon: Federated Co-operatives Limited, 1984), p. 218.

³⁵ Bergen, (1984), p. 217.

The National Legislative Affairs Committee is composed of nine to eleven members, including either Chief Executive Officers or board Presidents from the major Anglophone co-operatives--and as of 1985, two representatives from the Conseil canadien de la coopération. Its objectives at the outset were to act as a co-ordinating committee within the C.U.C. that would provide a point of contact between the federal government and the co-operative system, and to recommend government relations strategies to the system. The C.U.C. board, by 1981, had realized that it could not adequately perform these functions by itself. Several members of the Committee have, up until now, also been members of the C.U.C. board.

The Committee's efforts typically involve consultations with C.U.C. member organizations' executives and management as to the kind of (and approach to) policy issues that these organizations want raised with the federal government. These consultations are one major foundation of the pre-budget consultations that the Committee has had with Cabinet since 1982. The Committee also played a role in working out the *modus vivendi* of the 1983/84 Task Force process, and before that was involved in giving some greater substance to proposals for a Minister of State for Co-operatives backed by a "co-operative secretariat". Also representative of its activities are its re-targeting of objectives for the C.U.C.'s government relations program in the wake of the 1984 change in government, and its September 1982 meeting with federal cabinet ministers to discuss (and largely commend) its "6 and 5" wage guidelines.

Several dimensions of the Legislative Affairs committee are worthy of note here. Like its counterparts in the private sector, this committee is composed of people for whom the committee's responsibilities cannot be much more than a sideline in terms of time committed. Unlike their private sector counterparts--the Chamber of Commerce, the Business Council on National Issues, or the newly-powerful National Citizens'

Coalition, for example--this committee has very little in the way of direct provision for human resource support. To be more precise, their approaches to government are regularly aided directly at the national level only by the director of the C.U.C.'s government affairs department, and Jonathan Guss and Mary-Lou Spence of the C.C.C.S. government affairs section. Individual committee members rely upon their own organizations' government affairs personnel to provide some research and other assistance. The fact still remains, however, that the National Legislative Affairs Committee has no national secretariat or policy analysis and bureaucratic contact support group. However versatile, perceptive, and well-connected the C.U.C./C.C.C.S. joint planning and information efforts in support of the N.L.A.C. may be, this support cannot possibly allow them to deal with the federal cabinet and departmental officials from nearly the same position of strength that their private sector equivalents do.³⁶ This is especially crucial in light of the politicians' and bureaucrats' uninformed view of co-operatives in Canada, as compared to their view of private sector industry associations as the "natural" groups with whom to "do business," and placate with assistance.

This is not to suggest that the Legislative Affairs Committee bears the C.U.C.'s primary responsibility for liaison with and eliciting beneficial responses from the federal government. They are intended more as a prestigious and/or "democratically legitimate" collection of "ambassadors" to the

³⁶ For several accounts of their private sector "equivalents", see W.T. Stanbury (1977); M.V. Bucovetsky, "The Mining Industry and the Great Tax Reform Debate," in A.P. Pross, ed., *Pressure Group Behaviour in Canadian Politics* (Toronto: McGraw-Hill Ryerson, 1975), pp. 87-114; Thorburn (1985); Wallace Clement, "An Exercise in Legitimation: The Bryce Commission's Justification of Corporate Concentration", in Clement, *Class, Power and Property: Essays on Canadian Society* (Toronto: Methuen, 1983); and Rianne Mahon, *The Politics of Industrial Re-Structuring: Canadian Textiles* (Toronto: University of Toronto Press, 1984).

federal government from the co-operative sector, and as an occasional catalyst for and co-ordinator of thinking about relations with government within the co-operative system. They have not intended to and could not supplant the efforts and responsibilities of the C.U.C.'s (or C.C.C.S.'s) Director of Government Affairs.

These responsibilities are best outlined by quoting from the current Director's job description. Three dimensions of the job are to take roughly equal amounts of time, totalling eighty per cent of the Director's efforts: "strategy development, issue monitoring and analysis for the sector and member relations"; "consultation and co-ordination with member organizations and others regarding sector and member organizational interests"; and "reporting to and educating representatives of the federal government about co-operatives and their interests". Considerably less priority is given to "education of member organizations" [presumably about government processes, policies, and co-op/government relations], and "general management" of the government relations "department".

The first thing that strikes one about this list is its range and the heavy burden of responsibility that it places upon the Director. To take only the first item, "strategy development, issue monitoring and analysis for sector and member relations," one is chastened by even a brief reflection upon what this could and should entail for a national organization representing firms doing over \$20 billion worth of business per year, across so many unique policy areas. Our brief reflection should make us realize that strategy development and issue monitoring alone are tremendously demanding jobs for this type of national organization, especially when so many pressing and important issues have recently emerged, demanding immediate and ongoing attention, and when co-operatives are ideologically and financially on the defensive.

It is necessary to brighten this picture somewhat with several qualifications. An obvious one is that, given the representative democratic nature of co-operatives generally, and the C.U.C. member organizations and third-tier structure in particular, the Director's "strategy development" responsibilities--and some of the issue monitoring activities supporting them--are advisory to and integrated with the same roles performed by C.U.C. member organizations, and the various C.U.C. committees and/or Board. The Legislative Advisory Committee is the most obvious case in point here, but the C.U.C.'s Annual Meeting, and those of the C.U.C. member organizations, are equally important. The general outlines of strategy development have to be approved at a minimum, and are ideally initiated, by the representative structures (and their delegated bodies, like the National Task Force Committee, or co-operatives' representatives on the Co-operative Future Directions Project) of the Canadian co-operative system.

In practice, of course, much of the initiative and substance of major co-operatives' "strategic planning" comes from their senior management; elected directors and meetings often do little more than ratify these policy proposals. The Director is thus clearly not alone in the strategic planning area, but neither are his responsibilities minor. Merely co-ordinating, and providing a synthesized informational background to the C.U.C.'s strategic development functions, are transparently major tasks. Indeed, simply checking to ensure that major co-operatives' representative assemblies are well-informed regarding the issues involving the national government that they address in resolutions, reports etc., would easily be a full time job.

Another qualification is that the Director of C.U.C.'s government affairs section is in regular contact with his counterparts in other national co-operative organizations and with his counterparts in regional or provincial co-operatives, if and where counterparts in fact exist. His strategy development

activities do not take place in an organizational vacuum, and his ability to monitor issues is enhanced (indeed, made at all manageable) by this contact with staff in the Prairie Pools, the Credit Union system, the Caisses Populaires Desjardins system, F.C.L. and other wholesale/retail consumer co-operative networks, and the C.H.F. (to name the most prominent contacts). On many issues that are of concern to any one of these organizations, the informational basis underlying an approach to federal government officials is constructed through integrating the materials and "intelligence" of the C.U.C. affiliate and the C.U.C. Government Affairs Director. The latter can be especially helpful in suggesting the channels in the federal government political and bureaucratic labyrinth through which appeals, suggestions, or complaints by the co-operative organization(s) in question can be most effectively directed. These efforts would be complementary to the Director's third area of responsibility, i.e. educating federal government officials as to the interests of co-operatives, as well as being complementary to the fourth area, i.e. educating member organizations in the "ways of Ottawa" and co-op/government relations generally.

2. Problems and possibilities in the C.U.C. government affairs programs

As neat and logically integrated as this sketch of the Director's responsibilities may appear, there exists a large fly in the ointment. The four major areas of responsibility in this job could be maximally complementary, while equally well attended to (i.e. in terms of the needs of the co-operative system), only if the Director were assisted by staff to do policy research work, and liaison work with both the C.U.C.'s corporate members and government departments. Further, even with these staff--supported, of course, by an adequate financial basis for their research and liaison activities--the Director's productivity as

lobbyist would be optimized only if the co-operatives with which he worked had themselves developed professional government relations programs. As we will see in later sections, only a few of the major Canadian co-operatives have recently done this.

To return for a moment to the C.U.C.'s need for a support staff to assist their Director of Government Affairs, several things can be noted here. The first is that such a need should in no way be seen as a reflection on the abilities of the current Director. Indeed, interviews with C.U.C. affiliates' leaders have indicated how valuable he has been to co-operatives across the country since filling this position. Several leaders have described his hiring as the most clearly defined turning point in the C.U.C.'s government relations program. But it is precisely his success, ironically, that should reveal the inadequacy of his "department's" resources. Having seen what one person, with all of his responsibilities, can accomplish for the organization's profile and the C.U.C. members' interests, it should now be more evident than ever that these responsibilities require far more attention and concrete resource provision by C.U.C.'s member organizations, because of the value of the return on such an investment.

Making contact with and impressing government officials with well-researched policy positions, information and advice is crucial to any organization's lobbying efforts. Needless to say, such activity presupposes a very detailed, comprehensive, and completely current knowledge of structures, processes and events in the national government's policy process, including proposals being made by other interest groups. The more contact and useful, well-researched policy information or questioning a lobby organization provides, the greater impact it will have upon the researchers, middle-level managers, and policy analysts so crucial to Ottawa's policy development machine. Consequently, the Director's job and the C.U.C. members' interests are enhanced

virtually in direct proportion to the additional resources employed in government relations activities. Given the way policy development takes place in its crucial initial stages, this may be even more true of the inter-bureaucratic contacts between government and C.U.C. departments (and C.U.C. members' departments) than it is of the still-crucial contacts of co-operative leaders with elected officials (as in the work of the National Legislative Affairs Committee). To quote Bruce Thordarson, ex-CEO of the C.U.C., "since the key focus for policy influence remains at the middle-management level of the civil service, regular contacts and exchange of information, both formal and informal, are an indispensable part of the process of building the understanding and credibility that is necessary for an organization that wishes to be taken seriously in the decision-making process."³⁷

To some extent, we can appreciate the support staff's potential value by considering the nature of their prospective responsibilities. Anyone at all familiar with the massive paper output of federal government agencies, boards, crown corporations, and departments, can imagine that staying on top of it is a major task. Determining the relevance and implications for co-operatives of the various government proposals for regulatory and other policy changes contained in this avalanche of paper is another, more daunting task, which requires considerable professional training and/or experience with the workings of government. Much of the preliminary and time-consuming work involved in these necessary government relations activities can be done by research assistants whose work is co-ordinated by the Director. The latter can then review and utilize their findings in developing short- to medium-term strategy regarding, and contact schedules with the federal government.

³⁷ "The Co-operative Sector and Ottawa: Issues and Approaches", paper presented at the Co-operative Corporate Secretaries Conference, Ottawa, Sept. 8, 1980, p. 6.

Another set of tasks which such assistants could perform is monitoring how these same government department's proposals affect co-operatives' competitors in the private sector, how such competitors are beneficiaries of government subsidies, programs, etc., and how these private sector firms undertake to influence public policy development. Such information is invaluable to any organization like the C.U.C. that needs to "make its case" with government officials and politicians in precise comparative terms. An appreciation of how other players in the policy communities inhabited by co-operatives are affected by, and, affect government policy is crucial to co-operatives' lobbying efforts. To date, the only co-operative organizations that have exhibited a clear recognition of this, and acted appropriately (and in proportion to their financial capacity to do so), are Credit Unions (through the major Centrals, the C.C.C.S., and the Desjardins system) and the Co-operative Housing Foundation, and on some occasions, the prairie wheat pools.

Even if all major C.U.C. corporate members had developed these facets of a policy research capacity, the need for apparent duplication of this at the national level would still exist. A "policy secretariat" within the C.U.C. could assist the member organizations in this work, and develop, with the Director of Government Relations, an ongoing and co-ordinated informational basis on which C.U.C. committee and member policy strategy could proceed. There are, of course, limits to the consensus that could be generated across the broad spectrum of policy questions with which Canadian co-operatives are concerned. But a centralized and well-financed policy research capacity within the C.U.C. could clarify these limits, and help to pose necessary questions to C.U.C.'s member organizations about how such limits can be dealt with without reducing the collective co-operative system's ability to represent itself to federal and provincial governments as a legitimate, important player in overall public policy planning, which collectively can contribute

beyond the confines of policy that directly affects co-operatives as businesses. One valuable result of this process could be a substantial increase in submissions by C.U.C. and its member co-operatives to federal and provincial task forces, Special Parliamentary Committee Studies, and Royal Commissions.³⁸

It will be a challenge to this without reducing the individual co-operatives' policy "autonomy", but the costs of not co-ordinating their approaches are unacceptably large over the long run. As Coleman notes, "The policy-capable association will have a balance between its own professional expertise and that supplied by its member firms and the state. It will have an independent capacity to reflect upon and develop positions on policy, including technical issues, and therefore be able to engage in a dialogue with its members or with the state on such problems." By contrast, "the policy-weak association will rely almost completely on its member firms for professional expertise," and be unable to critically assess and provide necessary long-term perspectives upon "the short-term concerns of its member firms."³⁹

As with most problems of co-operative/government relations raised thus far in this paper, we will postpone further consideration of this until later in our analysis. Suffice it to say, at this point, that the federal government finds it far easier, and feels more pressure to appear obliged, to deal with national organizations which represent cross-sectoral and substantive consensus on key issues. Cross-sectoral (or intra-sectoral) substantive consensus can only emerge, to federal bureaucrats and senior policy-makers' satisfaction, when considerable "homework" has been done on the details and contexts of the various policy options. Since the favored policy option for beleaguered budget-constrained federal bureaucrats is no change,

³⁸ As we note in the conclusion, co-operatives' participation in this area of public policy development has been rather meagre over at least the past decade.

³⁹ Coleman, (1985), p. 427.

a vague organizational consensus which is poorly supported by policy research is the easiest type for federal officials to ignore.⁴⁰

The all-important perception of co-operatives as legitimate and important to public policy development would also be enhanced through the employment of several assistants to the Government Relations Director, whose primary responsibility is liaison with government officials and with non-co-op, non-governmental organizations. Just as the burdens of dealing effectively with government bodies' paper production should be evident, so too should the difficulties involved in retaining old and cultivating new contacts with federal department bureaucrats. This is doubly so when only one person is expected to do this (excluding, for the moment, the work of C.U.C. member organizations' staff, as with C.C.C.S.), and when federal bureaucrats move rather rapidly from one task or policy area to another, within and between departments, at different levels of the bureaucratic power structure. Even if such liaison is occasionally undertaken by major co-operatives' staff, the impracticability of their regularly coming to Ottawa would indicate that a "centralized" liaison function is needed (or needs to be expanded). Much of their work would be segmented, along industry sector lines within the co-operative system, and could easily respond to the requests and concerns of C.U.C. affiliates.

There is also the matter of cultivating contacts with other organizations outside both government and the co-operative

⁴⁰ An apparent example of this is the C.U.C.'s submission to the "MacDonald Commission". Written by a consultant, it includes little well-researched foundation for its general recommendations, and leaves a poor impression concerning the C.U.C.'s "policy capacity". The document is more an extended exercise in public relations than a well-argued case for the comparative strengths and virtues of co-operatives, since it does not devote sufficient attention to the shortcomings of their competitors, and then make policy recommendations upon this comparative basis. (On the concept of policy capacity, see W. Coleman, 1985 and 1986.)

system, with whom actual or potential policy and/or strategic (including membership-building) concerns may be shared. This is unavoidably an important part of the long-run development agenda that the system as a whole must pursue. It cannot be attended to exclusively through elected-official level contacts, but must, like government relations work, involve the development of networks, sharing of information, and construction of sympathetic and complementary perspectives at the bureaucratic level within co-operative and other (eg. trade union) organizations. These people do not have the authority to initiate major departures from existing patterns and practice. The post-initiative and exploratory pre-initiative work that such staff can perform to foster alliances and policy development networks is indispensable to the dynamism and flexibility of co-operative organizations. At a minimum, co-operatives benefit from such activity by gaining a more precise and up to date appreciation of the policy positions taken and policy problems faced by other organized players in the social and economic policy arenas. This additional information would be reason enough for the C.U.C. to engage additional staff for this purpose (and the government bureaucratic liaison function). The construction of new alliances or even policy-specific "strategic accords" with non-co-operative organizations would be an extra bonus, so long as these relationships were consistent with co-operative principles.

We should note, in closing this part of the discussion, that none of what has been proposed here is inconsistent with stated C.U.C. intentions; recommendation #26 of the Report makes this abundantly clear.⁴¹

⁴¹ "The national support associations of the Canadian co-operative movement should be strengthened to provide better assistance to co-operatives, especially those in new sectors, and to provide a strong national voice for co-operatives in the media and with government. The co-operative system should provide the resources that are necessary to achieve this strengthening." Report, p. 105.

Having noted the benefits of a research and liaison staff component in the C.U.C.'s government affairs department, one is inclined to ask why these moves have not been made before. The reasoning that has been deployed against a larger, more activist government affairs capacity in the C.U.C. appears to be constructed from traditional and "strategic" concerns. Since these concerns and traditions are not commonly articulated in publications, we can only infer that they have played a role in blocking the growth of the C.U.C.'s government affairs capacity. Nonetheless, the following speculation on their character and impact may be useful.

First among the concerns is the vague but influential tradition of anti-statism in Canadian co-operatives, which has partly translated itself into both a disinclination to become involved in anything construable as "political" action to influence state actions, and a serious under-appreciation of the need to employ research, policy analysis, and lobbying resources in the course of doing business in Canada. Another concern seems to be based on a shared dislike of institutional centralization of power among Canadian co-operatives. Thus, they might contend that giving the C.U.C. additional resources to develop lobbying strategy would be contrary to the autonomist orientations of its members, in that they would have to cede decision-making authority to their central organization on some issues where their individually limited resources would leave them incapable of countering or properly assessing central organizations' proposals or actions. This contention is correct as the situation now stands, but the disadvantages of not giving the central organization more policy advocacy and participation strength probably will outweigh the largely superficial surrender of member organizations' autonomy.

A third concern may have been (and may still be) that consultants hired to do particular projects can achieve more cost-effective results than a permanent research, policy analysis and

"outreach" (lobby) staff. A Toronto consulting firm, after all, did compile the C.U.C.'s 1983 presentation to the MacDonald Commission as well as organize and write a report for the 1983-84 National Task Force. Even if these efforts were impressive as products, many useful experiences, contacts, and bits of cumulatively important information are lost to the C.U.C. over the long-run if this consultant-hiring approach is regularly utilized. Government officials on the receiving end of these consultants' reports can usually see them as such and may draw negative conclusions about the policy capacity of organizations hiring them. Among other things, this may reinforce whatever inclination government officials have to overlook the C.U.C. on matters upon which they could conceivably be consulted.

Finally, it is conceivable that the C.U.C.'s member organizations do not wish to have an activist and competent policy research and liaison staff, because they do not want to be called upon regularly to deal with the problems of building consensus among co-operatives on the non-defensive (i.e. developmental) issues that face them as a group. If this is at all true, it is very short-sighted, as it would reduce their legitimacy as a "third sector" in the eyes of government officials, and limit the collective ability of the co-operative system to forge new links with, and expand membership within, a wider range of social constituencies than their organizations actively engage or encompass at present.

D. ADVANCING THE TASK FORCE AGENDA

On the subject of government relations work done by the C.U.C., it is both appropriate and revealing to consider their efforts to speed up the implementation of the National Task Force recommendations. Insofar as the majority of these called upon government to provide assistance of one form or another to co-operative enterprise, it is not surprising that the government relations capacities of the C.U.C. and its member organizations

(formal signatories of the Report) would be in a sense "tested" through their follow-up lobbying activity. In fact, despite the fact that most of the C.U.C.'s lobbying efforts must necessarily be devoted to serving its members' existing and short-term future interests, efforts to promote new directions for co-operative system development are a better test than those in the former category. Politically and bureaucratically, it is always more difficult to generate support for new initiatives, which inevitably carry substantial financial and political costs with them, than it is to promote support for existing institutions and programs. This is as true within the major co-operatives as it is within governments.

In considering C.U.C. efforts to advance the case for and implementation of the Task Force's "development" recommendations, I will focus primarily upon those efforts related to worker co-operative development. To provide some context for these efforts, I shall also note several unrelated C.U.C. efforts and initiatives over the past two years.

Since the federal election of 1984, a good deal of the government relations effort by the C.U.C. has necessarily involved what it described as "transferring the positive elements of the co-operative/government relationship established with the Liberal government to the Progressive Conservative government."⁴² To a considerable degree, this was facilitated by the Hon. Charles Mayer's designation as Minister responsible for liaison with co-operatives. Officials in Mayer's office, while preoccupied with their Minister's primary ministerial responsibilities for the Canadian Wheat Board, have been a useful point of contact for the C.U.C. Government Affairs Director. This is true, for example, of his attempts to interest other departments in investigating how they might assist worker co-operative development.

⁴² C.U.C. Annual Report, 1984, p. 3.

Additionally, his relationship with Mayer's staff was helpful when the C.U.C. took some responsibility for co-ordinating the two federal-provincial-co-operative conferences held in October 1985 and April 1986. The first conference had been proposed by the Saskatchewan Minister of Co-operation and Co-operative Development. C.U.C. member organizations, along with Mayer's staff, arranged the October meeting. In attendance were six provincial ministers whose departments had key responsibility for dealings with co-operatives, Mayer and his staff, and representatives from the C.U.C., the Co-operative College, the Co-operative Housing Foundation, and the francophone Conseil canadien de la coopération. In reviewing the issues they faced regarding co-operative development, they paid considerable attention to worker co-operatives. This was carried over into the April 11, 1986 meeting, where a policy review committee was established to determine how federal and provincial legislation, and business assistance programs, could become supportive of worker co-operative development. More than any other initiative this committee comes closest to providing--albeit in a temporary, government directed, and still untested manner--the "support system to assist worker co-operatives" proposed in recommendation #11 of the Report. It should be stressed that whereas this proposal called for a support system "under the direction of the co-operative system, but in partnership with the federal government and interested provincial governments," (Report, p. xxiv), the committee's direction has the reverse relation of power and initiative between the co-operative "system" and Canadian governments.

Perhaps the most interesting expression of the C.U.C.'s commitment to advancing the worker co-operative development thrust of the Report was their provision of \$63,000 to a "worker co-operative project" headed by lawyer/consultant, Laird Hunter, legal counsel to the C.H.F. Beginning in November 1984, Mr. Hunter devoted a good deal of the following year to meeting

with co-operative and government officials, and potential "resource group" activists, to promote interest in and stimulate serious thought about how worker co-operative development might be encouraged. He also had a rather vague mandate to help co-ordinate and personally conduct research on this subject.

The Worker Co-operative Project accomplished a good deal in a short time, despite the fact that a lengthy formal report with many proposals for specific action by co-operatives and governments was not produced. The project was launched when the Task Force Report and federal election were still recent and relatively compelling points of reference. In meetings with federal officials in the departments of Labour, Employment and Immigration, and Regional and Industrial Expansion (DRIE), Mr. Hunter endeavoured to ascertain how worker co-operatives could be given a "policy description" which government officials could factor into planning for economic development and employment creation projects. This was and is no small task, since the vast majority of these officials had not previously (tried to) come to terms with co-operatives, let alone worker co-operatives, as players in the economic development policy environment. In attempting to establish a policy-relevant conceptualization of worker co-operatives within these segments of the federal bureaucratic environment, Mr. Hunter was able to initiate what he described as a "significant information campaign for the federal civil service about worker co-operatives and their attributes and the need to consider those special characteristics in the design of business incentive policies." As he readily admits, much more along these lines is required.⁴³ Among the policy-making institutions that must be contacted and impressed in this regard is the Privy Council Office (planning divisions), which was politically "frozen out" of the policy planning process during the project's duration, but which is now closer to functioning in

⁴³ C.U.C. Board Meeting Report, March 27, 1986, Appendix I, "A Further Report on the Worker Co-operative Project", p. 4.

its "normal", central agency capacity in government policy development.

Other government contacts, made at the provincial level, were of an exploratory and educational character as well. Problems and possibilities regarding the legislative dimensions of worker co-operative incorporation, provincial support for worker co-operative education, and provincial taxation of worker co-operatives, were the major issues addressed. Mr. Hunter may deserve some of the credit for the October 17 meeting of federal and provincial ministers responsible for co-operatives, along with their senior relevant officials and co-operative representatives. In any case, he participated in this meeting, and thus had another (brief) opportunity to focus attention on those issues.

Contact with co-operative officials and audiences was another important part of the Worker Co-op Project. The point here was to facilitate recognition by established co-operative leaders and activists of worker co-operatives as co-operatives, with specific needs and objectives deserving support. To this end, Mr. Hunter travelled the country to meet with major co-operative leaders and, when possible, address co-operative organizational gatherings. This included things as varied as a keynote address at the Saskatoon "Employment Co-operatives" conference in February, 1985, and a workshop at the Nova Scotia Co-operative Council Annual meeting in November, 1985.

While a good deal of educational preliminary contact/promotional work was achieved through the Worker Co-operative Project, it must be said that Hunter's efforts were considerably hampered by the fact that a consensus on how worker co-operatives might be concretely assisted, in specific projects, neither preceded nor emerged from his activities. This cannot be considered his responsibility; to the contrary, the fact that the Project's advisory committee was itself unable to identify any practical implications of their organizations' formal support for worker co-operatives, is proof that the project was

struggling against substantial obstacles from the outset. That the advisory committee could not identify concrete steps beyond such formal support is also testimony to the lack of consensus underlying the Report's recommendations regarding worker co-operative development.

The efforts of the Worker Co-operative Project have indirectly produced one recent semi-practical result: several resolutions on worker co-operatives were passed at the annual meeting of the C.U.C. in June 1986. In rough terms, these resolutions did three things:

(1) led the C.U.C. board to call upon the Co-operative College of Canada to apply to the federal Department of Employment and Immigration for financial assistance to produce educational materials appropriate to worker co-operative development;

(2) called directly upon the C.U.C. to apply to the federal government for financial support to create a "facilitation capacity" within the C.U.C. to monitor and provide some (non-financing) assistance to worker co-operatives;

(3) called upon the C.U.C. to participate in an existing federal/provincial government committee on worker co-operatives.

The third resolution simply provides retroactive approval to actions undertaken by the C.U.C. since October 1985. The action by the C.U.C. board regarding a potential Co-op College project supports the general drift of recommendations that emerged from a conference sponsored by the College in November 1985, which brought together roughly 20 resource group and other activists interested in establishing a network and material basis for worker co-operative educational efforts. It is significant, however, that the success of this venture is to depend on state funding rather than funding generated by the co-operative system.

The same type of dependence is created by the second resolution. While it is not inappropriate for the federal government to assist in this species of job creation, one has to believe that federal support of this kind would be more likely if the co-operative system, through the C.U.C., had proposed a matching grant approach to financing this "facilitation capacity". Such a proposal would show a concrete desire to extend the logic and activity of the Worker Co-operative Project, and demonstrate a level of co-operative commitment to a form of business enterprise which, as co-operatives, the "system" as a whole presumably expects to benefit from and supports in principle. We shall return to this issue in the final section of the report.

Having seen how the C.U.C. has pursued the worker co-operative issues in the Report, it is useful to compare this briefly with other C.U.C. work which is directly related to, or "mandated" by, the Report. Among the other priorities addressed in the Report, the C.U.C. has taken several noteworthy steps.

(1) At the March 1985 Economic Summit, and during the pre-Budget "consultations" with the Minister of Finance, C.U.C. President Ray Siemens made the case for a Co-op Registered Savings Plan, as a means of encouraging long-term, tax-deferred investment in co-operatives. Although the federal government was willing to encourage private-sector investment through vehicles such as elimination of taxes on capital gains up to \$500,000.00, the Co-op Savings Plan proposal was rejected.⁴⁴

(2) Follow-up on Recommendation #10, that "the co-operative system should explore with the federal government ways of assisting co-operatives to boost exports, including the possibility of developing a co-operative trading agency" (Report, p. xxiv) has been considerably more fruitful. In 1985 the C.U.C. successfully approached D.R.I.E. to share in funding a project

⁴⁴ See Task Force recommendation #3.

designed to explore "trading house" and other international trade facilitation options for export-oriented Canadian co-operatives. Additional, "logistical" support for the project came from the Co-operatives Unit in Agriculture Canada, while several major co-operatives provided administrative and physical resources. The project's major elements were: (a) a commissioned consultant's study of the various trade facilitation options, which identified their costs and benefits at a rather general level, and recommended a skeletal planning framework, in the context of existing co-operative and private sector trade organizational models in other western industrialized countries;⁴⁵ and (b) a national tour/survey co-ordinated by C.U.C. and conducted principally by Ken McCreedy, Chief of Agriculture Canada's co-operatives unit. To quote from the Project's Survey Report:

The project was undertaken using a conference method, in which a sampling of co-operatives nationwide was surveyed at five regional meetings convened by Agriculture Canada's Co-operatives Unit. Department officials, at the request of and in co-operation with the C.U.C., agreed to include the project on a regional meetings agenda containing complementary trade issues. The survey technique used was centred on the presentation to participants of a discussion paper entitled Centralized Trade Management and Canadian Co-operatives.⁴⁶

⁴⁵ "Centralized Trade Management and Canadian Co-operatives: A discussion paper prepared for the co-operative Union of Canada", November, 1985.

⁴⁶ Centralized Trade Management and Canadian Co-operatives: Survey Report and Analysis of Findings, C.U.C. January, 1986.

Not surprisingly, the survey uncovered levels of interest in international trade and trade facilitation amongst co-operatives ranging from virtual indifference to immediate and pressing concern. Also unsurprisingly, the major interest in both was expressed by the larger co-operatives with ongoing international trade operations. The conferences revealed that Canadian co-operatives have heretofore done little to co-ordinate and beneficially exchange information ("intelligence") on international trade practices for or amongst co-operatives. Most co-operatives with such a dimension to their business indicated a considerable need to obtain such information and the subsequent trading capacity; that substantial resources did, nonetheless, exist collectively *in potentia* amongst themselves; and, that action should be taken rapidly to mobilize and institutionally enhance these resources and capacities. The consensus was that while a fully developed co-operative trading house was premature and too financially daunting under existing circumstances, a simpler "trade facilitation unit" would be appropriate and manageable.

Following this analysis and consensus development, a "structure committee" was established to investigate how such a trading institution would be funded and operate. While several meetings have been held, involving useful exchanges regarding the represented co-operatives' needs and present activities in international trade, no concrete proposals have yet emerged. Given the long period that the project and consensus were in incubation, this is not surprising.

While this process was in motion, several related but higher profile events have taken place. Upon invitation from Charles Mayer, senior officials from the prairie grain co-operatives, Federated Co-operatives, and Coop Fédérée accompanied the Minister on an agricultural and co-operative trade mission to Japan in early spring of 1986. A similar group travelled with the Minister to China more recently. These trade tours indicate that the international co-operative trading idea is

gathering officially recognized momentum in Canada, as these are the first such tours designed specifically for co-operatives by the federal government. These tours were preceded by a Department of Agriculture-initiated tour of Canada by Japanese co-operative officials.

It is too early to assess the value of these tours to Canadian co-operatives. They should, at a minimum, retain existing or spark new interest in international co-operative trade amongst co-operative leaders. Without wishing to imply anything negative about the motives or integrity of the co-operative leadership, however, we should note a potential problem with these tours and the implication of "special status" for co-operatives that the government clearly wished to promote through them. It is at least conceivable that these leaders will unconsciously be less critical and demanding of the federal government regarding other elements of the co-operative agenda, especially the developmental agenda of the Report, if their expectations of future "favors" on the international trade side are fostered. It is easy to respond enthusiastically to government initiatives that seem to favor member organizations' bottom line concerns, and overlook or at least underestimate the importance of government actions which are contrary to the stated development agenda of C.U.C. affiliates. After having been left out in the cold by federal governments for so long, the flattery of perquisite-laden attention can be distracting to co-operative leaders. If they begin to perceive this overdue attention as drawing them even with their private-sector competitors in terms of trade assistance, they will be both seriously mistaken and perhaps inclined to spare the federal government even more from the critical scrutiny it must receive from a co-operative perspective. There is a sense in which this would be a manifestation of the symptoms of quasi-corporatist state/co-op relations. We will investigate the potential dynamics and dangers of such relations in the conclusion of this report.

(3) In November of 1985, the C.U.C. nominally helped to sponsor a national conference, co-ordinated by the Canadian Council on Social Development, on "Improving the Delivery of Community-Based Health and Social Services." A C.U.C. Advisory Committee on Health Care Services presented a paper (delivered by David Schreck of the C.U. and C. Health Services in B.C.) at one of the workshops. The paper outlined the need for health care co-operatives along with a variety of approaches to promoting co-operative alternatives to the existing system of health care delivery in Canada. Some of these were rather demanding, and some were unimposing and decidedly incremental; depending on their magnitude, they were aimed at the C.U.C., large regional co-operatives and credit union organizations or small co-operatives and credit unions. Government lobbying efforts and education of co-operative members in the rationale of health-care co-operatives were both targeted as general requirements of any substantial increase in this dimension of the Task Force Report's agenda. (See recommendations 14 and 18 in the Report).

To my knowledge, this is the only concrete initiative taken under the auspices of the C.U.C. or its major member organizations to promote the concept and practice of health care co-operatives. This is not particularly surprising, as the C.U.C. Advisory Board on Health Care was established only after the five recommendations had been drafted for the Report, and was apparently not expected to promote health-care co-operatives to general or co-operative publics in any significant fashion. Even the national conference that the C.U.C. gave token financial assistance to was disappointing from this perspective; there was no real focus on co-operative delivery models for health care.

It is not going too far to suggest that this conference should not be considered a reasonable substitute for the "nationwide conference" to be sponsored by the "co-operative system", "directed by a co-operative steering committee", and

"co-ordinated with the federal and provincial health departments" with federal financial assistance, that the Report called for (recommendation #15). The advisory committee has been inactive since the 1985 conference, and is now effectively disbanded. A resolution endorsing co-operative health care development in general terms was passed at the C.U.C.'s 1986 Annual Meeting, but little has happened since then.

Why should health-care co-operatives have received such short shrift from major co-operatives in the post-Report period, especially after an apparent system-wide commitment to their promotion in the Report? It appears that health-care co-operatives are seen to be almost irrelevant to the co-operative future by the majors, in spite of the fact that to encourage them would not be openly political, could be relatively inexpensive, and could demonstrate rather effectively "the co-operative difference".

Several factors may be at work here. The most obvious one is that promoting any initiative which does not promise short-run financial returns is likely to be at least *prima facie* undesirable to co-operative managers and boards. One must also surmise that the absence of any clear support from consumer groups, but more particularly from governments and the medical lobby, for the co-operative health care model, is seen as a substantial liability to mainstream co-operative leaders. It could be that co-operative leaders feel that their promotion of alternative health care models might earn them the disfavor and even covertly politicized antagonism of the conservative federal and provincial governments which have expressed opposition to universal social welfare and health care programs.

A fourth factor is that some activists in the health-care co-operative field feel that they are perceived as left-wing and supportive of other "radical" causes. They thus feel themselves to be viewed with suspicion by an increasingly cautious mainstream co-operative leadership and management, and are

uncomfortable pressing their case on this leadership. Whatever the reasons for the temporary elimination of health-care co-operatives from the C.U.C.'s development agenda, the contrast between the Report's rhetoric and subsequent practice in this area is unfortunate. At a time when public confidence in the medical establishment is low, it is curious that the major co-operatives would not initiate at least a small-scale public education program, perhaps in the first instance through local co-operative stores, credit unions, etc., to show the social relevance and distinctiveness of co-operatives. Of the "gambles" that the system might take to show its distinctiveness and attractiveness to vitally needed new public constituencies, such support for health-care co-operatives would not be particularly risky.

(4) Regarding both fisheries co-operatives (recommendations 19 to 22) and housing co-operatives (recommendations 23 to 25), the C.U.C. has undertaken relatively few lobbying efforts since the Report. Fisheries co-operatives on the East coast have been experiencing difficulties for a number of years; the 1983 liquidation of Pêcheurs Unis in Québec, and the provision of a \$6.5 million loan to United Maritime Fishermen in 1984, are the most striking evidence of this. East coast fisheries co-operatives were virtually ignored in the previous federal government's Kirby Report, and the federal Conservatives are clearly unwilling to generate any high expectations regarding direct federal subsidy or support for the ailing fisheries industry, whether public or private. In such a climate, the C.U.C. may have concluded that it is strategically unwise to emphatically promote fisheries co-operatives as examples of what "new" co-operative enterprise could offer the Canadian economy. In large measure, the future of fisheries co-operatives must be reckoned more in terms of preserving jobs and communities in marginal hinterland economies, than as

vehicles of substantial new employment or industrial expansion. The C.U.C.'s caution, from this perspective, is understandable.

While most fishing co-operatives have not been particularly adept at lobbying in Ottawa,⁴⁷ the same cannot be said of the Co-operative Housing Foundation. In proportional terms, that is comparing resources available to results achieved, the C.H.F. has been, until recently, the most successful co-operative organization/lobby in Canada.⁴⁸ The C.H.F. has been especially lucky to benefit from the voluntary and long-term commitment of a core group of housing co-operative activists and resource people. These people have come to understand both the complicated processes in the relevant policy field, and the politics of bureaucratic, elected official and anti-co-operative lobby group activity, to a degree that compensates greatly for their financial disadvantages in the lobby game. Their understanding of these aspects of government relations has led them to involve five of their Ottawa staff more or less intimately in government relations work.

For the C.U.C., the result of this core-group and staff expertise and extensive activity is that beyond endorsing the C.H.F.'s objectives during regular contacts with federal officials or in public forums, or making special "plugs" for the C.H.F. stance during C.M.H.C./C.H.F. negotiations, there is not a great

⁴⁷ The most obvious exception to this is the Prince Rupert Fishermen's Co-operative Association, which has enjoyed easy access to its federal department, and participated in virtually all task forces, boards, and commissions of relevance to it over the past several decades.

⁴⁸ However, the C.H.F.'s current effectiveness seems significantly reduced. Some observers suggest that an ill-advised strategy for dealing with the Mulroney government, and a reduced Ministerial commitment to continuation of C.M.H.C. sponsorship of co-op housing, have reduced the C.H.F.'s traditional clout at the federal level. It was perhaps in view of their frustration with this situation that the C.H.F. organized rallies in early December, 1986, to draw attention to the Conservative government's inadequate response to the co-op housing sector's representations. (See "Ottawa Assailed on Co-op Housing", Globe and Mail, Dec. 8, 1986, p. A10.)

deal that the C.U.C. needs to do. There is no doubt that C.U.C. member organizations could promote housing co-operatives more effectively in communications with their membership, or that C.H.F. officials could be more regularly incorporated into co-operative system planning committees or "mainstream" co-operative meeting programs. But of the four areas of co-operative development identified by the Task Force as most promising, co-operative housing is the one possessing the most effectively self-sufficient network of internal activists and efficacious officials. Worker co-operatives should be so lucky!

(5) The Task Force recommendation regarding creation of a Ministry of State for co-operatives, backed by a small "supporting secretariat", has its roots in similar proposals and ideas going back over a decade. The rationale was simplification and strengthening of co-op/government relations, through a policy co-ordination centre in the federal government which would have no program delivery ("line department") responsibilities. In this period of retrenchment by the federal government, a new Ministry seems unlikely, despite the fact that this proposal received a surprising amount of attention at the April 1986 federal/provincial "Co-operative Ministers" meeting. The C.U.C. appreciates the odds against government delivery on this request, and has pursued the more realistic option of a beefing up of the co-operative comprehension quotient in various key departments, supplemented by regular inter-departmental meetings of these officials as a means of systematically reviewing and responding to co-operatives' needs and relevant policy concerns. Such a request does not involve significant additional resources to be marshalled by the federal government, but could demonstrate, at least symbolically, that the co-operative sector is seen to merit a better hearing in and attention from the government. The political benefits to government, and psychological/public relations benefits of this to C.U.C. members, are relatively obvious. By itself, however,

accession to this request is unlikely to achieve a great deal; for it to be of any great value to co-operatives, the federal government must fertilize an enhanced bureaucratic planning capacity for co-operatives with a hefty dose of political will. The Cabinet's upcoming response to the Report will give us some idea of whether this is likely.

Other Task Force-related indications will come in the last half of this government's term, in the form of the addition, or not, of co-operative leaders and officials to government commissions, regional development boards, and other bodies which either review or administer economic development assistance policy. The C.U.C.'s experience with the MacDonald Commission suggests that at least in terms of participation in macro-review bodies, co-operatives have nowhere to go but up at the national level. The Commission listened, of course, to the C.U.C.'s submission, but neither commissioned any co-operative-focused study, nor included any reference to co-operative models in its account of the economic policy choices facing the country. This is but one of many indications that there are few people in government, the economic policy and management consultancy fields, or the academic realm, who have seen any reason to give co-operatives their due as players in the Canadian economy. Co-operatives cannot afford to go on being such well-kept secrets to the "outside world".

III. Government Relations Strategies and Programs at the Regional Co-operative Level in Canada: Selected Cases and Issues

In this section we will consider how selected co-operative organizations in the provinces of Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia have designed and implemented government relations activities over roughly the past decade. With this part of the relevant operational background sketched, we can also compare their approaches to promotion of worker co-operatives. This will provide us with an idea of how innovative regional co-operative development has been pursued from within the "established" co-operative system. Description and partial evaluation of these activities is intended to provide co-operators and other interested readers with some insight into the more general pattern of relations between co-operatives and governments in Canada, and to provide useful points of reference for further consideration of how these relations affect the processes and prospects of co-operative development in Canada.

More specifically, the account to follow will review several related features of co-operative lobbying activities and regional co-operative development:

A) formal provision, within the structure of co-operative organizations, for the government relations functions/concerns of regionally-based co-operatives;

B) the nature of programs and activities undertaken in pursuit of their government relations objectives:

- 1) "pre-election campaigns" of various large co-operatives, designed to educate and influence candidates and parties as to co-operatives needs and concerns;
- 2) programs for regular contact with elected officials, and political parties, in government and opposition, regarding issues of concern to co-operatives;

- 3) programs for, or patterns of, contact with government departmental officials;
- 4) provincial and federal-level foci in government relations activities;
- 5) degrees of intra-provincial co-ordination or consultation amongst co-operatives for purposes of influencing provincial governments;
- 6) extent to which government relations programs are effectively integrated with both the democratic control aspects, policy development and corporate development processes, and the general public affairs programs, of regional co-operatives;
- 7) attitudes towards the division of labor between established co-operatives and governments regarding new co-operative development, including worker co-operatives.

A. FORMAL STRUCTURES FOR GOVERNMENT RELATIONS

It is safe to say that one decade ago, formal provision for specifically government relations positions within co-operative organizations was very rare in Canada. In this sense, co-operatives were considerably behind large private sector firms.⁴⁹ At the national level, only C.C.C.S., the C.U.C., and the Desjardins network had anything that could be described in even roughly these terms. At the regional level, the government relations function was either performed as a rather incidental part of the public relations division's responsibilities, or shared among the co-operative's elected executive, corporate secretary, and public relations staff. For reasons which do not stand up to

⁴⁹ For comparative information on development of government relations and public affairs capacities in the private sector, see C.J. McMillan and V.V. Murray, "Strategically Managing Public Affairs: Lessons from the Analysis of Business-Government Relations", in K. Rea and N. Wiseman, Government and Enterprise in Canada (Toronto: Methuen, 1985); and A.B. Gollner, Corporate Public Affairs in Canada (Montreal: School of Community and Public Affairs, Concordia University, 1984).

retrospective scrutiny, the 1969-71 "tax fight" that engaged so many major co-operatives on an *ad hoc* but compelling basis did not give rise to rapidly expanded government relations capacities in these co-operatives.

Today there is no doubt that co-operatives' awareness of the need for more sophistication in, and devotion of resources to, government relations is considerably greater than one decade ago. There is also more formal provision for the delivery of these services within most major sub-national co-operatives. In very few cases, however, has this gone so far as to involve establishment of a position devoted exclusively, or even primarily, to government relations. They are still markedly behind their private-sector counterparts and competitors in this respect.⁵⁰

There is no reason why a government affairs director *per se* is a requisite feature of each major co-operatives' corporate structure. A good deal depends on how effectively those who do have responsibilities in this area (for the same organization) collaborate to carry out the related tasks of issue monitoring, policy research and development, preparation of documents that forcefully clarify the organization's positions on various issues to governments, lobbying of senior political and bureaucratic officials, and policy-related public relations. If these functions are performed well in the absence of a director whose purpose is to co-ordinate all and execute some of them, a government affairs director may not be necessary.

Successful performance of these functions depends, to some extent, on the personalities involved. If a CEO or senior manager and public affairs director work well together, and have complementary skills, strengths and interests in the area of government relations, their co-operative organization is lucky indeed. The luck continues if elected directors, upon whom a

good deal of the burden of contacting and cajoling their M.L.A. or M.P. counterparts must fall, form a personally compatible team amongst themselves and with their organization's senior bureaucrat/managers, and have enough knowledge of or experience in public life to appreciate how to communicate the needs, virtues and potential political significance of their co-operative to politicians.

This scenario is missing one thing, however, which a separate position for government relations in the management structure is most likely to provide. Such a position helps to ensure that the government relations function is given its due in both corporate strategic development and the democratic control dimensions of co-operative practice. In the absence of this, the pervasiveness of governments' impact upon the fortunes of the co-operative and its members can be too easily underestimated, and the members' appreciation of the stake they have in altering or introducing particular policies--or orientations to policies--at both levels of government, will be reduced. This assumes, of course, that government relations directors routinely inform their elected officials about, and facilitate informed member concern with, a wide range of co-operative policy issues.

A brief look at some of the major regional co-operatives' organizational provision for the government relations function will give us a better idea of the distance travelled and yet to go in this area. In Saskatchewan, Credit Union Central has done the most to centralize and co-ordinate the activities of government relations by institutionally splitting the Corporate Secretary/Public Affairs Manager position in two. The new Manager of Public Affairs spearheads development and implementation of programs for and contacts with a variety of the "publics" that are relevant to the credit unions' overall performance, and ensures that these are an integral part of the overall corporate development strategy at Central. In this he works closely with the CEO and other senior management, and

⁵⁰ Once again, see McMillan and Murray (1985) and Gollner (1984).

with the Board's Legislative Affairs committee, who have formal responsibility for setting priorities in the government relations programs.

At Federated Co-operatives, management responsibility for government relations work is split primarily between the Corporate Secretary and the Manager of Member and Public Relations. The former is "in charge" of dealing with government on matters such as joint ventures (Co-Enerco, and the New-Grade Upgrader), which clearly involve much negotiation and other work. The latter has responsibility for co-ordinating the pre-election program that F.C.L. has recently established. Finally, on the variety of regulatory and other legal matters affecting F.C.L., their Legal Affairs manager also deals with Canadian governments. This manager's duties range across a much wider spectrum of commercial than government-based legal issues. The Corporate Secretary and Member/Public Relations Manager, however, are in much more frequent contact with the F.C.L. Board's Executive Committee, on matters of government relations strategy and policy.

Like F.C.L., the Saskatchewan Wheat Pool lacks a formally separate public affairs or government relations division within its organization, and relies instead principally upon the efforts of the Corporate Secretary, in consultation with his three division managers (Research, Member Relations and Communications), to address the government relations functions from the management side. The Corporate Secretary confers constantly with the Board's President, Vice-Presidents and President's Executive Assistant on these issues. A recently created position of Executive Assistant to the Corporate Secretary will enhance the government relations capacity of the Pool. One should note, finally, that the S.W.P. relies heavily upon the Director of Government Relations for Prairie Pools in Ottawa to deal with issues that of necessity belong in the federal domain. This extra-C.U.C. government affairs capacity for the

Pool, established following the difficulties experienced by all three prairie Pools during the "Crow debate", takes considerable pressure off the Pool in the government relations field, and reduces their need to have a provincially-located government relations division. The same is true of the absence of a centralized candidate and elected official contact program.

In Manitoba, Pool Elevators was substantially less well organized in relation to the government affairs function than the Saskatchewan Wheat Pool until the shock of the Crow debate awakened them to the need to take this function seriously. Although the corporate secretary had responsibility for this on the management side, nothing approaching a formal government relations program existed before the early 1980's. Pool representation on the Manitoba Co-operative Council counted for little before 1983, as the Council's government relations capacity was also activated only on an *ad hoc* basis, and was quite narrowly re-active on provincial policy matters. The other principal partners in the provincial council, F.C.L. and Manitoba Credit Union Central, were similarly unprepared, organizationally, to deal with provincial public affairs in a consistent, on-going way. This was partly a function of the fact that the provincial Department of Co-operative Development had concerned itself overwhelmingly with small, "frontier" co-operative development.

The Ontario scene is different again. Of the two major co-operatives, Credit Union Central management preceded that of United Co-operatives of Ontario by roughly four years in formally and concretely recognizing the need for a "modern" government relations capacity. The establishment of the position of Director, Legal, Governmental Affairs and Administration at Ontario Central in 1981 was quickly followed by considerable expansion of their government relations capacity. Prior to 1981, Central had contracted with a consultant who provided "access" to senior provincial policy-makers (via party ties), but no policy

monitoring or analysis. It is not clear whether U.C.O. utilized even this insufficient means of conducting on-going government relations. Membership in the Ontario Federation of Agriculture, annual briefs to Cabinet and the Minister of Agriculture, and occasional meetings with provincial party caucuses by U.C.O. directors, were the basic elements of a very casual government affairs approach. Its shortcomings became glaringly evident when U.C.O. had to rely heavily upon the C.U.C., C.C.C.S., and a hastily organized grassroots campaign (not to mention a good deal of luck and federal-provincial one-upmanship) to survive their major debt crisis in 1984. Formally, the Vice-President/Corporate Secretary had responsibility for the management side of government relations activity, but in practice his activities involved little real or systematic attention to the U.C.O.-government relations nexus. After the lessons learned from the 1984 experience, U.C.O. is moving towards a more systematic government relations program.

Nova Scotia's major co-operatives have, to my knowledge, no distinct provision for government relations functions in their structures. Since the major agricultural co-operatives all deal closely with the provincial department of Agriculture and its marketing board affiliates, however, their General Managers or CEOs take informal responsibility for government relations work. This is shared, indirectly, with the recently activated Nova Scotia Co-operative Council, comprised of management and elected officials from the major co-operatives and with Co-op Atlantic. Presently Co-op Atlantic has no institutional focal point for the co-ordination of the government relations activities of its different operating divisions or co-ordination of the trade associations, Maritime Farmers' Council, and other organizational activities in which Co-op Atlantic participates as a member. This situation is now under active review.

Of Québec's two largest co-operatives, the Desjardins confederation has made more specialized provision for government relations functions within its management structure than Coopérative Fédérée. The former employs an individual in the position of "conseiller affaires gouvernementales et coopératives d'épargnes et de crédit", who co-ordinates and oversees the government relations concerns of Desjardins and supervises contacts at the bureaucratic level between the Desjardins confederation and the federal and Québec governments. At Coop Fédérée, this role is performed primarily by the corporate secretary. Neither individual works now closely with the Conseil de la coopération du Québec, but this "independence" from a provincial council is relatively recent. Both individuals have responsibility for a wider range of concerns than their Anglophone provincial counterparts, even though (or perhaps because) Desjardins Confederation and Coop Fédérée are key members of the Conseil canadien de la coopération, the national francophone co-operative organization. Like their other provincial counterparts, however, they work closely with senior elected officials within their organizations to plan (or at least get approval for) government relations strategy.

B. GOVERNMENT RELATIONS PROGRAMS AND ACTIVITIES

1. Pre-election campaigns

In Saskatchewan, systematic pre-election campaigns have been adopted only recently by one of the major co-operatives. The 1984 federal election was the first in which Federated Co-operatives adapted C.U.C.-produced materials to their own purposes. F.C.L. produced two kits for distribution across the four western provinces: candidate kits and co-operative leaders' kits. The former included an "issues package" prepared by the

C.U.C., covering worker, health care, housing, fishing, and northern co-operatives, and a membership profile of Canadian co-operatives. Also enclosed were three inserts prepared by F.C.L.: a western Canadian co-operative retailing system profile, a congratulatory letter from the F.C.L. president to the candidate for running, and a discussion of five issues deemed important to F.C.L.:

- (1) a plea for the next government to "continue its commitment" to the New-Grade Heavy Oil Upgrader;
- (2) a plea and argument for a Co-operative Registered Savings Plan to strengthen co-operatives' capital bases;
- (3) a request for creation of a federal Ministry of State for Co-operatives and supporting secretariat;
- (4) a statement of opposition to Petro Canada being allowed to operate in the retail sales and service domain;
- (5) a request for federal funding for social and economic research on co-operatives.

The co-operative leaders' kit included all of this, plus a print-ready ad encouraging the public to vote, and tying the exercise of political democratic rights to the exercise of economic democratic rights in co-operatives; a congratulatory form letter to be sent to local candidates by a co-operative representative, with an invitation to meet before the election; and, evaluation forms for this representative to complete, which measure the candidates' interest in, knowledge of, and support for retail co-operatives and their designated issues. All co-operatives, district directors, region managers, and senior management within the Federated system received these kits. F.C.L. directors were assigned responsibility for co-ordinating use of these materials within their districts.

Feedback from these directors and individual retail co-operatives since September 1984 has indicated a rather uneven use of these materials, with Saskatchewan district activity being noticeably greater than Manitoba, British Columbia and Alberta.

Two related factors would seem to be at work here: the degree of partisan competitiveness within each province, and the widely-interpreted traditions of "political neutrality" that have taken hold in the different provinces amongst co-operative leaders and supporters. To the extent that these people view any public attempt to gain political influence as a contravention of the political neutrality "rule", they are unlikely to take advantage of the decidedly non-aggressive approach taken by F.C.L. in this effort. To the extent that they are worried that any similar attempt will be construed by the locally dominant party as "stepping out of line", they will be even less inclined to use the materials. Finally, one must add that in Alberta, where the political scene was almost hypnotically dull before the April 1986 election, co-operators could be partially excused for not wanting to single themselves out as "political activists" in a sea of political somnolence.

A similar pattern of uneven subscription to F.C.L. pre-election program offerings was evident in the two recent provincial elections in Manitoba and Alberta.⁵¹ In each case, the F.C.L. head office worked with regional managers and directors to prepare a "pre-election game plan" modelled on the 1984 federal approach. One improvement of note was the presence of more detailed accounts as to how individual co-operatives' district directors, F.C.L. Vice-Presidents, and region managers would divide responsibility for utilizing and supplementing the election kits. Another difference, not surprisingly, was identification of provincial, rather than national, concerns for F.C.L. retail co-operatives. If the program prepared in April 1986 in Saskatchewan is any indication, these concerns were not just narrower in scope but also more focused on F.C.L.'s

⁵¹ At the time of publication, it is too early to say how extensively F.C.L.'s package has been used by retail co-operatives during the Saskatchewan provincial election campaign (Sept. 19 - October 20). The candidate package was mailed to party candidates and parties in May 1986.

institutional interests, although recommendations regarding agricultural policy are also prominent. The issue of "frontier" co-operative development, which was allotted considerable attention in the C.U.C.-produced portion of the federal election packages, is simply relegated to the sphere of provincial Department of Co-operation responsibility, and not discussed or promoted in any way.

Despite their uneven utilization, F.C.L.'s federal and provincial pre-election kits have returned some dividends. Several new Saskatchewan M.P.s responded positively to the F.C.L. approaches, and have spoken on behalf of co-operatives in public and parliamentary committees since their election. In Alberta, the Minister of Consumer and Corporate Affairs appears to have been influenced somewhat by the packages and approach; since the April 1986 election, she has contacted senior managers within Federated's Alberta network to discuss F.C.L.'s concerns. While this may have happened in any event, especially with the government's new-found sensitivity to groups with apparent voting power, the pre-election campaign seems to have helped. It is likely that the next provincial and federal elections in Alberta will see more widespread and confident use of F.C.L.'s pre-election packages.

In looking at the C.U.C. contribution to the pre-election programs, I asked whether they had much value, and answered with a tentative, qualified yes. The reservations noted there apply equally to F.C.L.'s federal and provincial pre-election programs. It may be useful to add that it is difficult for any organization to precisely determine the value of a particular lobbying technique, at least in the short-run, and before government ministers and senior bureaucrats' files become "public property" in archives. It can be argued that public relations is an area that any organization, and co-operatives in particular, cannot spend too much on, and that the pre-election programs are worthwhile almost regardless of the strategy and

content employed. This argument assumes that co-operatives and other businesses have essentially the same objectives. The fact that this is not, or should not be, true, gives us grounds for saying that strategy and especially content is crucial to any co-op's "public relations" activities. Co-operatives must successfully present themselves as community institutions with interests extending well beyond their own "bottom lines". This is, after all, what private sector lobbies have managed to appear to do.

But can this be achieved if the focus of its public-policy shopping list is narrowly oriented to institutional self-interest? What are the public, or prospective elected officials, to think about a major system-wide exercise like the Report if its principal thrust is ignored in the public lobbying efforts of its principal signatories? The economic development strategy of the Report appears to be either misleading or irrelevant when compared to that behind the F.C.L. provincial pre-election programs. There is, additionally, very little that communicates the distinctiveness of co-operatives in these productions, even though on the co-operatives' own contention, this distinctiveness is the reason that co-operatives deserve to be treated differently by governments. Given these potential long-term public-relations drawbacks, one wonders if they can be sufficiently offset by a higher profile for F.C.L. amongst M.L.A.s to justify the package.

A positive consequence of the pre-election programs is the enhancement of co-operative activists' appreciation of the importance of co-op/government relations, and the inevitable penetration of "politics" into the affairs of major co-operatives (or other large organizations). If the political naivety of some middle- and higher-level co-operative leaders is to be reduced, exercises like the pre-election program must involve greater numbers of co-operative activists and local leaders. Meeting or hearing candidates, asking them about co-operative issues (or related issues, in the minds of co-operative activists), and

discovering that most candidates and their parties are ignorant and ill-informed, or even antagonistic to co-operatives, is a very valuable experience for those who believe that "politics" should be somehow divorced from the "life" of co-operatives.

Co-operative education must involve more than education about the internal characteristics of co-operatives; it must extend to cover those aspects of public life which directly and indirectly affect co-operative enterprises and practices. Exposure to the concerns, biases and policy achievements of party politicians provides an important part of the context within which co-operative leaders and activists must assess the future options of their organizations. Consequently, the more local candidates are "put on the spot regarding co-operative issues"--even those that do not demand major departures from their parties' vague platforms and promises--the more co-operators will come to appreciate the effects of politics upon their co-operatives; they may go further, with this experience, to actively "monitor" government legislation and party policy proposals which have positive or negative effects upon their own organizations and the co-operative system generally.

Neither Credit Union Central nor the Wheat Pool in Saskatchewan have developed a centralized pre-election campaign similar to Federated Co-operatives'. Credit Union Central does receive "election kits" from the Canadian Co-operative Credit Society, and now adapts these materials for use in provincial election campaigns. Saskatchewan Central's representatives on C.C.C.S.'s legislative affairs committee do, in fact, contribute to identification of the positions and issues outlined in the C.C.C.S. kits. But the kits are not used nearly as widely or aggressively as those of F.C.L., largely because Central's management and board do not attach as much significance to this in their overall government relations strategy.

At the Wheat Pool, there is simply no utilization of anything resembling election kits from central office. Instead,

the Pool leaves it up to the delegates and committees of each district to arrange all-candidate meetings (perhaps with the assistance of the district representative). Such meetings as do occur have locally set agendas for dealing with federal or provincial candidates. Not all districts sponsor these events regularly. The absence of a centralized approach to these events can be attributed to several factors. Of primary importance recently, it would seem, is the Pool leadership's concern that the Pool acquire a completely non-partisan image, after having been associated in the (majority of the) public's mind with the C.C.F. and N.D.P. for many years. The leadership are convinced that this has hurt them in dealing with federal governments over the years, and are concerned that the Saskatchewan government may give undue attention to the positions of rival, anti-Pool agricultural organizations as a result of this perceived left-wing partisan "alliance". It is not surprising that with this concern, the S.W.P. would not want to have a centralized pre-election campaign construed as an attempt to embarrass either incumbent or potential governing parties.

Another factor conditioning the absence of a centralized election strategy is the existence of a large number of dynamic local committees and delegates, who need no "push" or instruction on matters of quizzing and generally giving the third degree to political incumbents or challengers. These delegates and committees often forward their resolutions to their M.L.A.s or M.P.s for comment between elections, and so have already established a practice of keeping their representatives informed or cornered regarding their concerns.

Still another factor may be the Pool leadership's desire to stay away from involvement in or promotion of non-Pool issues in their dealings with politicians. There are, it might well be reasoned, enough problems for Pool members to press politicians for action on, without having to go further to spread their political clout thinly over issues that they are unfamiliar with or

not immediately affected by, such as "frontier" co-operative development in urban areas. Whatever the reasons, centralized pre-election campaign strategy has not been given a high priority by the Saskatchewan Wheat Pool.

The place of a centralized "pre-election campaign" in the government affairs strategy of Credit Union Central of Ontario is considerably more prominent. It made relatively widespread use of the C.C.C.S. materials for the 1984 election, including those that showed the Credit Union system to have broad interests in co-operative development (as identified in the Report). By the 1985 provincial election, this experience (and others involving enhanced contact with elected officials amongst credit union directors) had helped to pave the way for the first well co-ordinated and successful pre-election campaign at the provincial level. Central's Director of Government Affairs has tried, in his terms, to use the election kits as a "vehicle for showing credit union concern for the larger public good," rather than as simply a means of reciting the narrowly defined institutional needs and interests of the provincial credit union system (although these, of course, do receive considerable attention in the May 1985 election kits). Reference to the need for provincial assistance to dislocated workers, or the desirability of provincial government encouragement to local boards of education to introduce co-operative study materials into curricula, thus broaden an appeal which can otherwise easily appear to be solely self-interested. One must wonder, however, why the three-paragraph case for co-operative study materials requires the claim that "credit unions and other co-operatives represent the finest form of private enterprise." Is this to be the thrust of "co-operative education" for the un-initiated?

When United Co-operatives of Ontario found itself going through almost a year of severe financial uncertainty, beginning with the calling of \$75 million in loans by three banks in January of 1984, it was easy to conclude with hindsight that the

absence of a co-ordinated or comprehensive government relations program had been a major mistake. The U.C.O. had taken for granted its support by the provincial and federal representatives and Agriculture ministers (Eugene Whelan had, after all, been a U.C.O. director during its prosperous period in the 1960s and 1970s.) Nothing approximating a pre-election campaign had been launched for several generations. The rapid rise and decline of the political fortunes of the United Farmers of Ontario (1919-1923), the U.C.O.'s principal predecessor, appears to have bequeathed a distinctly anti-political attitude on the part of U.C.O. members, at least when wearing their U.C.O. hats.

With the problems of financial re-structuring and recovery taking up most of its management time since early 1984, the U.C.O. was not in a position to construct a co-ordinated pre-election campaign. The intensive, grassroots lobbying "blitz" conducted in the fall of 1984 has, however, provided a hot-house education in political contact-making for U.C.O. managers, directors, delegates and local activists. We shall look briefly at this experience later, but can note here that it provided a good, albeit tense, foundation upon which future pre-election campaigns will be constructed. The U.C.O. is unlikely to take anything for granted, or ignore obvious means of bolstering their political support, in the foreseeable future.

To my knowledge, neither Québécois nor Nova Scotian co-operatives (including Co-op Atlantic, the regional force for the latter) have utilized a pre-election campaign on any systematic basis over the past decade. In Québec, the reason is not lack of financial resources. It is, rather, the well-established cultural legitimacy, the high public profile, and close connections with either federal or provincial government agencies that the major financial and agricultural co-operatives already enjoy, which render public relations-type pre-election campaigns unnecessary in co-operative leaders' eyes. In Nova Scotia, the traditional cultural illegitimacy of organized group intervention

in partisan political contests, and the frankly anti-political, staunchly non-partisan traditions of co-operative leadership, are probably more significant than financial shortfalls in accounting for the absence of pre-election campaigns. The recent activism of the Nova Scotia Co-operative Council may signal changes in this regard.

In co-operatives where pre-election campaigns have been established, one often finds a relatively co-ordinated program for contacting elected officials and their political parties on an on-going basis between elections. The extent to which it is integrated with the pre-election campaign, is efficacious, and involves contact with all (three or two) major parties, varies considerably from organization to organization. Similarly, where no pre-election campaign program is in place, co-operatives make up for this, more or less, in their inter-election legislator contact programs. Sometimes the absence of a pre-election program is symptomatic of a poorly developed elected official contact program; sometimes it is not.

2. Legislator contact programs

Because Federated Co-operative's pre-election campaign programs were "pilots" at the federal then provincial levels from 1984 to 1986, it is not surprising that they still lack a comprehensively implemented elected official contact program which follows up on the pre-election contacts. What exists is a more informal, selective contact program, with the exception of a new practice of mailing all M.P.s and M.L.A.s the F.C.L. "President's Newsletter" and local retailers' annual reports. Federated is in rather close contact with a selected group of government M.L.A.s, who are known to be supportive of local co-operatives, and who have regular exchanges with several federal government M.P.s from Saskatchewan. The initiation of contacts with provincial and federal N.D.P. legislators does not seem to be nearly as regular, although there is no evidence that

M.P.s are turned down by F.C.L. officials in their requests for meetings.

Whether the reasons for this involve some well-founded frustrations with the Blakeney regime's dealings with F.C.L., or N.D.P. neglect of the co-operative constituency since 1982, or a fear that contact with opposition politicians would be perceived by government officials or politicians as expressions of distrust (etc.), or a fear that the public might too easily conclude that a socialist-co-op alliance exists (an old cold-war bogeyman), or even an actual dislike of the N.D.P. among some F.C.L. leadership and management, this approach to opposition politicians is inadvisable for the long-term. For one thing, almost-exclusive relations with politicians and appointees of one party, especially a government party, can easily come to look like a calculated transgression of the golden co-operative rule of "non-partisanship". Perhaps equally as important, it assumes a permanence of regimes that may well be only temporary, and can prove rather injurious to the establishment of good relations with new governments at either level. The misunderstanding between F.C.L. and the new N.D.P. Manitoba government in 1981 over the "closing" of Winnipeg's Red River Co-operative (in early 1981) is suggestive of the dangers of appearing too close to any one party. The fact that relations with the existing government and its partisan associates are going well, as they seem to be for F.C.L., should not cloud a co-operative's vision of future possibilities.

Saskatchewan's Credit Union Central organizes contact between various elected officials within its "system", and federal and provincial caucuses of the political parties representing the province, at least every eighteen months. Individual contacts between directors and legislators may occur more frequently on a "need" basis, but Central is careful not to arrange such meetings merely for the sake of reminding politicians that they exist. To supplement this, Central is developing an M.L.A. contact

program, to involve each of 20 to 25 local credit unions' presidents and managers establishing and maintaining regular contact with their "home" M.L.A. The purpose is to establish rapport, share information and generally maintain a relationship which makes personal, cross-constituency lobbying on particular credit union issues a more feasible proposition. Some contacts of this kind already exist, but have been established and maintained on an essentially *ad hoc* basis.

For what are likely the same reasons as were offered for the absence of a pre-election program at Saskatchewan Wheat Pool, there is no co-ordinated program of post-election follow-up with elected legislators. However, local committees and district directors can and do often arrange to have M.L.A.s or M.P.s attend their meetings on a regular or issue-related basis, and Pool Board executive members are more and more accustomed to contacting elected political officials, on either specifically Pool issues, or concerns of the agricultural organizations (such as the Canadian Federation of Agriculture) on which the Pool has representation.

In Manitoba, the Pool has recently begun to organize regular meetings with provincial government and opposition party caucuses, and now devotes considerably more attention to maintaining close contacts with M.P.s from all three parties. This development stems directly from the Manitoba Pool's realization, during the Crow Rate hearings in Parliamentary Committee, that the Pool(s) were not nearly well enough appreciated or understood by elected officials or bureaucrats in Ottawa. The M.P.E.'s exposure to the exercise of Québec farmers' political clout through their M.P.s and M.L.A.s, during these same hearings, further reinforced Pool leaders' and managers' sense of the need to enhance their political connections. Finally, the relative success of a blitz by M.P.E. elected officials of M.P.s, senators and bureaucrats in Ottawa during the Crow hearings, was yet another factor leading the

Manitoba Pool to plan a more systematic, all-party elected official contact program.

Both Ontario Credit Union Central's and United Co-operatives of Ontario's legislator contact strategies have been enhanced dramatically since 1980. C.U.C.O.'s change in this regard began in 1981 shortly after a new appointment to the Governmental Affairs position. They now include regular meetings between the C.U.C.O. Government Affairs Director and M.P.P.s, and their Executive Assistants from all three political parties. In addition, Central organizes dinners for M.P.s and M.P.P.s with Ontario Credit Union directors, from their constituencies, in attendance. The former is designed for purposes of on-going information exchange and occasional briefing regarding particular Credit Union concerns, while the latter educates legislators as to the democratic control structures and uniqueness of credit unions, and impresses the very human and basic character of credit union activity upon these legislators. One can also observe that such dinner meetings are bound to increase board member's sense of their own political efficacy, and thus be of value to the gradual development of a member- (or activist-) based competence in the political affairs field that can only benefit Ontario credit unions.

At United Co-operatives of Ontario, by contrast, the development of a legislator contact program was almost solely a function of dire necessity; that is, it grew rapidly out of the financial crisis faced by the U.C.O. in 1984. Before this, M.P.P.s and M.P.s had been contacted on a very casual, irregular basis, to the point, it appears, that only those who made an extra effort would have developed any clear idea of the U.C.O.'s importance in either their ridings or the provincial agricultural economy. By the summer of 1984, however, when both provincial and federal government approval and financial backing were needed to develop a viable re-financing package (i.e. one acceptable to U.C.O.'s major banking creditors), U.C.O.

management had seen the need for an intensive grass-roots campaign directed at both governments. Advice from government relations officials at Canadian Co-operative Credit Society was crucial in establishing this and other elements of a government relations strategy, almost from scratch. Among other things, this strategy involved two general meetings for delegates and U.C.O. officials to provide crash courses in the logistics of effective grass-roots lobby activities. Letters were sent to M.P.P.s by U.C.O.'s President and CEO, prior to the Ontario and federal government decisions regarding guaranteed loan support, outlining the need for this assistance, the partisan complexion of ridings where U.C.O. had a sizeable presence, and accompanied by a package of background information concerning the extent of U.C.O. activity (and employment) in each M.P.P.'s individual riding. U.C.O. even went so far as to successfully encourage a sizeable number of their employees to personally write their M.P.P.s on this issue of "rescue" financing.

Whether this intensive legislator contact blitz was decisive, or not, in the Ontario government decision to match the federal government loan for U.C.O., it did demonstrate the need for a sustained and systematic M.P.P. and M.P. contact program. U.C.O. is now briefing all party caucuses provincially and federally (i.e. M.P.s from Ontario) on U.C.O. concerns, and as of Spring, 1986, was developing an "information kit" for these two legislative audiences. At a minimum, U.C.O.'s actions along these lines will ensure that it does not again become as politically invisible as it had to all but a few politicians in Ontario prior to its financial misfortunes.

A summary comment will have to suffice again for the legislator-contact record of major co-operatives east of the Ottawa river. While Co-op Fédérée and Agropûr, the major agricultural co-operatives of Québec, appear to have close ties to Québec M.P.s and M.N.A.s, I have not determined whether these ties result from formal structures and procedures for the

provision of information and opinion, whether these co-operatives approach politicians as required on an issue basis, or whether politicians, cognizant of their agricultural co-operators' political clout, more often take the initiative in contacting Agropûr and Coop Fédérée officials. In the case of the Desjardins financial co-operative system, contacts with M.N.A.s (very seldom M.P.s) are initiated almost always on a local basis. The central Desjardins organization generally saves its politician-contacting energy for what it considers to be very major issues, and utilizes it only in relation to senior bureaucratic officials or cabinet members. It is, consequently, seldom in touch with M.N.A.s or M.P.s. As with many aspects of the Desjardins organization's government relations strategy, this behavior seems to be a function of their confidence concerning the public and government perception of Desjardins' importance in the Québec economy.

Agricultural co-operatives in Nova Scotia appear to have relatively close relationships with M.L.A.s in their locales, if past subsidies to companies like Scotian Gold are any indication. With the recent surge of activity in the Nova Scotia Co-operative Council, these contacts can be expected to become more systematic--extending, for example, to opposition caucuses federally and provincially--and addressed to a wider range of co-operative issues, especially in the area of promoting "frontier" co-operative development (housing, health, fishing, and worker co-operatives). Prior to roughly 1985, however, we must say that the legislator contact practices of Nova Scotia co-operatives were irregular and restricted to institutionally self-interested requests.

3. Public service contact programs

By considering the patterns of contact between major regional co-operatives and government bureaucrats--both senior and junior--we are addressing a species of government relations

work which can often be crucial to co-operative or any interests being treated favorably. Both in the way they respond to requests for information and administrative decisions affecting the operations of co-operatives, and in their interpretation and framing of "co-op issues" for Cabinet members (or high-level bureaucrats), these officials can have a tremendous impact upon co-operatives. Perhaps one of the most striking and well documented instances of this is the almost two-year long set of negotiations between the federal government and various co-operatives' officials over Co-Enerco.⁵²

Because we are concerned with patterns of contact with government bureaucrats, rather than details of particular negotiations or on-going relationships, our account of this can be relatively brief. What we are looking for, essentially, are degrees of systematization of these contacts, and evidence that the co-operatives in question have recognized a need to expand and "professionalize" their dealings with governments via this route.

Beginning with Saskatchewan once again, we can observe that its three major co-operatives have each developed relatively extensive and systematic patterns of bureaucratic contact, much more at the provincial than the federal level. In the case of Federated Co-operatives, contacts during the 1970s were as much with other departments (eg. consumer affairs) as with the Department of Co-operatives and Co-operative Development. To a large extent, this seems to have been because in this period the Department and F.C.L. alike were unsure of how the co-operative development mandate of the Department involved matters of concern to F.C.L. There were, of course, dealings between the two on matters involving incorporation or dissolution of retail co-operatives within the F.C.L. system.

The major deviation from this pattern of virtually mutual avoidance was the beginning of the provincial government's

interest in a heavy oil upgrader. Negotiations between the government and the Consumers' Co-operative Refineries Ltd., a subsidiary of F.C.L. which was one of five original partners in the "Plains Consortium" upgrader group, began to consume F.C.L. and provincial Department of Energy, Economic Development, and Finance officials' time by 1980. By 1983, however, all other partners had backed out of the prospective government-oil business joint venture, in response to uncertain oil prices and federal government energy policies. C.C.R.L., with its own refinery already in place in Regina, decided to continue in August 1983 with a feasibility study for the project. "NewGrade Inc.", with a management group composed of two federal, two provincial, and two C.C.R.L. (F.C.L.) representatives, concluded by 1985 that the project was feasible. In October 1985, a deal was struck involving virtually no cash commitment from F.C.L. (but commitment of the Regina refinery to the project), a provincial government contribution of over \$60 million in equity and loan guarantees covering 40% of the cost of the plant, and federal government loan guarantees for another 40%. F.C.L. is said to have taken no risks for financial loss, and will receive revenues for operating and managing the upgrader.

To add to the negotiations and F.C.L.-government official meetings required to set up this deal, there have more recently been intensive and politically very sensitive contacts between these two parties, and the general contractors for the upgrader's construction, over the terms of a "site agreement" for hiring and employment practices at the project. Several factors have complicated this situation. The provincial construction trades have seen this major project as a "last stand" in their heretofore losing battle with the government and employers. It seemed the present provincial government wished to prevent high levels of unionized labour on the site, for both ideological reasons and to achieve expected electoral gains. Finally, F.C.L.

⁵² See Bergen, (1984), especially pp. 40 - 159.

was already entangled in some bitter labour disputes with their R.W.D.S.U. (retail union) workers. All of this has pressed F.C.L. labour relations and other management personnel into extensive and intensive contacts with officials in the Departments of Energy, Economic Development, and Finance, the Premier's Office, and even selected Cabinet members. As F.C.L. has discovered, getting caught up in the dilemmas and damaging "spin-offs" of government's political agendas is sometimes an unavoidable consequence of close collaboration with governments, especially in the case of joint ventures. This is not to say that these should be avoided when opportunities arise, only that co-operatives' directors and managers must go into such ventures with their political eyes open. They should also realize that it is not legitimate to claim "political neutrality" once politically charged events such as labour disputes on co-operative firms' worksites unfold in almost predictable fashion.

Since 1982, F.C.L.'s management and directors have had considerably more regular contact and easier access to senior officials in the Department of Co-operatives. This is largely due to the Department's decision, shortly before the 1982 provincial election, to re-organize, re-orient its activities, and generally be of greater service and relevance to the major co-operatives of the province. With several new senior bureaucrats to become familiar and deal with, the three major co-operatives decided to jointly approach the government to clarify their concerns and objectives (*vis à vis* government), and take advantage of the recent re-orientation.

One manifestation of the resulting co-op-government relationship is a thrice-yearly scheduled meeting between F.C.L. officials and deputy ministers from departments whose activities affect F.C.L. in a significant way. Another is a set of more informally scheduled, but relatively frequent, meetings between senior Department and F.C.L. officials, over lunch, to exchange information on various topics of mutual concern. Finally, F.C.L.

representatives join several from the Wheat Pool, Credit Union Central, and the Dairy Producers' Co-op, in semi-annual Department-organized meetings where co-operative officials raise and compare concerns to the Department, usually with a "guest" Cabinet minister in attendance. Such meetings are seen by F.C.L., S.W.P., Credit Union Central, and government officials to be valuable forums of co-operative expression and cabinet response, however provisional each is.

As noted earlier, F.C.L. contacts with federal bureaucrats really began intensively in 1980 with the initiation of Co-Enerco negotiations. Federated had the task of co-ordinating the co-operative sector involvement in these negotiations, and the largest stake in reading the signals coming from a politically skilled group in Energy, Mines and Resources. The experience taught F.C.L. the importance of the bureaucratic component in major (or minor) federal government decisions. In those negotiations, and subsequently, F.C.L. has relied upon the C.U.C. for strategic and tactical advice regarding the means of influencing policy decisions at particular stages.

Then, as now, C.U.C. officials are rather limited, in terms of available personnel and financial resources, as to the assistance of this kind that they can provide F.C.L. or other corporate members. One likely future instance of where this may create problems for F.C.L. is in impending changes to the

Income Tax Act.⁵³ These changes may well have a serious impact upon F.C.L. and other major Anglophone and Francophone co-operatives. At that point, co-operative officials may wish that they had promoted a greater pooling of co-operative resources in the C.U.C.'s government relations department, and a resulting expansion of informed and influential junior and senior bureaucratic contacts in Ottawa. As it stands now, however, C.U.C. assistance is usually sufficient to supplement the efforts of F.C.L.'s Legal Affairs Manager in the five to ten routine matters that F.C.L. annually raises with the federal government.

The Saskatchewan Wheat Pool's bureaucratic contact network within Saskatchewan also expanded significantly in 1982, for roughly the same reasons. Meetings between S.W.P. directors and management, on the one hand, and four or five deputy ministers (plus their assistants), on the other, occurred informally before 1982. With the new government, a need was recognized to formalize these meetings on a thrice-yearly basis. S.W.P., as noted, also participates in meetings of the Saskatchewan Co-op Activities Council and the Department of Co-operatives twice yearly.

Ironically, this greater and regularized access to senior civil servants has been offset, for the Pool, by the decline of

⁵³ The only changes proposed by the Federal government recently have posed no threat to F.C.L., and may in fact help them and other co-operatives. The two measures in the February 18, 1987 budget relating to co-operative taxation were both requested by the sector: a changed definition of co-operatives in the Income Tax Act to loosen the requirement that 90 per cent of a co-operative's members be individuals or other co-operatives, and a provision to allow co-operative members' income tax on their "excess" patronage dividends to be deferred to subsequent years. Both of these measures are likely to affect primarily agricultural co-operatives and their members. (See "News Release", Co-operative Union of Canada, February 19, 1987). The potential for seriously damaging changes to the Act as it affects co-operatives still exists, however; Michael Wilson's program of tax reform, to be announced in late spring of 1987, may well negate any gains the recent Budget promised for co-operatives.

professional bureaucrats' power in the provincial policy process. Senior Pool officials are frustrated with this development because the job of influencing politically (over)sensitive ministers is considerably more trying and less predictable than the job of briefing senior bureaucrats in the Department of Agriculture.

The Pool's contacts with federal bureaucrats were, until 1984, routinely handled by either the Canadian Federation of Agriculture or the C.U.C. The Crow debate and its resolution demonstrated the need for a unique prairie grain growers' co-operative voice in Ottawa, thus leading to the establishment of Prairie Pools. S.W.P. turns to Prairie Pools regularly when the issue in question is Pool-specific, or when, (as in the case of the Crow question), consensus cannot be reached via the C.F.A.. Prairie Pools' representative is kept busy in Ottawa on "Pool-specific" business; his office in the same building as C.U.C. and C.C.C.S. government affairs personnel gives him an opportunity to exchange useful information regarding bureaucratic contacts (and other matters). The Prairie Pools representative is most often in contact with Department of Agriculture and Canadian Wheat Board officials, although recent federal government and co-operative interest in international co-operative trade have expanded his points of federal bureaucratic contact further. Such an extension of acquaintance with some officials across the broad range of federal economic policy departments is crucial to the Pools' ability to monitor and influence policies affecting prairie farmers. The Pools' network of bureaucratic contacts must continue to expand if their interests are to be taken seriously in both major and apparently minor economic policy decisions in the areas of taxation, transportation, regulation of chemicals, and a host of other issues that are resolved outside of Agriculture's departmental walls.

Credit Union Central in Saskatchewan has put a good deal of emphasis upon sharing information with, and closely monitoring the activities of, relevant government officials for

over a decade. As participants in a closely regulated economic sector, where regulatory changes of considerable significance have been commonplace, Credit Union Central requires an effective network of contacts to remain competitive and useful for its members. An important part of Central's contact with government officials over the past decade has been presentation of numerous briefs to provincial government agencies, commissions and task forces, many on subjects not directly concerning the Credit Union system. Identification of broad trends in federal and provincial financial policy (and policy towards financial institutions) is crucial to Central's strategic planning. One instance of how monitoring of government and other forces in their environments are turned into products of value for the credit union system is the annual "environmental review", conducted every year since 1975 and made available to all provincial credit unions. In conjunction with the "Canadian Credit Union Environmental Scan", this information can be of considerable assistance to credit unions' boards and managers, because of the concise way that it reviews major economic trends and suggests possible implications for credit unions.

At the federal level, Central's senior management is well represented on C.C.C.S. national committees, and is well acquainted with senior policy-making bureaucrats in Department of Finance, Ministry of State for Finance, and other relevant government agencies (such as Farm Credit Boards). This work is effectively supplemented by the C.C.C.S. Legislative Affairs Committee, senior management, and government affairs personnel, and to a lesser extent--on broader co-operative sector issues--by the C.U.C. Approximately fifteen to twenty per cent of Central's federal-level concerns are dealt with directly by Central's own personnel, usually because they are issues specific to, or best handled by, Saskatchewan Credit Union Central.

At the provincial level, Central's contacts with public officials and contributions to public policy are well regarded

across the range of economic policy departments. Contacts with the Department of Co-operation increased recently with development of a new Credit Union Act. Contacts have been fortified outside "the Department" with Central's recent publication of a discussion paper on the prospects of agriculture in the province, and their consultation with provincial Consumer Affairs officials, to ensure that effective representation of the (Saskatchewan) co-operative view on upcoming changes in federal bankruptcy and farm insolvency legislation. In both provincial and federal-level bureaucratic contacts, Credit Union representatives have endeavoured to present their case as being in the interests of more than just Credit Union institutions; their diverse membership, which contains as many distinct constituencies as any Canadian organization, is presented as the primary recipient of impending policy results.

Large co-operatives in Manitoba have only recently viewed regular contact with government officials as an important part of their overall operations. To some degree, this is because the provincial Department of Co-operative Development devoted most of its attention to either co-operative regulation, or the developing co-operatives, such as utilities co-operatives in the North, and housing co-operatives. However, it is also true that during the 1970's the Department tried and failed to get the Pool and Federated Co-operatives' interested in contributing to planning for new co-operative development. Even when the new Conservative government proposed abolition of the Department in 1977, the major co-operatives only belatedly and rather lukewarmly came to its defence. The majors approached the department for assistance only in extreme cases of difficulty, such as when Co-operative Implements began its decade-long financial problems in the mid-1970s.

The Crow debate did more than anything else to awaken Manitoba Pool Elevators' officials to the need for provincial and federal-level contacts. Senior management at M.P.E rapidly

discovered the utility of at least meeting, and then sharing information with, senior bureaucrats in federal departments whose operations affected prairie grain growers. Contacts between the provincial Department of Agriculture and M.P.E had always been good, but the Pool's leaders had mistakenly assumed that this need not be extended to the federal level. These good relations have recently been extended to the Department of Co-operative Development. Responsibility for this must, in large part, be claimed by the most recent Minister of Co-operative Development. Jay Cowan has successfully invited, and shown the benefits of, consultation by the major co-operatives with the department on issues of co-operative development. At the federal level, M.P.E is served by C.U.C. and Prairie Pools, but is also determined to forge its own links to the agricultural policy process via regular communication with people and "offices" which were revealed to be of importance to them during the Crow hearings.

In Ontario, Credit Union Central has made considerable progress in bureaucratic networking with government since 1981, prior to which they had relied inordinately upon a consultant to provide access to his acquaintances in the politicized sectors of the provincial civil service. This had involved only ad hoc contacts on an irregular basis, which provided no real basis for Central to integrate "government intelligence" into its corporate planning activities. Since 1981, Central's Government Affairs Director has nurtured relationships with senior civil servants in a range of economic policy departments, government boards, and regulatory agencies. One minor but perhaps revealing element of this pattern of contacts is Central's new policy of sending congratulatory notes to newly appointed civil servants. All individual meetings are documented for future reference and consideration by Central's directors, at least partly to demonstrate that such activities are in fact instrumental to Credit Union success, and need to be complemented and supplemented

by elected official contacts with M.P.P.s and/or M.P.s. These meetings with senior civil servants are a key part of the policy monitoring activity undertaken by Ontario Credit Union Central which, like that in Saskatchewan, has its parallel and reciprocal beneficiary at the federal level in the form of C.C.C.S. policy development monitoring.

In addition to these activities, Ontario Credit Union Central has become more activist in the last several years as a participant in provincial commission hearings and regulatory tribunals, and not always simply regarding issues narrowly bearing upon credit union operations. The point of this occasionally wider public policy profile is to establish credentials, from both credit union leaders' and government officials' perspectives, for credit unions as institutions concerned with a larger public good.

When pursuing particular questions of concern to Central, their government relations staff make sure that the relationships between senior civil servants and their political masters, or between different civil servants, are respected. Thus the deputy minister is never approached regarding an issue without his senior official having been briefed, and the Minister is not approached without his deputy having been apprised of the situation. In addition to being consistent with the protocol of internal government relations, this rather simple rule prevents potentially damaging embarrassments of government officials from occurring. Anything which threatens a relationship of trust between senior public officials and co-operative (or other business) officials will, quite obviously, stem the flow of information and reduce the broadening of perspective from which both parties benefit.

The situation concerning government official contact "programs" at United Co-operatives of Ontario contrasts quite strikingly with that of Credit Union Central. U.C.O.'s success in staving off bankruptcy via government loans and guarantees was

not, from what I have learned, attributable to bureaucratic policy "advice" to any large degree. The political targets of the lobbying campaign that produced that success are still the major focus of U.C.O.'s government relations program. Their intention to extend their bureaucratic contacts within and beyond the provincial Department of Agriculture is clear, however. Once U.C.O. emerges from the crisis management phase that it has lived in since January 1984, we can expect that their government relations program will incorporate a more sophisticated bureaucratic contact program to go along with their politician contact program.

Québec's major co-operatives are well connected to provincial and, where required, federal bureaucrats. The provincial networks are facilitated and made indispensable for Desjardins because of its size and diversity within the financial services sector. Desjardins employees are in contact with the provincial department of finance, which regulates financial institutions, far more than they are with the Direction des coopératives. The major agricultural co-operatives' bureaucratic contacts are more extensive and intensive than their other provincial counterparts because of the quasi-corporatist relationship that they have developed over time with provincial boards and the federal Department of Agriculture.⁵⁴ Outside of the major co-operatives, the provincial government's Société de développement des coopératives (S.D.C.) has provided both management and financial planning advice, as well as direct funding, to housing co-operatives and worker co-operatives in early stages of development. From 1977 to 1984, the major co-operatives participated with some financing and board direction in S.D.C., but withdrew after considerable frustration with the marginal role they were playing in S.D.C.'s decision-making, and

⁵⁴ See, among others, Claude Beauchamp, "Coopération et syndicalisme agricole au Québec: une lutte pour le pouvoir?", paper presented to the annual meetings of A.C.S.A.L.F., May 1979.

concern over the disbursement of S.D.C. funds. This experience, if anything, has inclined senior co-operative officials to keep their government contacts limited to those which concern their own institutional interests, although we will see that there are exceptions to this.

In Nova Scotia, co-operative officials generally contact provincial government officials also, primarily, on account of quasi-corporatist relationships that exist within the agriculture sector. A series of marketing boards, established in the late 1950s, were major victories for the agricultural co-operatives at that time, and in fact subsequently became important vehicles of their commercial success. Co-operatives' contacts have been restricted to these institutions and their "home" department (Agriculture), although contacts have been broadened to other areas of the public service when financial need dictated (as in the previously noted case of Scotian Gold). Easily the most important contact for co-operatives generally in Nova Scotia has been a Senior Extension Specialist in Truro, Fred Pierce, whose organizational, educational and promotional work (as government employee, and executive member of the Nova Scotia Co-operative Council) has done much to raise the profile and internal self-understanding of the province's co-operatives. Despite the potential that all types of co-operatives offer for regional economic development, the Department of Economic Development has shown no real interest and demonstrated no effective understanding of co-operatives. One can only sigh stoically thinking of how the huge grant to Litton Industries could have been used to create jobs through new co-operative development. Clearly, there is room for Nova Scotia's co-operatives to become considerably more aggressive in contacting, and promoting co-operative development with, provincial civil servants.

4. Intra-provincial co-operative co-ordination

The next dimension of co-operatives' government relations programs that we can consider is the extent of intra-provincial co-ordination and/or consultation on such matters amongst co-operatives. We have already touched upon this subject obliquely, but can provide a brief, general overview here.

As one might expect given its co-operative and governmental history--i.e., with a Department of Co-operatives being over 40 years old--Saskatchewan is the scene of the most extensive and, it would seem, efficacious co-ordination of co-operatives' government relations activities. The Saskatchewan Co-op Activities Council, with representation from major co-operatives' Presidents and CEO's, is now the primary formal forum for inter-co-operative discussions. This body addressed the new provincial government concerning its major hopes and concerns in co-op/government relations, and has more recently held a reception for provincial cabinet ministers. As noted earlier, the Council has regular meetings with "their" department's minister and senior officials. In addition to these formal events, members of the council meet quite often on an informal basis, and exchange information which they gather concerning government policy plans as they feel their colleagues may find it useful. The Council has done rather little to promote new co-operative development to the provincial government, but there is some indication that this may change, at least marginally, in the near future. As it stands now, the council's members tend to share the view that support for new co-operative development is the responsibility of the Department, although Credit Union Central seems prepared to play a more supportive role than this under the right circumstances.

The Co-operative Council of Manitoba has only recently roused itself from a condition of almost continual dormancy. Until 1984, they had met once yearly, and less often than that had prepared briefs for submission to government when reacting to specific, pressing concerns. Their awakening and re-acquisition of a sense of purpose was a result of the present Co-operative Development Minister's effective invitation to incorporate Council contributions into government planning for co-operative development. Council contributions have been evident in recent policy initiatives on worker co-operatives and student co-operatives by the Department of Co-operative Development. The Manitoba council clearly has some distance to go before matching the utility of Saskatchewan's, but they have nonetheless come quite a distance in a short time. With two of its corporate members having a recent history of upgrading their government relations capacities and programs (F.C.L. and M.P.E.), one can predict that more co-ordination and joint activity in relation to the provincial government will occur. Equally obvious is the extent to which this progress depends on the provincial Co-operative Development Department's desire and efforts to include "the majors" in their planning activities.

The absence of any substantial degree of co-ordination amongst Ontario co-operatives concerning their government relations work can be attributed, in large part, to the absence of a development function within the miniscule Credit Unions and Co-operatives Services Branch in the Ministry of Consumer and Commercial Relations. The Ontario Co-operative Development Association, based in Mississauga, is not as active now as in previous years, and in any case seems to have not identified intra-provincial government relations co-ordination as a key part of its mandate. The closest recent thing to a co-ordination of government relations efforts amongst Ontario co-operatives came in the form of a "Co-operative Political Strategies Conference" held in January, 1986. The organizer (Gary Gillam of Credit

Union Central, Ontario) issued invitations across the country to a relatively wide variety of co-operatives' government relations officials. With the exception of his equivalent in the central credit union institutions of Saskatchewan, Québec and British Columbia, all of the other 20 participants represented either Ontario or Ontario-based national co-operatives. By comparing notes on structures, programs, and cases, the participants apparently learned a good deal. There is no immediate plan, as far as I know, to use this meeting as the basis of a formal co-operative group structure that would extend the conference's work, or prepare joint briefs to the provincial government. In the absence of a viable and common contact point within the government, the latter may in fact have little point.

Until 1984, the Conseil de Coopération de Québec had a large staff (over 20) and the backing of the major Québec co-operatives in its development, promotional and educational activities. Also among its responsibilities was an annual submission to Cabinet, which outlined common concerns and policy interests of its member co-operatives. The Conseil since then has lost all but two of its staff, as well as most of its legitimacy as the voice of Québec's co-operatives. For a variety of reasons, its financial supporters--including, above all, the Desjardins system--had ceased to feel well-served by the Conseil's efforts. It is still an open question as to what, if anything, will replace the now tiny Conseil; if the majors, particularly Desjardins, believe that all of the Conseil's necessary and/or desirable functions can be performed well enough within their own institutions, there is little likelihood that a Conseil equivalent will emerge. A good deal may also hinge on the success of the "Direction des coopératives" in the Department of Industry, in its extensive programs of worker co-operative development. If these programs do stimulate regional economic development as planned, the major co-operatives may wish to develop some kind of body which can jointly advise the

government on these and other co-operative development matters.

In Nova Scotia, the recently re-invigorated Co-operative Council has defined its mandate to involve regular, formalized presentations to Cabinet, as well as formal policy proposals to Cabinet designed to strengthen existing and promote emerging co-operatives. The council has good ties with the Atlantic Co-operative Council and the Co-operative Union of Canada. Unlike the other four co-operative councils discussed above, Nova Scotia's includes representation and spirited advocacy work by smaller, "frontier" co-operatives such as housing and worker co-operatives. This has resulted in a rather impressive degree of council support for and public promotion of worker co-operatives, in the form, for example, of a proposal for a worker co-operative venture capital fund which would be subscribed to by government(s), Co-op Atlantic, and provincial council co-operative organizations. The council has also held annual meetings and seminars at which worker co-operative and other new development options have been discussed in educational forums. Other provincial co-operative councils would do well to emulate this co-operative public education aspect of the Nova Scotia council's activities.

5. Government relations, democratic control, public relations and corporate strategy

One of the more important aspects of co-operatives' government affair activities concerns the extent to which they are effectively integrated with other logically related aspects of co-operative enterprise operation, namely the democratic control process, corporate strategy and policy development processes, and the general public affairs programs. Unfortunately for the present study, gauging such integration is also one of the most demanding and difficult things to incorporate into analysis of government relations programs. One can acquire some insight

into this question through the use of detailed and well-informed survey methods, as utilized by Andrew Gollner in a 1984 study, Corporate Public Affairs in Canada. But the shortcomings involved in polling public affairs (government affairs) practitioners concerning the range and efficacy of their own activities/programs in their firms' performance are relatively obvious. They are apt to overestimate or underestimate either the utility or the extent of their activities. Reliably accurate accounts of the government affairs role in an enterprises' performance (taking their own objectives as guidelines) are really only available through intensive, on-site observation and comparative review of programs, etc. Since I was able to use neither of these techniques in my study, my comments on the government affairs function in and relation to these other co-operative business processes are necessarily general and highly impressionistic. I include them here because the subject is one that co-operative leaders and managers must address squarely if they are to evaluate the value and future imperatives of government relations work in their co-operatives.

To take what is perhaps the simplest of these connections first, several things can be said about the relationship between the public affairs and government relations activities in major Canadian co-operatives. On the basis of my observations over the past year, the provincial and national credit union systems seem to have the best appreciation of how to fit these two things together. Governments are treated as one of several "publics" that credit unions must appeal to, even though they are in certain instances the public whose decisions have the largest bearing on credit union performance. One key effect of this approach is a relatively high degree of consistency in the messages received by government and other credit union "publics" concerning credit union needs and objectives.

An example of this is the recently developed municipal economic development program at Ontario Credit Union Central.

On the one hand, their organization and delivery of economic development workshops in selected Ontario cities, which will focus on demonstrating how credit unions and community development groups can work together to create meaningful businesses and employment, has the potential of providing excellent public relations for credit unions in relation to issues that all constituencies in the general public are concerned with and can grasp easily because of their concrete, immediate character. On the other hand, municipal and provincial politicians and policy planners cannot help but view these workshops as important expressions of credit unions' commitment to Ontario communities, which in turn provides indirect but crucial strength to the credibility of public policy suggestions and participation by the Credit Union system on other matters. It may even give an additional component of perceived viability to worker co-operatives, if these become one of the several types of business development vehicles that this municipal economic development program helps to create.

At the national level, the role played by C.C.C.S. officials in launching the National Task Force has been an example of how public affairs and government relations work can be conducted to mutual, and "external" co-operative, advantage. In the process of promoting the agenda items of the Task Force with the national and provincial governments, the C.C.C.S. has enhanced its credentials as a promoter of/spokesbody for the public good, insofar as this is bound up with the health and growth of co-operative enterprises of all kinds. The contacts made through such promotions have, in turn, been useful for extending the avenues through which credit unions' institutional needs and concerns can be addressed with government policy-makers. Far from distracting or detracting from efforts involved in pursuing these institutional needs, the strategy of promoting a larger agenda construed in the public interest is one of the most

effective ways of ensuring that narrower institutional concerns will find the ears and sympathy of governments.

The Saskatchewan and Manitoba Wheat Pools have, over the past several years, improved their public relations efforts considerably. Manitoba Pool Elevators have devoted significantly more resources to mass media advertising which conveys the message of the importance of agriculture to the local economy, and the importance of the M.P.E. to agriculture in the province. In Saskatchewan, studies such as the recently released one concerning options for non-farm private investment in farm businesses have raised the already high profile of the Pool. After having felt insufficiently listened to by governments in the recent freight rates battle, the Pools are wise to attend more carefully to using the public's perception of them as a weapon in their dealings with governments. Neither Pool, however, has gone beyond these Pool-legitimizing and promoting exercises to devote significant effort to public promotion of co-operative enterprise *per se*. With the farm economy in such poor condition, this narrower institutional focus is certainly understandable.

A good deal of Federated Co-operatives' recent public relations activity has related to the New-Grade Upgrader. While stressing the benefits to the Saskatchewan economy in terms of jobs provided, use of advanced technology, and so on, this focus has also been essentially self-promotional. In other words, beyond the contention that this development benefits Federated's retail system generally, this public relations effort is not linked to promotion of co-operative enterprise in its various forms--unless, that is, one considers the indirect message that co-operatives can work closely with governments in joint ventures. To the extent that the two governments involved like to acquire political capital through these means, the public relations linkage to government relations activity of F.C.L. is clear-cut.

As was noted earlier, however, the closeness of F.C.L.-government relations in this joint venture has a potential for a public-relations "downside", as well, if sensitive matters such as labour-management conflicts come to receive substantial public attention. If Federated leadership and management come to see their institutional interests as antagonistic to unionized workers, they could conceivably alienate a sizeable portion of their present and potential membership. However confidential and low-key they wish labour relations to be, it is impossible to prevent the issues and attitudes involved therein from becoming public issues which serve to undermine or contradict certain aspects of any public relations program. Can a promotional campaign, such as the one featuring "Captain Co-op", offset the negative effects of high profile labour-management conflicts at co-operative stores in the F.C.L. system?⁵⁵

In general terms, the relationship between government relations efforts and "corporate strategic planning" in major Canadian co-operatives has changed a good deal over the past decade. Not surprisingly, some co-operatives have done quite a bit to make structural and procedural adjustments that take account of the need for this change, while others have only reached the point of recognizing that government relations work has to somehow become integral to their long-term planning. As Bruce Thordarson has commented, decisions based on such realizations have to be made by each organization's board and management, with a clear recognition that integrating the two activities will require major contributions and joint effort by each.⁵⁶

⁵⁵ For a lengthy discussion of the foundation of labour-management conflicts in co-operatives, and some recommendations for improvement, see Christopher Axworthy, Co-operatives and Their Employees: Towards a Harmonious Relationship (Saskatoon: Centre for the Study of Co-operatives, 1986).

⁵⁶ Thordarson (1980), p. 4.

According to two recent studies of public affairs activities of large private firms in Canada, most of these firms have either made significant initial steps, or advanced substantially, towards an integration of government relations activity into their strategic planning.⁵⁷ The more recent study found that half of the firms surveyed included their senior public affairs officer in their strategic planning group, while three-quarters of those polled believed that "public affairs" should play a greater role in their company's strategic planning process. (The respondents were the senior public affairs officers, it should be noted).⁵⁸ Based upon their responses when queried as to the mechanisms they employed to integrate public affairs work into corporate planning, even the major firms have much room for improvement in taking their in-house public affairs work seriously.⁵⁹ Significantly, however, this survey did not delve into the supplementary but often crucial government relations work done by industry-level business associations to which these firms belonged, or look at the effect that this might have upon corporate planning.

In terms of major co-operatives' performance in this area, several observations may be worth making here. From the admittedly limited impressions I was able to collect, it appeared to me that credit union centrals, as well as C.C.C.S. and Desjardins, have managed to integrate government relations work into their corporate planning efforts most effectively within the co-operative sector. This may well be as much a matter of necessity as it is a result of far-sighted board and management decisions. The competitiveness of the financial sector, and the importance of regulatory changes by governments, both require considerable integration of government activity-monitoring, and

⁵⁷ McMillan and Murray, (1985), pp. 297-308; Gollner, pp. 17 - 38.

⁵⁸ Gollner, (1984), pp. 53-54.

⁵⁹ Gollner, (1984), pp. 55-64.

policy-anticipation, into the senior levels of credit union planning. It is also true that credit unions, because of their close connections with other co-operative businesses, need to know what their co-operative clients' fortunes will amount to. Part of the answer to this question is always to be found in the relationship that these co-operatives have, or are likely to have, with governments, or simply how government policy will affect these co-operatives. With this in mind, we can appreciate the sense in which the National Task Force of 1984 was, to the C.C.C.S. and its major centrals, a kind of corporate strategic planning exercise: credit unions needed to know where co-operatives were going (and how that would involve governments) in order to chart their own future.

Agricultural marketing and supply co-operatives in the prairies and Ontario have been and still are considerably behind the Credit Union system in the area of government relations/corporate planning integration. The absence of an effective government policy monitoring and anticipation capacity, combined with poor connections between senior Pool decision-makers and the policy process in Ottawa, put the prairie Pools at a considerable disadvantage on the eve of the Crow debate. United Co-operatives of Ontario had to rely upon luck, and a good deal of external assistance in preparation for dealing with governments, to be able to survive their recent financial ordeal. Neither of these would have been required in such great quantity, and in fact the "crisis" might have been dealt with before reaching such chilling proportions, if government relations had been allocated a more significant role in U.C.O.'s planning process. The good news is that even though the Pools and U.C.O. have much room for improvement in these areas, the advent of Prairie Pools and recent commitments and re-orientations by U.C.O.'s management have signalled positive developments in the involvement of government relations matters in these agricultural co-operatives strategic planning processes.

There is no doubt that since 1980, when F.C.L. became involved in negotiations over Co-Enerco, Federated officials have had to learn a great deal about government that had been obscure or uninteresting to them before. Now with involvement in Co-Enerco and the New-Grade Upgrader to remind them of the ubiquitous nature of government influence upon business fortunes, F.C.L. has had to rapidly come to terms with the need to incorporate government relations work into the core of its strategic planning exercises.

Without being an observer at these, it is difficult to say how well they have adapted to this recent challenge which they have intensified through participation in joint ventures. From the outside, with some knowledge of the political needs with which the federal and provincial governments entered into the Co-Enerco and Upgrader agreements, we can say that Federated appeared to begin each joint venture with considerable financial advantage, and therefore, seemed to have set the stage for a positive integration of government relations and corporate planning.

It is too early to tell whether this script will in fact be well played. The obvious danger, however, is that those facets of Federated's operations which are related to joint venture activities with governments may prejudice the public perception of their operations--through the unpredictable politics of labour conflict, or the perception of co-operative dependence on the state, for example--to the point that the overall image performance of the co-operative suffers. It might even be possible for co-operative leaders to devote less attention than is required to serious problems of long-term viability of the retail system, as a consequence of devoting so much attention to the high-profile joint ventures. This rather perverse possibility--perverse, that is, in terms of the normal situation of too little attention to government relations in enterprise planning--is undoubtedly unlikely, but it may deserve some thought. It is,

among other things, a problem that other large co-operatives will have to anticipate as their future expansion or market retention strategy seems to require much more dependence or close relationships with the state.

The link connecting integration of government relations work with strategic planning, on the one hand, and with democratic control processes within co-operatives, on the other, can be identified at this point. Perhaps the greatest challenge that a government relations "director" can face in a contemporary co-operative is convincing the board and activists that the issues and activities in government relations work are crucial to the long-term success of the co-operative. An important part of this challenge can be addressed through regular reports by government affairs directors to the board, which include assessments of the implications of prospective government action/policy for the co-operative in question, and provide a concise yet comprehensive account of initiatives taken by government affairs staff on public policy matters. This work can be supplemented by bringing in the staff and directors of other co-operatives to explain how they deal with governments and how this affects their performance and the health of the co-operative system generally. Such an activity could be especially useful as a means of encouraging board and management contributions of skills, time and political contacts, to the efforts of developing co-operatives. This kind of assistance would seem to be of special importance to worker co-operatives and health care co-operatives. Indeed, by coming into contact with the difficulties and need for basic political support of these "frontier" co-operatives, managers and especially directors of established co-operatives are likely to concretely appreciate a good deal that is too easily taken for granted.

Another, perhaps more immediately relevant and necessary, result of board exposure to the patterns and issues of government relations activity, is a greater board and member

appreciation of the breadth and complexity of issues being dealt with by management. Given the increasing significance of government relations work to the long-term health of all kinds of co-operatives, it is imperative that both boards and interested members be kept informed about this aspect of co-operative business activity. To the extent that elected officials of co-operatives are involved in making representations to, or having other encounters with, politicians and civil servants, it is of course mandatory for them to be well informed on other government relations work undertaken within their co-operative and by other similar, or even innovative, co-operatives.

Beyond this requirement for board information regarding government relations activity is the need to inform members about these same activities. The degree of detail provided need not be so great, but the accountability of management within the democratic control structure of a co-operative is, theoretically, as dependent upon an informed membership as it is upon an informed board. Some of this responsibility can be transferred from management to the board, but management (i.e. government affairs personnel) is still obliged to speak directly to members, at meetings or through newsletters, concerning their government relations work.

Such communications should not just take the form of public relations exercises, full of glib phrases and reassuring words. If members are to learn anything useful from these accounts, to develop their critical abilities for enforcing accountability, and to evaluate alternatives to present policies and related practices, then these accounts must be frank and self-critical about the challenges, achievements and shortcomings of the co-operatives' lobbying, "political intelligence" and analysis, and other government relations work. At the risk of boring some members, these accounts should include case studies of particular lobbying efforts which reveal characteristic obstacles, policy development processes, political and interest

group protagonists and antagonists, and other elements of the business of influencing government. Knowing that such a public calling to account is imminent might even keep government relations personnel more on their toes, even though they do have the power to manipulate information in ways that preserve their good image.

The major point of such exercises would be to educate members concerning the key role that government relations work can and does play in the overall operation of the co-operative. It would, as noted, have the secondary but important benefit of enhancing the means by which members (or delegates, in the case of second and third tier, or large first-tier co-operatives) could hold both elected and management officials accountable. To the extent that they help overcome the common confusion between partisan political neutrality and a well-balanced government affairs program, these meetings would have still more value.⁶⁰

I am not in a good position to accurately assess how well the major Canadian co-operatives have linked their democratic control structures to their government relations programs. From the little that I saw in this regard, I can say that the Credit Union Centrals of Saskatchewan and Ontario take this linkage seriously, and are working towards making the two more complementary. The same is true of C.C.C.S., which has encouraged credit unions across the country to become actively involved in promoting the agenda and assisting the developing co-operatives identified in the 1984 Report.

The two prairie wheat pools with which I developed some familiarity have long traditions of using annual meeting resolutions as one of the key origins of issues addressed in on-going government relations work. Delegates to the annual

⁶⁰ The larger context within which this is significant for the prevailing perception (within the co-op sector) of co-operatives' "non-political" character is discussed in the conclusion.

meetings in Saskatchewan receive a document three to four months after the convention which outlines action taken by board or management on convention resolutions. These are necessarily brief, and though an important check upon the responsiveness of the Pool to its members, do not reveal to them very much about the character of government relations work. A good deal of information along these lines is informally passed along by the board of directors, who are closely apprised of and sometimes involved in these matters, to delegates and local committees. The corporate secretary and member relations division are also involved in transferring some of this kind of information to "the grassroots". It would be worthwhile, however, to consider a more structured program through which district or local committee meetings could be addressed by those involved in government relations work. Case studies could be presented to chart the path of a resolution through a lobbying effort, mentioning the variety of Pool-related political, organized interest group, economic, and bureaucratic influences that are brought to bear on the issue before it is somehow resolved. These would be good educational vehicles with which to familiarize members with the terrain and obstacles faced by, and achievements of, the government relations "officers" of the Pools. Serving the dual objectives of accountability and political education would make such a procedure very useful for the Pool's democratic structure and long-term overall health.

Our review of the general character of government relations programs in selected Canadian co-operatives has demonstrated that considerable progress has been made in taking this function seriously over the past decade. With some exceptions, I have not discussed the substance of the issues pursued, or the effectiveness of these pursuits with the relevant governments. We have seen, however, that most of the co-operatives discussed have at least some of the necessary capacity to pursue issues of their choosing in a viable fashion. The

question must now be asked: have these co-operatives used these capacities to pursue the objective of "new" co-operative development to which they collectively committed themselves in the report of the National Task Force on Co-operative Development in May 1984? In answering this question we will consider their responses to the particular prospect of worker co-operative development on a province by province basis, looking at efforts made by major co-operatives in Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia. In the subsequent section, we can look at the efforts made to assist the pursuit of these Task Force objectives by the governments in these five provinces, and by the national government.

6. Pursuing the worker co-operative development agenda

Unfortunately, an account of what major co-operatives in most provinces are doing to assist worker co-operative development can be brief. Beginning in Saskatchewan, we can note that F.C.L. has not really addressed this issue outside of two events: a brief reference to worker co-operatives in the 1984 federal election pre-election kit to candidates (provided by the CUC), and participation in a February 1985 conference on "Employment Co-operatives" sponsored by the Centre for the Study of Co-operatives. The worker co-operative development idea was not promoted in the pre-election kit prepared for the 1986 provincial election. Credit Union Central also gave attention to worker co-operatives in its pre-election kits of 1984, and participated (more enthusiastically, with its CEO on one of the panels) in the February 1985 conference. Its board is also considering a proposal for a venture capital fund which is designed to serve small private businesses, community enterprises, and prospective worker co-operatives alike, with a combination of ready access to start-up funding, and assistance with feasibility studies, marketing, and other management jobs. This shows some promise, but may depend to a large degree on

complementary development work and assistance by the provincial Department.

The Saskatchewan Wheat Pool does not appear to show any real interest in worker co-operatives, beyond some attendance at the above conference. The state of the provincial (and international) grain economy makes this quite understandable, as does, their recognition that worker co-operatives would be urban or at least town-located phenomena in the Saskatchewan context. It must be added that indirectly, like the other two major co-operatives in Saskatchewan, the Wheat Pool supports research on and promotion of worker co-operatives through its financial backing of the Centre for the Study of Co-operatives. The Centre has produced, and is or will be conducting, a variety of research projects related to worker co-operatives,⁶¹ including the present study. The Centre also provides some administrative and production assistance for *Worker Co-ops* magazine, which is a national forum for discussion of activities and progress in this field. It is to be hoped that this research and the magazine can help to create a more positive reception for worker co-operatives among these and other major players in the Canadian co-operative system; past indications of interest in worker co-operatives as low-wage alternatives to union labour by representatives of some major co-operatives leave considerable room for education and improvement here. (Some of this work has already been done at a national associational level, through Laird Hunter's efforts on the C.U.C.'s Worker Co-op Project.)

In Manitoba, the provincial Co-operative Council remained silent on the issue of worker co-operative development

⁶¹ See, Christopher Axworthy, Worker Co-operatives in Mondragon, the U.K. and France: Some Reflections (Saskatoon: Centre for the Study of Co-operatives, 1985), Co-operatives and their Employees: Towards a Harmonious Relationship (Saskatoon: Centre for the Study of Co-operatives, 1986) and S. McCarthy, ed., Employment Co-operatives: An Investment in Innovation Conference Proceedings (Saskatoon: Centre for the Study of Co-operatives, 1985).

until approached in 1984 for consultation regarding programs being considered by the provincial Department of Co-operative Development. The Council's membership had previously experienced a long tradition of relative (or at least practical) indifference to "frontier" co-operative development (as with co-operative housing), except when their failures created poor publicity for the provincial co-operative sector as a whole. This indifference has been replaced by a cautious concern for contributing to positive assistance co-ordinated by the activist provincial department. While this does not mean substantial direct assistance and human resource support, the present consultation with provincial public officials is a considerable improvement over previous years.

Along with CUMIS Insurance Group, The Co-operators, and the Hamilton-Wentworth Credit Union, Ontario's Credit Union Central provided loans and loan guarantees in 1985 to a unionized workforce that had put together a buy-out proposal for a bankrupt telephone line insulator manufacturer, Canadian Porcelain. This assistance was provided in short order and largely on the basis of Central's sympathy for the project.⁶² Unfortunately, D.R.I.E.'s Minister at the time, Sinclair Stevens, scratched this promising venture with a poorly rationalized preference for the American bidder on the firm's operations and assets. Other than this, Central has offered Ontario worker co-operatives access to its word processing and printing facilities, and invited a representative from a Toronto worker co-operative resource group to its January 1986 "Co-operative Political Strategies Conference". Albert Chambers of the C.U.C. was also asked to speak about the C.U.C.'s Worker Co-op Program at this conference.

The other major Ontario co-operative, U.C.O., has simply been too busy attending to its own financial problems since the

⁶² Murray Gardiner, The Canadian Porcelain Co-operative Story (Saskatoon: Co-operative College of Canada Working Papers, 1986).

Report was released, to be able to devote time or energy to new co-operative development. It should be noted, however, that U.C.O. management did meet with representatives from a worker co-operatives' resource group in Toronto, the Worker Ownership Development Foundation, for consultations regarding proposals for upcoming changes to the province's Co-operatives Act.

In Québec, the pattern of support for worker co-operatives amongst the major co-operatives seems to be changing relatively rapidly. While the Conseil de Coopération de Québec's recent decline has prevented it from giving significant support to new co-operative developments (not to mention depriving it of most of its legitimacy as a voice of the province's major co-operatives), some promising actions have been taken by local affiliates, regional federations, and centrally-located officials in Confédération Desjardins. At the central level, the Confédération has recently established a program in which retired co-operative officials are "loaned" to prospective and active worker co-operatives (as well as other new co-operatives) to provide management, planning and financial advice. The coordinator of this program is an enthusiastic and committed ex-Deputy Minister of Direction des Coopératives.

At the regional level, the Fédération des caisses populaires Desjardins has just published an attractive and informative booklet entitled "L'entrepreneurship coopératif; Une formule à découvrir: la coopérative de travailleurs" (July 1986, pp. 24). In a clear question and answer format, the booklet introduces and provides a stimulating basic account of this form of co-operative enterprise. The booklet is aimed primarily at workers likely to be interested in this as an alternative to unemployment (or underemployment), but as the first promotional item of its kind produced by a regional Canadian co-operative, it is worthwhile reading for all Canadian co-operators who see worker co-operatives as "an idea whose time

has come." One hopes that the booklet is at least a sign of things to come in the rest of the Desjardins system.

At the local level in Québec, individual caisse populaire officials have become involved in government-sponsored planning and facilitation groups (Groupes Conseils) outside of the major urban areas. The same appears to be true of local representatives of or officials in Coop Fédérée and Agropûr, once the feasibility and desirability of particular worker co-operative projects has been demonstrated in concrete terms. Their central organizations have not yet, to my knowledge, provided co-ordination or leadership for this type of support. Such assistance may well be forthcoming if and when some of the over 200 new worker co-operatives demonstrate their economic and social value, and garner additional community and local co-operative organizational support. The one year old Fédération Québécoise des coopératives de travail will play an increasingly important role in this regard, as will the recently established worker co-operative development body of the Confédération des Syndicats Nationaux.⁶³ In Québec as elsewhere, the job-creating and community-enhancing benefits of worker co-operatives are more readily apparent to local co-operative activists than central organizational officials.

Nova Scotia's Co-operative Council has proposed a co-operative venture capital and research fund, and matching equity grants for worker-member equity contributions, to assist worker co-operative development. Co-op Atlantic has agreed to provide some matching funds for this if the regional provincial governments do.⁶⁴

The Council provided some financial assistance this summer to help cover costs of an English researcher speaking to several Nova Scotian, and other Canadian, audiences on worker

⁶³ See p. 92 below.

⁶⁴ Worker Co-ops, Spring, 1986., p. 27; The Atlantic Co-operator, Vol. 53, no. 10, October 1986.

co-operative development in Britain. The major agricultural co-operatives, which dominate the Council, appear to be as open-minded as any in the country on the subject of worker co-operatives; they have, at any rate, responded positively to their promotion by St. Francis Xavier University extension workers and the provincial department of Agriculture's Registrar of Co-operatives. It is hard to say what accounts for this relative enthusiasm, but the desperate economic situation of Cape Breton and some other regions of the province must surely be part of it.

Collectively, of course, the major co-operatives of Nova Scotia, Ontario, Manitoba and Saskatchewan (as well as most other "majors" outside Québec) have voted funds for the work done within the C.U.C. on behalf of worker co-operative development (discussed previously in this paper). But *at the regional levels, outside of Québec, these co-operatives have not yet done much to promote or assist the vehicles of community economic development which they had strongly endorsed in the Report. Why is this so? Briefly and rather crudely, we can identify several factors:*

(1) Most major co-operatives' leaders and managers can see no obvious short-term benefits to their balance sheets in such assistance, and use this as at least the strongest *prima facie* condition that all prospective initiatives must meet to be seriously considered. For financially beleaguered and market-share threatened firms, this is an understandable reason to minimize assistance, and is likely to be the basis of management's objections to whatever initiatives may be attempted by the board in the area of co-operative development assistance. As we know, a management objection pressed with substantial urgency usually has the effect of a veto in such situations. Individual members of these co-operatives, especially farmers, have difficulty looking beyond their vexing personal economic problems to develop an effective appreciation of and sympathy for worker co-operatives. Thus even if these members

are interested in worker co-operatives from a social or ideological perspective, they are unlikely to object to board and management decisions to eschew assistance to worker co-operatives based on financial considerations. The analogy from their personal economic situations, to that of their co-operative, can be very compelling at this level.

(2) Abstract propositions are always harder to grasp than concrete cases, and for most regional or local-level co-operative leaders, worker co-operatives are still in the category of abstract propositions. To some degree, this is due to the relative novelty of the concept in co-operative circles. The challenge is thus, at one level, to get to the point where these leaders think easily of worker co-operatives as real co-operatives, with objectives and practices that can be reckoned in terms of older co-operatives' leaders' own experiences. To be more precise, it would be helpful for worker co-operatives' promoters to go to some lengths to show how worker co-operatives can be understood as modern, largely urban variations on the "co-op farms" established in Saskatchewan after World War II.⁶⁵

(3) A related obstacle to pulling worker co-operatives out of the category of abstract propositions is the fact that many of the large co-operatives' directors are still from rural backgrounds or living outside major urban centres, while worker co-operatives will be primarily an urban phenomenon. Further, the typical promoter of worker co-operatives, from resource groups or other institutions, is either a social and political activist, or an "urban professional", both of whose life experiences, and interests in worker co-operatives, are likely to be substantially different from the mainstream co-operatives' directors. To the extent that they feel uncomfortable with the messengers, they

⁶⁵ For an account of these farms, see George Melnyk, "Co-operative Farms in Saskatchewan", paper to be presented at the annual meetings of the Canadian Association for Studies in Co-operation, Hamilton, June 5, 1987.

may be less willing than otherwise to weigh the message carefully.

(4) We should be frank about recognizing that one of the elements of discomfort that mainstream co-operative directors feel concerning worker co-operatives is the apparently radical and "socialistic" agenda and implications attached to worker co-operatives by some of their promoters. It is hard to say how much of this discomfort is ideologically rooted, and how much is based upon a kind of pragmatic calculation that worker co-ops, if seen by the public and governments to possess a socialistic intention, could do public relations (and associated) damage to mainstream co-ops. A similar kind of problem plagued the creation of closer, mutually beneficial links between the established co-operatives and "new wave" co-operatives in the early to middle 1970s.⁶⁶ (Those familiar with the history and experience of worker co-ops in other countries, of course, recognize that they are political and ideological chameleons to a degree that the concept of "worker control" might at first appear to render impossible.) Mainstream co-operators' worst fears in terms of public relations effects would be realized if a substantial number of worker co-operatives become institutionally politicized through participation in coalitions for social or political change, or even involved in partisan politics in some fashion. The possibility would then emerge of the much-vaunted principle of political neutrality having its legitimacy--and positive value to co-operatives as businesses and social organizations--seriously undermined.

(5) Equally worrisome to mainstream co-operative leaders, from an ideological and practical point of view, could be the prospect that worker co-operatives might set standards for co-operative democratic practice and control which would put the older, much larger and institutionalized, co-operatives in an

⁶⁶ This was the subject of a report by consultant Bonnie Rose to the C.U.C. Board in 1974.

unflattering light. Thus in addition to having the mainstream co-operative interpretation and practice of "political neutrality" subjected to potentially conflict-laden re-evaluation, their democratic practice and slogans might come under increasing scrutiny by their members. This would be a difficult experience for any institution which sees itself far more as a major business enterprise than as a part of a social movement, especially when, as a business, it is operating in a very competitive environment, and feels it cannot "afford" the degree of democratic control or politicization that smaller organizations can achieve.

(6) At a less hypothetical level, we can locate part of the inadequacy of mainstream co-operative support for worker co-operatives in the fact that the boards and public affairs staff of these co-operatives have had rather little contact with those familiar with or involved in worker co-operatives. This should not be surprising, since their business agendas are quite full as it is. And yet their collective commitment to support new co-operative development should imply a concerted effort to contact those already involved in such development, to promote them through a variety of means, and to give them a chance to promote themselves through presentations to annual meetings or other major co-operative organizations' events. These sorts of assistance, while not requiring much of those that provide them, are valuable channels for communicating the ideas and experiences of worker co-operatives to "rank and file" co-operative members. The same would be true, as Tom Marwick has pointed out, for mainstream co-operative assistance to the fledgling health care co-operatives in Canada.⁶⁷ In either case, better informed members might well decide to press their boards into greater support of co-operative development, or decide to

⁶⁷ Thomas E. Marwick, "Co-operatives and Health Services: Policy and operational implications of the involvement of co-operatives in planning, organizing, financing and delivering health services in Canada," (mimeograph), August, 1985.

become involved in such work themselves. These possibilities often appear to members only if their own co-ops inform them, since the mass media pay little attention to these options and issues. At any rate, the major co-ops have a responsibility to do a reasonable job of informing their members about these options, so that they can make intelligent decisions about them, consistent with the principles of co-operative democracy.

(7) One of the more important factors conditioning mainstream co-operatives' support for worker co-operatives seems to be a concern about the character of government responses to the Task Force proposals. There are at least two distinct elements in this concern:

- (a) There is uncertainty as to how the federal, and most provincial governments, feel about worker co-operatives. Are they prepared to see, and treat, worker co-operatives as legitimate job creation and socio-economic development vehicles--or are worker co-ops to be seen and treated as ideologically, politically or organizationally questionable entities? If the latter, is it "safe", in terms of impact upon government relations efforts by the major co-operatives, to provide enthusiastic support for them?
- (b) There is an increasingly evident inclination of major co-operatives to leave almost all aspects of "frontier" co-operative development work to governments and/or independent resource groups. Even if governments do respond positively to worker co-ops as economic development options, and the mainstream co-operatives are thus made to feel comfortable with worker co-operatives, the majors may not feel obliged to assist worker co-operatives beyond encouraging governments to provide development financing for them. While this latter type of support would be important, it would still be quite disappointing in isolation from

the variety of other forms of assistance noted above.

Obviously, all of these factors do not play a role in the decision that each particular mainstream co-operative has made, to this point, concerning support for worker co-operatives. For some of these co-operatives' leaderships, the decision may have been made based more on considerations of financial caution, political caution, inadequate understanding of what is at stake, ideological concerns, or even simple indifference or inertia.

It is also probable that two years is too short a period during which to expect many novel initiatives, or new directions *vis à vis* co-operative development, to emerge from large co-operatives concerned overwhelmingly (and understandably) with their own institutional and members' problems. Nonetheless, it is still appropriate to assess their recent and likely responses to challenges that they have collectively set themselves, especially when these responses are revealing as to the nature of relations between co-operatives and governments in Canada. A positive indication of this to be found in the most successful government relations programs in the co-operative sector. The political self-confidence they display appears to be positively correlated with both their concern for the future of the whole co-operative sector, and their ability to deal comfortably with government bureaucrats and others from different social milieux.

IV. Federal and Provincial Government Promotion of Worker Co-operatives

As we have seen, government initiatives have taken on increasing importance for co-operative development activity in recent years. To some degree this is a "self-appointed role" undertaken by some (provincial) governments, while in other cases--or perhaps the same cases--governments are doing this "by default," i.e. in the absence of initiatives from the co-operative sector. While we cannot review all such initiatives here, we can consider federal and selected provincial government efforts to assist worker co-operative development.

A. THE FEDERAL GOVERNMENT

Prior to 1984, federal government assistance to worker co-operatives was not mandated by general policy, nor was it part of consequent programs. Such minimal and intermittent assistance as was provided came indirectly through Local Initiatives Program and Opportunities for Youth grants, or other similar programs (eg. LEAP) which had no specific policy target beyond reduction of regional or youth unemployment. Worker co-operatives that benefitted from such grants tended to fold when grant monies were terminated, were isolated from one another (and the co-operative sector), and set no effective precedent for future development. Although equally unintended to produce positive worker co-operative development specifically, the Liberal Cabinet's decision in the fall of 1983 to sponsor a Task Force on Co-operative Development, and the naming of Hazen Argue as Minister responsible for liaison with co-operatives just after the release of the Report, were two steps that prepared the ground for subsequent federal government efforts in this area.

The response of the Mulroney government to the worker co-operative related recommendations of the Task Force can be briefly outlined:

(1) January 1985 appointment of Charles Mayer, Minister of State for the Canadian Wheat Board, as Minister responsible for liaison with co-operatives, and for co-ordinating the government's response to the Task Force recommendations.

(2) Attendance at the October 17, 1985 Federal-Provincial-Co-op Sector meeting in Regina. Appointment of A. Wagar and P. Parizeau as Anglophone and Francophone consultants to Mayer for federal co-ordination of the inter-departmental response to the Report.

(3) Limited work to date, primarily through the Co-operatives Unit, Marketing and Economics Branch, Department of Agriculture, in co-ordinating eight economic ministries' briefs outlining possible measures for response to the Report.

(4) Assistance in organizing and preparing background materials for the April 11th, 1986 Federal-Provincial-Co-operative Sector meeting in Ottawa; regular consultation and information exchange with relevant provincial government departments on the agenda and substance of this meeting; participation of the Co-operatives Unit staff and Charles Mayer's staff in the work of the committee on worker co-operative development.

(5) Occasional meetings between Mayer's staff and C.U.C. officials regarding developments and prospects in federal co-operatives policy.

(6) Isolated special-case instances of assistance, some relatively substantial, and some rather incidental. Four examples of this are: (a) the North West Territories Co-operative Business Development Fund, recently established by the Department of Indian Affairs and Northern Development, and designed to provide some long-term development capital, as well as annual financing assistance, for worker and other co-operatives in the

Northwest Territories; (b) a small sum of money given to the Association for Community Living in Winnipeg by the Department of Regional and Industrial Expansion for a two-year feasibility study on wire harness production, which led to the establishment of PRT Manufacturing workers' co-op; (c) a \$500,000 grant to St. Francis Xavier's Extension department for a three-year study of the feasibility and region-specific characteristics and support mechanisms of worker co-operative development in the Atlantic provinces; and, (d) as of July 1986, a grant of just over \$900,000 from the Department of Employment and Immigration to the Confédération des Syndicats Nationaux (CSN) of Québec, to assist the CSN in establishing an inter-sectoral consultancy group. This non-profit organization will provide management and technical assistance to CSN-affiliated workers who wish to explore the option of creating new worker co-operatives or converting "their" old firms, threatening to fold or actually closed, to worker co-operatives. The CSN will contribute over \$1,200,000 of its own funds to this three-year project, which is intended to work closely with provincial government programs (see below), the CSN trade union federations, and the CSN's two caisses populaires.

On the negative side, there has been little apparent promotion of potential worker co-operative programs or assistance within the various economic departments by Charles Mayer's office, save perhaps some small efforts in DRIE and Employment and Immigration. Public promotion of the viability or potential of worker co-operatives, by these departments or federal officials generally, has been virtually non-existent. The priority given to co-operatives in Mr. Mayer's ministry is illustrated by the recent departure of his executive assistant to a senior post in Agriculture Canada. His replacement, like the departed assistant, had no previous knowledge of co-ops. While it is understandable that no major commitments would be made before the official Cabinet response to the Report, serious

attention to worker co-operatives as one of several options available for dealing with unemployment should not be out of the question. In a recent pre-budget brief to Thomas Hockin, Minister of State for Finance, the C.U.C. noted that the programs of the Canada Jobs Strategy, while open to co-operatives in their capacities as traditional employers, "are not designed to meet the needs of worker-owned co-operatives whose training requirements extend beyond the workplace skills to those involving the principles of co-operation and the practicalities of self-management." This is part of a more general shortcoming noted in the C.U.C.'s brief, i.e., that the government's "economic renewal program" showed little or no response to the needs of co-operatives.⁶⁸

On balance, *it seems inappropriate to raise expectations for substantial federal programs in support of worker co-operatives after the Cabinet response to the Report*, despite the recent Throne Speech's promise of "measures . . . to strengthen Canada's co-operatives and to give recognition to their role in community development." One can expect some further re-channelling and re-classification of small amounts of job creation funds, some DRIE monies, or some private sector business assistance funds, into worker co-operative pilot projects. *What accounts for the small comparative magnitude of such support?*

(1) *Financial constraints*: the P.C. government can easily argue that no substantial new responsibilities or programs will or should be created, ignoring the increased tax subsidies, grants, etc. afforded the private sector by the Conservative administration. As the case of the "coincidental" announcement of \$1 billion assistance to Canadian grain farmers during the Saskatchewan election shows, there are also political reasons for overlooking the "financial constraints" argument. Unfortunately for worker co-ops, neither they nor their supporters can marshal

⁶⁸ Co-operative Union of Canada, "News Release", Ottawa, November 25, 1986.

a threatening block of votes outside of Québec; (the fact that this is not true there may have something to do with the CSN's success in applying for federal funds).

(2) *Low political clout of the C.U.C., and most co-operatives generally, at the federal level.* Political clout is disproportionately low, relative to member and financial resources of co-operatives; this can be traced to (a) the effect that the anti-statist, political neutrality "doctrine" of major co-operative leaders has had upon their appreciation of the complexities and politics of the policy development process in Ottawa; (b) a consequent inadequate perception by its corporate members of the C.U.C.'s need for sufficient resources to perform integrated research, monitoring, and lobbying functions more effectively for co-operatives; and, (c) the cultural and ideological disadvantages that co-operatives face in a political economy dominated by private enterprise.

As we have seen, the major exceptions to this rule of disproportionately low co-operative political clout are the Canadian Co-operative Credit Society, in conjunction with several provincial Credit Union Centrals, and the Desjardins Confédération des caisses populaires government affairs programs. Each is quite sophisticated, and very effective by co-operative standards. If the Desjardins' leadership decided to put a major effort into promoting worker co-operatives in Québec through its existing avenues of influence, federal support for these would be much more likely to be substantial for that province. In isolation from the other major Anglophone co-operative institutions, a parallel C.C.C.S. effort would not yield nearly the same results. A less important but impressive other exception is the Co-operative Housing Foundation of Canada, which for over a decade has deployed its scant financial but skilful human resources in very commendable fashion.

(3) *Absence of a consensus or consistent message in favor of worker co-operative development from C.U.C. member*

organizations and credit unions. As much as their individual indifference to or suspicion of worker co-ops, this inconsistency can relieve the government of any felt need to respond in a substantial, positive manner.

(4) *Minority support for worker co-operative development amongst the provincial governments; as we will see, only three provincial governments to date are giving effective attention to or support for worker co-operatives.* The political benefits of federal worker co-operative support are thus even lower than otherwise, since there are few instances where the federal government will feel the need to share the political payoffs from supporting this form of regional economic development.

(5) *Opposition to such programs by the organized small business and big business lobbies in Ottawa and the provinces.* If support for worker co-operatives "cuts into" private sector subsidies, private sector business lobbies will not hesitate to use their provincial political leverage, or their other federally-deployed resources, to attempt to nip in the bud any non-private sector promotion. The exception here may be the Québec, Northern Manitoba, and Newfoundland business communities.

(6) *Understanding of co-operative business forms and potentials is still inordinately low in most relevant government departments.* Even if political support is forthcoming from the government benches, bureaucratic handling of political initiatives will reduce the value of these initiatives proportionately more than for political initiatives which can be more easily translated into the variety of public works projects, private sector business assistance programs, and local Canada Jobs Fund projects that currently exist and "make sense" to the bureaucrats. Despite its good intentions and continuous efforts, there is a limit to how much co-operative education work the Co-operatives Unit in Agriculture Canada can successfully undertake among the federal civil service. This limit is well short of the minimum required to apprise the relevant civil servants of the economic and social

benefits of worker co-operatives relative to other (state-assisted) business forms. This limit will not be met until sufficient political will is marshalled by both co-operative leaders and elected politicians to expose and commend to civil servants more co-operative policy options.

B. PROVINCIAL GOVERNMENT ASSISTANCE TO WORKER CO-OPS

Active promotion of and development assistance for worker co-operatives by provincial governments is not as old as their promotion of and assistance to co-operatives generally. The former phenomena do not really predate 1979, although some unsystematic provincial assistance to forestry/worker co-operatives in Québec dates back to the 1940s. As we will see, Québec is still setting precedents in this area.

1. Saskatchewan

Between 1946 and 1950, the provincial government provided considerable assistance to persons interested in establishing co-operative farms which largely transposed the principles of worker co-operatives into the farm setting. But, as one might expect of a government serving a predominantly agricultural province, the Saskatchewan government has only recently made other specific provisions in its co-operative development strategies, programs, or policies, for worker co-operative development. A report entitled "Workers' Co-operatives: Some Considerations for Development", was prepared by staff in the old Administration and Research Branch of the Department of Co-operation and Co-operative Development in May 1980, but no action appears to have followed it during the remainder of the N.D.P.'s term in power.

In the present departmental structure, primary responsibility for promotion of, and initial registration and

logistical assistance to, worker co-operatives rests with the 18 local development advisors in the department. They are not in a position to promise or provide grant money to prospective co-ops, as the department ended this function in 1982. One of the resources which they can provide to prospective "employment co-operatives" is a Department workbook, "Forming an Employment Co-operative" (October, 1985), which covers items such as business plan preparation, management basics, marketing and production, financial control, and incorporation procedures. But their other work, involving promotion and arrangement of assistance for other co-operatives (day-care, grazing, even laundry) far exceed that on behalf of worker co-operative development. This is, in part, responsible for the disappointingly small number of new worker co-operatives established in the province over the last several years. A more intensive effort to kindle worker co-operatives will soon begin in Saskatoon, partially in response to the fact that an over-loading of the department's local development staff has prevented any of them from devoting effective attention to worker co-operative development. Senior department staff see this as a prelude to the development of a more activist "employment co-operative" team, which is to include other provincial departments and groups--perhaps even trade unions--outside of government. Nothing as extensive or expensive as Manitoba's or Québec's programs is in the offing; there is neither the political desire nor the outside interest or pressure required to lead to this.

In February of 1985, the Department of Co-operation and Co-operative Development co-sponsored a three-day, well-attended national conference entitled "Employment Co-operatives: An Investment in Innovation", with the Centre for the Study of Co-operatives as the other sponsor.⁶⁹ Participants from most provinces spoke on a variety of issues related to

⁶⁹ McCarthy (1985).

worker co-operative performance and development. Unfortunately for the Saskatchewan Department's image, several of its junior employees spoke of "employment co-operatives" in narrowly conceived, job creation terms, and even went so far as to suggest that one of their virtues was as potential non-union alternatives to unionized labour in the private and public sectors. In addition to antagonizing union members and officials, who are necessary allies in the establishment of any self-sustaining worker co-operative development network, these comments left a bad impression with the worker co-operative activists, and even other provincial government spokespeople, at the conference.

On a more positive note, it was then-Minister Jack Sandberg of the Saskatchewan Department who proposed the October 1985 meeting of federal and provincial and co-operative organization officials referred to earlier, and who sponsored it in Regina. As we have seen, this productive session led to another in April 1986, and can thus be held indirectly responsible for spawning the federal-provincial (bureaucratic) committee investigating the accessibility of government business support programs to worker co-operatives.

Finally, we should note that the provincial Department is one of the sponsors of the Centre for the Study of Co-operatives. Ongoing research and production work on *Worker Co-ops* magazine at the Centre are of value to worker co-operative development nationally.

2. Manitoba

The Manitoba government's program, although launched only in October 1985, has a promising combination of strong political support, adequate financing (\$1.7 million for 1985-1986), effective prior planning and extensive consultation carried out by ministry staff, and a well-defined, well-supported process for prospective worker co-operatives to follow. The program was announced following a year of consultations with trade

unions, native and Métis groups, business groups, community development planners, informed management consultants and other resource groups, and the provincial Co-operative Council. By including all these groups in the planning phase, an uncharacteristically high level and broad range of support has been achieved. As of July 1986, twelve worker co-operatives had been established through the program and twelve more were being developed with Ministry assistance.

The ministry has always devoted most of its attention to the "unaffiliated" smaller co-operatives, including housing co-operatives, and this became valuable when experience in this realm could be focused upon worker co-operative development. The worker co-operative development program is well integrated into a larger-scale provincial job-creation scheme, and has the additional advantage of being sponsored by one of four ministries designated by Cabinet as economic development departments. Over the past year, more than 25 worker co-operatives have been established or are "in the works," in both larger urban areas and smaller northern towns. The Conservatives' loss in the recent provincial election allowed government-initiated prospects for worker co-operative development to continue to look bright in Manitoba. (The Conservatives came very close to eliminating the Co-operative Ministry in 1978, and failed to do so only when several prominent Conservatives from southern rural Conservative strongholds announced their displeasure, as directors or senior officials in agricultural and retail co-operatives.) It could also be said that the N.D.P. victory in Manitoba bodes well for worker co-operative development throughout English Canada, since the Minister of Co-operative Development, along with his senior officials, has taken a lead role in both setting an example for and actively pushing other governments to step up the pace of worker co-operative development programs and support. The Minister of Co-operative Development, Jay Cowan, is also now

Government House Leader. He is one of the most influential and brightest members of the Cabinet, and is a political force desperately needed by co-operative supporters.

Several details regarding the nature of the Manitoba Department of Co-operative Development's Employment Co-operative Program will provide a further idea of why it is so successful. In the initial stage, the Department provides up to fifty percent of the funding required for a comprehensive feasibility study, which projects markets, business plans, commercial and employment prospects, and other aspects of the prospective firm's feasibility. The study is conducted by a qualified consultant, often a "resource group" which is familiar with the form and operations of worker co-operatives (most private sector consultants are not). Department funding for a feasibility study is forgiven if the project does not proceed, and is repaid if the project becomes operational. For those projects that move beyond the feasibility study phase, the Department provides a combination of "bridged" financial assistance, of up to 25 percent of start-up costs, and loan guarantees from 25% to 75% of these costs, if there is evidence of financial support from other lending agencies and equity participation by co-operative members (following flexible criteria set by the Department).

Departmental staff are also available to provide advice on everything from procedures involved in "buy-outs", to initial management problems, to "employee" training in the internal workings of a worker co-operative business structure. The first type of information can be especially valuable in delicate and intricate buyout procedures, as has been attested to by board members of Vent-Air Limited, a sheet metal fabrication and ventilation system manufacturer in Winnipeg which recently converted to the worker co-operative structure. The Department will likely continue to supplement this function of consultant/resource groups (as well as the educational function) until a larger and more integrated network of worker co-

operatives and resource groups is established in Manitoba. As it stands, the new program has benefitted greatly from contributions, both formal (i.e. via contracted work) and informal, from actual and incipient resource groups, as well as from the aforementioned consultations with trade union representatives, local business community spokespeople, and the Co-operative Council.

This latter source of input in planning worker co-operative development is a relative latecomer to the field, and has in fact reversed an earlier position by becoming involved. In 1972, the Department's Deputy Minister toured Europe to investigate worker and farmer co-operatives, and came back very enthusiastic about the prospects for medium- to small-scale industrial producers' co-operatives in Manitoba. He approached the Co-operative Council with proposals for their participation in research on and promotion of worker co-operatives, which was to include a government-sponsored trip for co-operatives' officials to Europe. Unfortunately, the Council's members replied that they were not interested in and had no time for such activity, but that they would not object to the Department undertaking something in this regard. In retrospect, it would seem that some greater sense of their own insecurity, as well as evidence that other groups (inside and outside Manitoba) saw worker co-operatives as legitimate channels of co-operative business endeavour, were required to attract the Manitoba "majors" to worker co-operatives.

3. Ontario

Ontario's Minister of Consumer and Commercial Relations has shown considerable interest in worker co-operatives, notably at the two federal-provincial meetings. The Liberal government has not yet announced any new programs, although some activity in the Economic Policy Branch of the Treasury Board is likely to lead to new programs in the near future. Upcoming changes to

the provincial Co-operatives Act, N.D.P. support for worker co-operatives, energetic promotion of worker co-operatives by community development and workplace democracy activists, and a cautious but interested view by organized labour, will all help to push the Ontario government into a more pro-active role regarding worker co-operatives. The tiny Co-operative Affairs Branch in Consumer and Commercial Relations has never had, and is unlikely to have, promotional responsibilities for co-operative development. A new factor complicating worker co-operative growth in Ontario is the recent introduction of Bill 210, which will enable employees and employers to establish ESOPs, which are seen by some as an alternative to worker co-operatives.⁷⁰

4. Nova Scotia

In October of 1986, responsibility for co-operatives was transferred to the provincial Minister of Economic Development, who has previously shown little informed interest in worker or other co-operatives. No new programs relevant to worker co-operatives have been announced since the Task Force Report. The provincial Registrar of Co-operatives conducts considerable educational and promotional work on behalf of worker (and other) co-operatives, and in fact contributes a good deal to the provincial Co-operative Council's activities in this regard. Modest proposals from the Council for joint government--co-operative sponsorship of a worker co-operative development fund, and parallel credit union/government loan guarantees for worker co-operatives, may well be positively received by the Nova Scotia government in the near future. For this to occur,

⁷⁰ For an explanation of what this might mean for worker co-operatives, see "Partnership and Economic Democracy: A Response to the Employee Share Ownership Plan as Proposed in Ontario's May 13, 1986 Budget" by the Worker Ownership Development Foundation (Toronto: August, 1986), and Worker Co-ops, Vol. 6, no. 3, Winter 1987.

the general ignorance of co-operatives' special needs and virtues, which is characteristic of provincial civil servants in economic development positions will have to be offset by some effective and positive promotion of co-operative enterprise by the Council.

5. Québec

Of the provincial government responses to the potential of worker co-operative development, Québec's is the most interesting, significant and successful to date. Worker co-operatives in the forestry industry date back to the 1940s, but provincial promotion of these and a wide range of other worker co-operatives really began seriously only after the Parti Québécois victory in 1976. In 1979, the Société de développement des coopératives (S.D.C.) was formed on the model of an existing private sector industrial development agency. It began as a mixed venture between major Québécois co-operatives (Desjardins and Coop Fédérée) and the provincial government. By 1984, the major co-operatives withdrew from the S.D.C. after becoming disillusioned with what they saw as government control over major co-operative investment decisions in housing, fishing, and worker co-ops. The Québec government had by this time assumed the lion's share of financial responsibility for development assistance. The S.D.C. has provided grants-in-aid, subsidized and guaranteed loans, and management and planning assistance for worker co-operatives since 1980. The cumulative value of its assistance to worker co-operatives now exceeds \$10 million.

In addition to S.D.C. assistance, the Ministry of Industry and Commerce, through its "Directions des Coopératives", has established a tax-credit based co-operative investment plan, and a specific "fonds de solidarité de travailleurs du Québec". It has also revised the Co-operatives Act to include a separate chapter on worker co-operatives, which shields them from capital gains

taxation, facilitates buyouts of existing firms, and opens the retail and wholesale sectors to worker co-operative enterprise. Most importantly, since 1983 two complementary programs have been established to provide regionally based and controlled assistance to emerging worker co-ops.⁷¹ The first program involves approximately 40 staff development officers providing feasibility, technical, planning, and general consulting assistance to potential worker co-ops. These "Groupe-conseils" have led to the creation of 53 new and 14 converted worker co-ops, and have seen few failures to this point. According to a department spokesman, over 250 worker co-operatives are "in the works" as a result of Groupe-conseils work across the province. Funding and other assistance, once provided, are guaranteed for two years.

The second program is also regionally based. In all 10 of Québec's administrative regions, the Ministry has established "Conseils Développement Régionale" (C.D.R.). Regional Ministry employees bring together representatives from all major economic and social sectors, including local worker and other co-operatives, trade unions, and Chambers of Commerce, to consider which kinds of worker co-operative enterprises might be established where. The Conseils are provided with technical, research, marketing, and other support, and have shown enough promise and results to lead the Ministry to establish all 10 since October, 1985. The 1986-87 budget for the C.D.R.s is approximately \$2 million.

⁷¹ For information on these Québec government programs, see Benoît Tremblay, "Contribution of the Ministry of Industry and Commerce of Québec to the Establishment and Development of Workers' Co-operatives", in S. McCarthy, ed., Employment Co-operatives: An Investment in Innovation, Conference Proceedings. (Saskatoon: Centre for the Study of Co-operatives, 1985), pp. 144-151; see also Alain Côté, "Ten Thousand Québec Workers Try Another Way", in Worker Co-ops, Summer, 1986, pp. 8-9.

With these programs and politically astute strategy, the Québec government has generated more of these co-operatives than all other provinces combined, and provided a model worth serious consideration by other Canadian governments. The Manitoba case proves that this has already occurred, although Manitoba modified its strategy to maximize pre-program consultation with co-operatives and trade unions, and to allow feasibility and other consultancy work to be done by non-government groups.

Unfortunately, the budget and program capacities of the Direction des coopératives have been substantially reduced by the new Liberal government. The assistant deputy minister responsible for designing and promoting the worker co-operative program in the provincial bureaucracy, Benoît Tremblay, has been fired, along with several researchers. Resignations of regional consultants in the "Groupes conseils" program have been numerous over the past year, as it becomes increasingly evident that the privatizing and "rationalizing" agenda of the new government threatens to undo a good deal of Québec's recent progress in establishing basic infrastructures, incentives and momentum for worker co-operative development.

With the notable exception of Saskatchewan, substantial provincial government support for worker co-operative development is found in those provinces where there is a history of pro-active government departmental work in aid of "frontier" co-operative development, as well as considerable regulatory interaction with mainstream co-ops. Saskatchewan appears to be the exception for two reasons: (1) independent, community-based pressures or support for worker co-operative growth are not yet at a significant level, and (2) the provincial government is not ideologically pre-disposed to promoting new workplace practices and relations of power (except in the negative sense of working to reduce trade union strength in the private and public sectors). In the absence of a strong, concerted promotional effort on

behalf of worker co-operatives, community-based interest in and promotion of worker co-operatives will increase at a significantly slower pace. This is especially true when the trade union sector of the workforce tends to see such co-operatives as yet another means by which their power can be eroded.

To move to the two cases where relatively strong government capacities for "serving" co-operatives have coincided with the emergence of substantial and promising programs for worker co-operative development, we can note that the programs of worker co-operative development recently launched in Québec and Manitoba have both ideological and very practical origins. In each case, senior officials or cabinet ministers viewed worker co-operatives as desirable experiments in, and models of, business activity and democratic employment relations, which were compatible with or perhaps expressive of a social democratic perspective on economic life. In each case, serious problems of unemployment amongst certain regional and economic sectors were seen to be opportunities for combining new forms of workplace activity with partial solutions to economic dislocations and unemployment. In each case, some attempt was made to involve co-operative and other interested economic players in planning the initiatives and programs, although the Manitoba case was considerably less *dirigiste* and more dependent upon consensus and collaboration with affected interests (including, crucially, provincial trade union organizations) than the Québec programs. Despite the earlier participation of Manitoba's Co-operative Council, and the subsequent contributions of Québec's co-operative establishment, it must be said that in each province, government initiatives were taken because major co-operatives had not shown substantial interest in or commitment to worker co-operative development before the provincial governments acted. In summary, these governments took responsibility for development activity when this responsibility had been neglected by the

"natural" actors--i.e. other co-operatives. It is impossible to say whether the other governments would have launched significant worker co-operative development programs in response to lobbying and development assistance by their jurisdictions' major co-ops, since the latter actions have not been undertaken. The absence of such action has provided these governments with a sufficient reason for negligible activity on this front.

What will it take to stimulate greater and more systematic government and mainstream co-operative support for the "idea whose time has come"? What are the general obstacles to such support? The final chapter addresses these questions by putting the issues of worker co-operative development and co-operatives' government relations efforts within broad explanatory contexts.

V. Conclusion

There are two purposes to this final section: to provide useful contexts for consideration of the subjects of co-operatives' government relations work, and assistance to "frontier" co-operative development by both co-operatives and governments; and, to summarize some modest recommendations regarding improvement in these spheres of activity.

To provide the contexts, or general explanatory frameworks, within which the descriptive (and evaluative) material from the previous four sections "makes sense", we return to the broad questions regarding co-operative/government relations, and the four theoretical approaches to "interest group" activity, with which we began the study. The former were:

(A) How have co-operatives fared as participants in and beneficiaries of the development of government policies bearing directly and specifically upon their health and success over the past decade? Do these activities and benefits differ significantly from those of other, non-governmental players in public policy development? Why?

(B) How will the future of co-operative economic development be affected by the character of relations between co-operatives and governments?

(C) Which factors in Canadian society will have the greatest effect upon implementation of the 1984 Report's recommendations--in particular, those concerning worker co-operative development?

(D) Are co-operatives' traditional positions regarding the "non-political" character of their activities still appropriate? Does this affect, or is it affected by, the question of whether co-operatives' leaders should take public stands on major public policy issues?

It will also be recalled that four approaches to the study of interest group political activity were identified, in the Introduction, as being useful to our concerns: (1) that which

focuses on the importance of federalism as a factor conditioning some types of interest group activity; (2) that which identifies central agencies in government as playing the same role for interest groups in general; (3) the political economy approach; and, (4) the intra- and inter-organizational dynamics/structures approach. In the following, I will address questions A, B, C and D in terms of the four interest group theoretical approaches, with the purpose of showing how what we learned earlier about co-operative lobbying efforts and pursuit of the worker co-operative development agenda can be appreciated in more meaningful ways.

A. CO-OPERATIVES AS PARTICIPANTS IN AND BENEFICIARIES OF THE PUBLIC POLICY PROCESS

At the most general level, an answer to this question is impossible, due to the diverse concerns, interests and actions of Canadian co-operatives in public policy development. The variations follow both regional and industry sectoral lines, as we have seen. It is also made exceedingly difficult by the fact that there is no central record of federal government financial assistance to co-operatives. The various departments that have provided such assistance do not pass records of all of it along to the "co-operatives section" in Agriculture Canada. And even if one searched past expenditure records of the various departments, it would be discovered that many small grants to co-operatives are not recorded as such, as distinct from grants to some other business or social organizational form. This is especially true for job creation and employment training program grants since the early 1960s.

A general answer is also complicated by the fact that co-operatives may have benefitted from federal and provincial government economic policy as "free riders"; that is, without having participated in a significant way in the development of particular government policies, co-operatives in particular

business sectors or regions may still have prospered as a result. Conversely, they may have suffered, along with private firms in their respective sectors, as a result of government policies (or international economic conditions), without having participated in shaping the policies which produce the undesirable effects. One should add that vigorous participation in particular policy development processes may either involve support for minority, and ultimately "unrepresented", positions when the policy emerges, or may be part of a consensus which leads to policy that produces few or none of the desired effects. Finally, it is worth mentioning that public policy benefits may come to co-operatives (like a good many other economic interests) because it is in a government's political interest that this should occur, rather than as a result of effective lobbying by the co-operative for that benefit. (Clearly, however, being able to point out political interest to potential state benefactors is one of the most effective lobbying strategies, as the genesis of the Task Force on Co-operative Development is testimony to.) None of this is particularly surprising, but it does underscore the point that participation in the public policy process is no guarantee of anything, except perhaps the continued opportunity to participate in the future development of public policy.

It must be said that from roughly World War Two until quite recently, and with important exceptions in the agricultural and financial sectors, Canadian co-operatives have normally given the public appearance of being content to be recipients of, or at the most irregular petitioners for, as opposed to consistently active participants in, public policy change. One of the reasons for this is to be found in the anti-statist, anti-political traditions narrowly interpreted by co-operative leaders and activists during this period. Another factor, which clearly did much to entrench and legitimize these traditions, was the relative prosperity enjoyed by most Canadian co-operatives (and their members) during the post-war period.

By briefly considering the four theoretical approaches to interest group activity, we can gain further insight into this low level of effective participation in public policy development. We can ask, in the first place, how the federal division of legislative powers has affected either co-operatives' inclinations to lobby or otherwise participate in policy development, or their relative success as beneficiaries of state economic (regulatory, etc.) policy.

Provincial incorporation and regulation of co-operatives, combined with provincial powers to establish instruments of economic regulation such as marketing boards, provide but two striking reasons why co-operatives' potential government relations efforts and concerns, on the one hand, and economic performances on the other, are bound to vary quite markedly from region to region as a consequence of the federal character of the state. Another important, but less immediately obvious factor is the provincialization of party systems and political cultures that federalism has done much to foster. Both the nature of partisan conflict (and, perhaps, dominance) and the character of political culture have had substantial impacts upon the willingness and socio-cultural legitimacy with which co-operatives have openly and aggressively pursued their public policy goals. The contrasting cases of Québec and Saskatchewan, on the positive side, and Nova Scotia and Ontario, on the negative side, help to make this point.

At another level, the sheer complexity of issues and additional demand for resources that jurisdictional separation of powers imposes upon an organized interest provides another instance of how co-operatives' participation in public policy development--especially at the national level--is hindered by the existence of a federal state. Second and third-tier co-operative organizations are required to spread their resources far more thinly between provincial and national efforts than they would in a non-federal state. The result is that unless the member

organizations are, on other grounds, inclined to put substantial resources into their government relations/policy "intervention" efforts, these efforts will be less effective than necessary. It is also true that the provincialization and, hence, distinctiveness of co-operatives' needs and interests that develop in the federal state provide a substantial barrier to the development of consensus regarding particular policy questions amongst co-operatives in a body such as the C.U.C. This heightens the already daunting obstacle to consensus presented by the industrial differentiation amongst these co-operatives. Federalism thus indirectly re-inforces the inclination of the C.U.C. board and management to be silent on many major public policy questions upon which consensus within the co-operative sector is unachievable. They are, consequently, more inclined to concentrate on policy matters which are: (i) either very specific to particular co-ops; or, (ii) very general in terms of positive initiatives--as with the worker co-operative case, where little collective financial or other commitment is forthcoming regarding concrete aspects of policy implementation, or general in defensive terms--as with the taxation challenge, where most major co-operatives were equally threatened.

Federalism also inhibits consensus in private sector business associations; indeed, along with the related factor of member association diversity, to be discussed below, it has been a decisive factor in preventing the emergence in Canada of well-co-ordinated, inter-sectoral national business associations with effective "policy capacity". Co-ordination, here, is measured by inter-sectoral ability to establish a consensus on particular policy questions which can then be presented to, and bargained over with, relevant government officials. The absence of such co-ordination, for Coleman⁷², is a key obstacle to the creation of

rational economic policy through government-industry consensual planning.

While it should be somewhat comforting to co-operative leaders to realize that they are not the only ones with this problem, the comfort should not be accorded too much value. For if the policy development contributions of private sector business associations are not nationally "rationalized", they are nonetheless still predominant, in the sense that their concerns are given primacy by government officials in the absence of any compelling reasons why they should not be. Another way of putting this is that private sector concerns shape the agenda which government policy-makers address more than the concerns of any other set of actors in the policy process. If another set of actors wishes to have its concerns shape any significant part of this agenda, their needs and interests must be seen by governments to be economically consequential. Their articulated needs must also be seen as the result of a substantive consensus, which is backed by the "promise" of political advantage to the government conferring the benefits, the force of "sanctions", or at least, alternative initiatives. For a national labour movement, such an initiative could be the threat of industrial militancy or various forms of socio-political action. For the co-operative sector, it could be the promise of politically advantageous job-creation possibilities, the threat of anti-government sentiment among its members, the threat of "showing up" one level government by joining the other in (for example) a program of new co-operative development, or taking such initiatives in concert with other organized social forces.

There is a positive side of the federalism coin for co-operatives, however. Provincialization of powers over some aspects of co-operative enterprise, along with provincialization of political cultures and party systems, has provided regionally strong co-operatives with more means to consolidate their economic and socio-cultural strength. Just as the federal system

⁷² W. Coleman, (1986); see also Thorburn, (1986), pp. 125 - 126.

has enhanced the opportunities for nationally weak ("third") parties to gain power provincially, in B.C., Alberta, Saskatchewan and Québec, so federalism has indirectly assisted a nationally weak economic force to obtain regional strengths, thereby reducing its national weakness. Taking on dominant forces in certain sectors of the national economy is an overwhelming task, but challenging regional economic hegemony in particular industrial sectors which are subject to at least some provincial control is possible and, with the initial force of a social movement, quite feasible.

To return to obstacles to co-operatives' participation in public policy development, we should note something else complicating the fact that the federal system presents the co-operative sector with a diverse, inconsistent and expensive set of access points in the public policy process. Interest group theory which focuses on inter- and intra-organizational roles, functions, dynamics, and their effects upon both government relations activity and consequent policy planning, has demonstrated that interest representation is seriously complicated, and rendered less efficacious, when the interests being represented by an association are significantly diverse.⁷³ Differences in types of constituencies represented, age and institutional maturity of member organizations, degree of concentration of power within member organizations, nature of economic activity, types of markets faced by member organizations, and of course relations with regional governments and state regulatory agencies, are all important in this regard. Differences in sector of economic activity alone are sufficiently daunting, from the perspective of interest association, that well over three-quarters of the 482 "nationally relevant" business-interest associations identified by Coleman in 1980 confined their activities to distinctive economic

⁷³ See, for example, William Coleman, (1985) and (1986).

sectors (such as mining, construction, appliance manufacture, etc.).⁷⁴

General common interests in promotion and defense of co-operative enterprise, with their origins in a loose national "social movement", have allowed the C.U.C. to partially counteract the forces which militate against an efficacious inter-sectoral interest association. In countering these forces, however, the C.U.C. has by no means eliminated them, just reduced their impact to the point that their inter-sectoral organization continues to "make sense". If co-operatives lost most of their distinctiveness from private enterprise, battling the inter-sectoral obstacles would make considerably less sense; the member organizations might well find their institutional interests far better represented and protected by industry associations to which some now belong (such as the Canadian Federation of Agriculture, in the case of the Wheat Pools), when they did not speak for themselves directly to government officials, parliamentary committees, regulatory boards and agencies.

Coleman also contends that inter-sectoral associations are disadvantaged by the fact that they are not often perceived to be able to speak authoritatively for, or act decisively and independently from, their member entities (firms). Government officials find it easiest to develop policy conjointly with associations which have a clear mandate to "bargain" regarding particular policy questions. This involves the association accepting the burden for working out a consensus within its membership on policy questions, while allowing government officials to claim that they have legitimately dealt with the whole range of interests which the association represents, particularly if the association is industry-sector specific.⁷⁵ According to Coleman, none of these conditions are consistently met in the

⁷⁴ W. Coleman, (1986), p. 257.

⁷⁵ Coleman, (1986), pp. 252-256; 264-268.

Business Council on National Issues, the Canadian Chamber of Commerce, or the Canadian Federation of Independent Business. Nor are these associations able to effectively "aggregate interests", amongst their members and affiliates, from the lower (regional and sectoral) levels to the top levels in the organization. As a result of this and the multiplicity of business associations, "the process of aggregation must fall to government if it is to occur at all," and we must conclude that "the policy capacity of the business associational system is weak."⁷⁶ In short, the state can have no confidence that these associations represent the concerns and policy desires of a regionally and sectorally representative majority of the private business community.

With these private sector comparisons in mind, at least two things are clear regarding the co-operative sector equivalent. The C.U.C. does not look bad, in terms of its relative ability to achieve policy consensus on general matters; and, the C.U.C. must be presumed to face at least some of the same "policy capacity" problems as its private sector counterparts, with much the same result, as far as government's view of it as a policy-making partner is concerned. Indeed, on the latter point, the very "marginality" of co-operative economic activity, as seen by virtually all federal and most provincial senior economic policy officials, provides these officials with a further (and, perhaps, decisive) reason to assume that the C.U.C. position on "policy x" is either unrepresentative of a particular industrial sector, or of little importance even if representative of C.U.C. member opinion. Where common policy positions do emerge from C.U.C. member deliberations, such as the Task Force, these senior government officials will almost instinctively look for evidence that C.U.C. member organizations are not as practically committed to the position(s) as their formal statements had suggested. If they find such evidence, their estimation of the

⁷⁶ Coleman, (1986), pp. 266 and 268.

"policy capacity" of the C.U.C., i.e. the co-operative sector's major players seen collectively, is likely to drop. Such a possibility points to both the difficulties of forging common policy positions within the C.U.C., and the dangers of formal commitments that are not followed by substantial, concrete action. The worker co-operative commitment may well become such an instance, depending on how the "sector" deals with it in the short-term future.

William Coleman's work on the "associative action" of business provides us with another promising perspective upon co-operatives' government relations work. Coleman argues that there are essentially two public policy promotional roles that a business association can undertake: policy advocacy and policy participation. The former role involves an interest group attempting to influence government(s) so as to "capture distributional benefits for association members, normally at the expense of other social groups, organized or unorganized."⁷⁷ This is a very competitive mode of activity, in which information and pledges of political support are "exchanged" for policy favours from government(s), and dependent for its success on maintenance of internal cohesion amongst its association members, and its consequent ability to appear directly representative of its members' concerns. Policy participation, by contrast, is a role involving joint work with government officials and other business association representatives in policy formulation and/or policy implementation. Management of a complex range of information regarding policy, particularly that issued by the state, and autonomy to define the long-term interests of its collective membership, are the two basic properties of this type of business association. Both properties are required by the on-going negotiations which the association engages in with the state and other representative associations.

⁷⁷ Coleman, (1985), p. 415.

In addition, a variety of financial and motivational support bases, a strong policy research and analysis capacity, and an "intermediate information load" are virtual conditions of a business association undertaking a policy participation role. Finally, hierarchical relationships with other organizations, and both vertical and horizontal integration across industry sectoral and sub-sectoral lines, make such an association attractive to the state as a policy-making partner.⁷⁸

While technical research capability and policy/political process knowledge, as well as substantial public support, are of use to each of these advocacy and participation roles, some organizational characteristics required by these roles are at cross-purposes. The participation role requires autonomy in bargaining forums, while the advocacy role is best performed with a close identity between represented and representatives. Increasing co-ordination of information through vertical or horizontal, and hierarchical, integration of association member types is of value to the participation role, but may easily reduce the strategic abilities required of the advocacy role. De-politicization of issues, and suppression of ideological concerns, is necessary for successful participation, while the reverse is often of positive value when policy advocacy requires enhanced support from the members. Finally, highly competitive relationships among major players in an industry sector, as they jockey for advantages from the state, will tend to encourage all business associations to take on the policy advocacy role, while "sectoral corporatism" in relation to the state will tend to encourage the policy participation role and characteristics on the part of business associations.⁷⁹

In these abstract descriptions of two "ideal types" of business interest group roles and properties, we can see elements

⁷⁸ Coleman, (1985), pp. 418 - 428.

⁷⁹ Coleman, (1985), pp 431-433.

of the approaches and situations of different member organizations of the C.U.C., and of the C.U.C. itself. The C.U.C.'s larger agricultural and financial members participate in quasi-corporatist relations with governments, are parts of vertically and horizontally integrated associations, have relatively strong research and policy analysis capacities, and a fair degree of autonomy in negotiations with the state. The C.U.C.'s other member organizations are in competitive economic sectors but still manage to act as independently of their memberships as the large agricultural and financial firms, and are, if anything, less inclined to use ideological or politicizing techniques in attempting to influence government (with the exception of the Co-operative Housing Foundation). They do, however, tend to have a narrower and more specialized membership base and set of associational contacts (outside the C.U.C.), so are more suited to concerted policy advocacy.

Obviously, the "peak organization" which brings all of these together, the C.U.C., is going to experience considerable tension as it attempts to resolve the inconsistencies in policy-promotion role orientation among the diverse co-operative organizational membership. This is true even though the role contrasts are by no means as extreme as Coleman's ideal types suggest. This tension will, in turn, rather unavoidably result in a less effective use of specific policy-promotion tasks and methods than one would find in a more "role consistent" peak association. One of the most obvious results is that the political quietism "required" by the policy participation role of some members will enhance the co-op's system's already traditional inclination to avoid politics. The potential political and ideological mobilization possibilities of the collective C.U.C. membership will, consequently, be even less willingly utilized, even in cases where its use is the most effective means of influencing government policy. It is also predictable, using Coleman's schema, that the policy analysis and political process knowledge

components of the advocacy role will be underdeveloped, or at least underutilized, by the C.U.C., since the rather disparate organizational components of the C.U.C. membership present a very large policy and industry information domain to co-ordinate, while the resources provided for such co-ordination are inadequate.

Another perspective on co-operatives' government relations performance is suggested by the contention that close contact with "central agencies" of government (particularly at the federal level) is a necessary condition of regular interest group success. Since at least the early 1970s, federal government policy development has been centralized as a result of the enhanced co-ordination, policy proposal screening, and independent policy initiation and development, taken on by the major central agencies in government.

The Privy Council Office, which under the Trudeau regime became a high-powered and strongly-staffed policy secretariat to Cabinet, has policy analysis and development committees paralleling all Cabinet committees save Priorities and Planning. The Prime Minister's Office during this period gradually took on more of the strategic policy planning tasks than one would expect the Prime Minister's "political wing" would need to in order to complete its political functions; under Mulroney, the PMO virtually eclipsed the PCO for at least one year due to the Prime Minister's lack of faith in career (supposedly Liberal) bureaucrats, and his desire to centralize policy planning within a small group of his close associates. By the mid-1970s, the Treasury Board's retrospective program assessment and expenditure management functions were augmented with some quasi-independent policy advising capacity. The same was true of Department of Finance, which controls purse strings for individual department budget allotments. These four institutions, and to a lesser extent, the two short-lived Ministries of State for economic development

and social development (welfare/education/health), were by the early 1980s the key locations of policy development in its decisive stages. To the extent that line departments exercised a more or less independent force in particular realms of policy, it was by the grace of these central agencies.

For interest groups, the implication of these central agencies' growth and power is relatively simple, yet very important. To make an effective case in the federal policy process, a group must have access to officials in these central agencies as well as the relevant line departments and perhaps other government agencies, boards, or commissions. This is not required for minor adjustments to established policy, which can be dealt with largely at the departmental administrative level. But it is true regarding new policy initiatives which have either emerged from, or require some definitive response from, at least one of these central agencies. And given the semi-autonomous character of these central agencies, it is not enough for a group to have its favoured position on a certain policy promoted by the line department whose judgement was once definitive in this policy field. Central agency officials responsible for the policy in question must be identified and independently sought out to maximize the chance of their seeing things in the same light.

All of this is not to say that these central agency officials are omnipotent within the national government; they are still accountable to cabinet for their decisions, and they have no good reason to gratuitously antagonize their colleagues in line departments. But their participation and power in the policy process require interest groups to go to extra trouble, effort and expense if the interests being represented are to be well served.

For co-operatives, this poses a problem which exceeds that of most organized private sector interests. The problem is that with another layer of officials involved in any particular policy decision, the chances of co-operatives' needs, interests, and public policy virtues being effectively recognized and

considered in the overall decision-making process, almost unavoidably decrease. There are few enough in line departments, ministers' offices, etc., who are familiar with co-operatives; in the central agencies, with their concern for program rationalization in concert with the major policy thrusts of the government, there are likely to be, proportionately, even fewer. And with personnel in central agencies shifting rapidly from project to project, or division to division, the education that individual officials do get regarding co-operatives--as in the Co-Enerco negotiations, for example--is largely lost. (According to officials in the Co-operatives Unit of Agriculture Canada, this is also a serious problem in the ordinary line "economic" departments). So even if co-operative officials do make contact with central agency officials regarding particular issues--and from what I have discovered, this is not common--they may well have to "start from scratch" on the next issue. With the rather meagre human resources devoted by most co-operatives (including the C.U.C.) to these tasks, this additional effort is costly and sometimes simply impossible. Where central agencies have gone along with new "pro-co-operative" policies, evident in the case of Co-Enerco, we can assume that the political interests of the government were primarily responsible for the central agency in question being "brought onside", rather than the persuasiveness of co-operative officials, with central agency officials.

The political interests of the government may well be the decisive factor on many policy issues that relate directly to private sector interests. The difference here, however, is that the dominance of large private firms in the Canadian economy means the nature of our political economy assures that promotion of their general interests will be in the political interests of the government. Unlike co-operatives, large private sector firms' success in lobbying is not heavily dependent upon special circumstances. Similarly, because this relationship between

private sector success and government popularity is taken for granted by policy planners in central agencies, they will be more inclined to favorably review or promote policy positions which aid private sector interests, than they will be to do the same for co-operative interests (whose character and impact they are unlikely to appreciate well, even after being lobbied by a co-operative representative). Perversely, then, those interests which are most in need of special consideration are least likely to receive it, while those needing it less have less need to ask for it.

In spite of the difficulties encountered (and self-imposed) by co-operatives in their government relations work, one must admit that this work has paid off in a good number of cases over the last decade. The creation of the National Task Force, and its Report, Co-Enerco, the Co-op Heavy Oil Upgrader, rescue financing for Co-operative Implements, United Co-operatives of Ontario, and United Maritime Fishermen, and the admission of C.C.C.S. into the Canadian Payments Association, are all instances of lobbying success by co-operatives and their "peak associations". While some of these cases clearly coincided with the political interests of governments involved, they (and other, less major accomplishments) collectively illustrate that co-operatives' government relations work since 1975 has produced significantly more benefit to the co-operative sector than was witness in most previous decades.

As against this, it is well to consider a statement made by Bruce Thordarson in November 1981:

While considerable progress has been made during the last ten years, it must be acknowledged that neither the co-operative sector as a whole nor individual co-operative organizations have, on any consistent basis, made a major impact on the federal government compared to that enjoyed by some individual private sector

organizations or associations. Significant misunderstandings continue to exist about why the co-operative sector should be treated differently, whether with respect to taxation or other issues, and the movement still does not have the same opportunity for high level policy consultation and advice.⁸⁰

Some things have clearly changed since 1981, but the general thrust of his claim is still correct, especially regarding his comparison of co-operative to private sector access to and influence upon the policy-making process.

Before 1975, there were very few notable instances of co-operatives receiving what is perhaps the most easily recognizable form of lobbying benefit: direct government subsidy for new or struggling industry.⁸¹ The Co-Enerco, U.C.O., and especially Co-op Upgrader "deals" have changed that in one way; the major co-operatives are receiving more state support for large-scale projects, although in each of the Co-Enerco and Co-op Upgrader cases, of course, state support comes in the distinctive and politically different form of participation in a joint venture, combined with loan guarantees.

⁸⁰ "Co-operative-Government Relations: Elements of a Strategy", discussion paper for the 1981 Conference of Co-operative Presidents and CEO's, Calgary, November 5-6, 1981, p. 2.

⁸¹ This is not to say that co-operatives' members, by virtue of their occupations, do not receive considerable government aid. The outstanding example here is, of course, farmers; the agriculture industry in Canada is more heavily state-subsidized than any other. [See, for example, André Blais, A Political Sociology of Public Aid to Industry, Vo. 45 of special research studies for the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press, 1986), pp. 37 ff.] It is important to emphasize that even though co-operatives' lobby efforts have clearly played an important role in securing this level of aid to farmers from federal and provincial governments, this aid is provided to farmers as farmers, not as co-operative members.

In another way, however, co-operatives are still far behind the private sector in terms of state subsidy and other financial assistance. This is in the area of state assistance to smaller-scale firms that could enhance viability in the start-up phase, diversify the production, services, and/or markets of existing (and at least temporarily viable) co-operatives, or prevent the demise of co-operatives in markets whose rapid change has threatened the short-term viability of local co-operative enterprise. The relative dearth of such assistance can be attributed to several factors:

(1) the absence of programs at the federal and (most) provincial levels which target, and allot set amounts of funding for, co-operatives with various assistance needs;

(2) the very small number of government officials, who are familiar enough with co-operatives to allocate some funds from established programs to particular co-operative enterprises. The vast majority of such officials in the different federal and (most) provincial departments which assess needs of and create or re-shape programs for, and grant funds to, private sector firms, do not even perceive that co-operatives, as such, have needs;

(3) With some notable exceptions, co-operatives have neither the range of contacts, the practice of regular approaches, nor the pattern of "educational" encounters, with government officials in the economic departments that are required to alter the situation described in either (1) or (2) above.

(4) While successes with several major joint projects and "bailouts" seem to suggest the contrary, it is still apparent that an anti-statist and anti-political orientation on the part of many local, regional and national-level co-operative leaders and activists is a barrier to the establishment of contacts with state officials, in a large variety of forums and institutions, which is critical to successful generation of state financial assistance.

Exceptions in each of these areas are to be found in Saskatchewan, Manitoba, and Québec, although co-operatives' contacts with and profile in the major economic departments (outside Agriculture) still leave a good deal to be desired relative to those of the private sector.

Several comments are in order here about factors (1) and (2) at the federal level. The possibility of co-operatives using the Federal Business Development Bank's "CASE-C" management assistance program does not seem to have been effectively explored. Since 1972, the CASE program has hired retired managers, most with private sector backgrounds, to provide assistance to applicant firms. CASE-C was established in 1983 as a co-operative sector equivalent, as FBDB and the C.U.C. jointly produced publicity materials and introduced the program to C.U.C. member co-ops.⁸² The program ran until 1985, utilizing a group of consultants suggested to FBDB by the C.U.C. According to FBDB's head office, the CASE-C program was discontinued recently because of the poor rate of application to and utilization of the program by co-operatives.⁸³ FBDB officials suggest that the major retail co-operative organizations (Coop Atlantic, FCL) showed little interest in the program because it posed the possibility of presenting advice contrary to that produced by their own central offices. With poor promotion of the CASE-C counselling assistance program by the major co-

⁸² See Profits (FBDB magazine), Spring 1983, p. 4.

⁸³ CASE responses to enquiries of four regional offices (Atlantic Region, Ontario, Québec, and Manitoba) indicate that co-operatives only the Atlantic region showed a modicum of interest in the CASE-C program (of the 14 enquiries in all four provinces, 11 were from Cape Breton). There was virtually no interest in the other regions -- one counselling case in Ontario, none in Québec, and few, if any, in Manitoba; in the latter case, records did not distinguish co-operatives from other businesses being assisted, but the regional manager could not recall any cases. (Private correspondence with the author from A. Highet, Atlantic Regional Office; R.L. Frizell, Ontario Regional Director; Alain Brunelle, Québec Regional Director; and Gordon C. Smith, Case Co-ordinator, Winnipeg, Manitoba).

ops, small co-operatives within or outside these systems would, consequently, have less opportunity to appreciate potential benefits of the CASE program. The degree of interest in CASE-C type assistance may change shortly, if the federal-provincial committee investigating co-operatives' access to business assistance programs recommends concrete measures for enhancing co-operative use of the CASE program.

Another indication of the low profile and priority given to co-operatives by federal economic development agencies is to be found in the Department of Employment and Immigration's programs for job creation in the "small business" sector. It appears that co-operatives, many of which could, in most ways, qualify here, are overlooked because the private sector consultants hired to recommend appropriate recipients of program funds are virtually unfamiliar with co-operatives. Especially in Saskatchewan and Manitoba, such an oversight is, at least, avoidable, and, at most, unacceptable. One hopes, once again, that this subject is addressed by the federal-provincial committee noted above.

We should not leave this question of state assistance to co-operatives without recalling promising recent initiatives by the federal government in the areas of assisting development of centralized co-operative trade management, support for worker co-operative resource groups in Nova Scotia and Québec, and creation of a co-operative business development fund in the Northwest Territories. These were described in Section IV A above. An important ongoing source of federal assistance to co-operatives is, also as noted, Agriculture Canada's highly resource-efficient Co-operatives Unit. Their staff compile statistics on co-operatives and brief federal policy analysts and planners on co-operatives, (often from "square one"). They also perform crucial liaison and information-provision functions in the cases of major co-operatives' applications for "rescue" financing, and co-ordinate collection of federal and provincial

departments' data regarding co-operatives' eligibility for and/or use of business assistance programs (as they are doing currently). In the absence of Co-operatives Unit assistance, Canadian co-operatives' difficulties in making their case to the federal government would be considerably greater.⁸⁴

B. CO-OPERATIVE—GOVERNMENT RELATIONS AND THE FUTURE OF CO-OPERATIVES

It is a commonplace observation, of all but the most transparently neo-conservative writings on business-government relations, that business fortunes in the future require better understanding by, and hence closer relations with, governments. The nature of such relations is very much a matter of dispute, in terms of both prescription and projection; their importance is not.

We have seen that since 1975, when co-operative leaders seemed relatively dissatisfied with the C.U.C.'s federal government relations work⁸⁵, their perception of the importance of co-op-government relations has been responded to by a more concerted, concrete pattern of action by both the C.U.C. and the C.C.C.S., as well as their major corporate members, in pursuit of closer and more efficacious relationships with governments.

⁸⁴ Oddly enough, when surveyed in 1979 as to the value of and potential improvements to the Co-operatives Unit, a good number of senior co-operative officials claimed to see no real value in the Unit's activities, at least from their own co-operative's perspective. Few of those surveyed had much direct experience with the Unit, and few could suggest how it might be relocated or otherwise redesigned to become more valuable to co-operatives. Appreciation of the Unit's value is now considerably higher in these same circles, with the Unit's role in arranging government assistance to struggling co-operatives so clear. (See Public Archives of Canada, Co-operative Union of Canada Papers, volume 38).

⁸⁵ In a 1975 paper produced for the Co-operative College of Canada, Jack Craig reported that only 38% of the 116 co-operative directors he surveyed believed that the C.U.C. had played an effective role in relation to the federal government on non-tax issues. ("Views of Co-op Directors and Delegates Regarding the C.U.C. Relation to Government", p. 7.)

What is not clear, however, is how much systematic re-examination of the role of the state in the economy has occurred amongst Canadian co-operative leaders and activists. How much of this new pattern of government relations is a result of such re-examination, and how much is the result of pragmatic, short-term decisions about the institutional needs of co-operatives? Is the latter substituting for the former? If so, is this seen as desirable or at least acceptable to co-operative leaders?

These are very difficult questions to answer, partly because they are not directly or at least expansively addressed by co-operative leaders in public forums. When they are addressed, there is a tendency to fall back upon safe and comfortable expressions that either disguise the altered circumstances and problems now facing co-operatives, or are so general and almost hypnotically reassuring that neither their spokespeople nor their audiences are challenged to re-examine the problematic premises upon which they are built.

Thus we often hear that the state's role in the economy is to "facilitate" economic development, by co-operatives and the private sector, but that the state should not act as a substitute initiator or co-ordinator or bankroller of such development. The problem with this is not that it is objectionable, but almost the reverse; it is so patently acceptable to all but those on the "far right" or "far left" that it does not invite further thought. And the details that might inspire further thought, in conjunction with this statement, are so seldom proposed that these vague statements almost act as positive obstacles to serious thinking about the particular problems, possibilities, and rapidly changing underpinnings of business-government relations.

Two rather classic examples of this can be found in the C.U.C.'s 1977 response to the federal government discussion paper, "The Way Ahead", and in the C.U.C.'s submission to the MacDonald Commission in October 1983. While each document did note some significant changes in Canada's economic

environment, and did promote the virtues of co-operatives as engines of locally controlled, responsive, democratic economic development, neither document spelled out particular expectations that co-operatives had for their relations with (and benefits from) the state, or articulated the conception(s) of the role of the state that such expectations would be founded upon.

In the case of the 1983 submission, at least one simple reason for such omissions is proffered in the document itself. A national consultation regarding new and desired modes of co-operative economic development, and implied relations with governments, was reported to be in progress and scheduled to report before the Royal Commission's work was completed. The National Task Force on Co-operative Development thus provided one legitimate excuse for avoiding such key issues.

The other reason for such omissions in both documents was also legitimate, but was not one that co-operative spokespeople wished (or wish) to "go public" with, while concurrently attempting to inspire government confidence in co-operatives' suitability as close partners in policy development. This is that co-operative leaders and activists do not have a clear or systematically consistent view of the role of the state in economic life. Given the diversity of co-operative activity across sectors of the Canadian economy, and the differing political persuasions of their leaders, this is hardly surprising; indeed, it would be surprising if a consistent view had emerged over the past decade. This, in spite of the fact that substantial increases and improvements in inter-co-operative communications, complementary economic planning, co-ordinated efforts on joint ventures, and co-ordinated government relations strategy have all occurred during this period. They have not been enough to either bridge the gaps between co-operative leaders' views of the state, or even to reconcile individual leaders' feelings about the appropriate roles of the present and future state with the co-operative traditions that

continue to be paid at least verbal homage at co-operative gatherings. We should consider each of these sources of inconsistency, and their implications, in slightly greater detail.

Some of the diversity of attitudes within the co-operative sector towards (what is usually called) "state intervention" is a function of the nature of economic activity (or activities) that the different co-operatives engage in. Feelings about the state might be warmer in those co-operatives whose members have benefitted greatly from long-standing and decisive state intervention, such as (most) agricultural co-operatives and, to a lesser degree, housing co-operatives. More ambiguity concerning intervention and regulation could be expected in those co-operatives such as credit unions, Co-op Trust, and the Co-operators insurance company, whose activities are regulated in less consistently beneficial fashion, and whose senior managers tend to inhabit professional circles where anti-interventionist ideas are strong. For the latter reason, we might expect to find anti-interventionist sentiment relatively prominent in management of retail co-operatives and, by transmission, on their boards.

Another source of differentiation on the "question" of the state is political ideology. Those who are already, on personal political grounds, opposed to an interventionist state, will highlight those liberal aspects of co-operative traditions which warn against the dangers of state domination over voluntary organizations and individuals. State assistance or co-partnership are, from this perspective, acceptable when promoting "the public interest" (which may only mean salvaging jobs), but are to be countenanced only on pragmatic, not principled, grounds. Those who are inclined to follow some version of social democratic politics will argue that state intervention and even enterprise in the economy can serve, along with co-operative enterprise, as an antidote, or alternative, to domination and exploitation by private enterprise. Without being enthusiastic

"statists", they will still be able to envisage positive and philosophically justifiable, rather than simply pragmatic, reasons for everything from joint co-operative/state ventures, to extensive promotion, assistance to, and possibly even "creation" of co-operative enterprise by the state. Still others will remain social democrats, and favor a strong public sector, while strenuously objecting to "artificial" co-operatives set up by state agencies. Finally, and presumably as a small minority, there are "neo-conservative co-operators" who perceive co-operatives as the culturally acceptable and slightly unusual variant of free enterprise, which must join "other" private sector voices in publicly damning government intervention in the abstract, while privately seeking state funding because if they do not receive some, their competitors benefit. (Before I conducted the interviews and research for this paper, I thought that "neo-conservative co-operator" was a *non sequitor*; now I do not.)

It should not be surprising that individual co-operative leaders should also experience personal internal conflict as to the role of the state in the economy. Especially to "liberals", it must be disconcerting to reflect upon the stern injunctions of their predecessors, against the "compulsive" character of state action, or to consider the need to pursue vigorously independent co-operative endeavour, while simultaneously seeing the apparently necessary state financial beneficence as a guarantee of co-operative economic viability. One consequence of the "cognitive dissonance" would be to incline such individuals to treat virtually all cases of institutional need as exceptional cases which, because of their exceptional status, did not need to form the basis of a re-examination of the "received wisdom" of co-operative tradition. This might well happen in spite of what these co-operative leaders knew about the importance of recent and forthcoming changes to the government relations activities of co-operative organizations, since such activity is likely seen primarily as a kind of insurance against unsympathetic or poorly

informed government decisions to withdraw opportunities for, or assistance to, co-operatives in the "exceptional cases". When the value of government relations work is seen in essentially negative terms, it is easier to remain relatively comfortable with accepted modes of thought about the state.

On the other hand, we can imagine co-operative leaders whose initiation into the co-operative movement was conducted via a social democratic perspective, but whose current association with their own managers and other industry leaders, or their experience in a large commercial organization, has led them to have many second thoughts about the rationale for and practice of state intervention. Simultaneously, however, they see the institutional advantage of joint ventures, substantial financial aid packages, and consultation with government and private sector officials on matters relating to specific industrial sectors. When it comes to stating a public position on the role of the state in economic development, they are likely to express that side of their ambivalence which is most consistent with the attitude of their organizational associates and industry peers.

We should also note that intra-co-operative organizational differences of opinion as to the virtues of state intervention are common, and likely to prevent the articulation of a clear, principled position on the general issue which can become part of a system-wide "debate" and consensus-building exercise. Intra-co-op differences of even a minor nature on this issue, whether between board and management, or inside either group, or between an activist membership group and either of the other two, will do much to prevent an effective position to emerge. Major disputes on this issue will incline the co-operatives' leadership to positively avoid discussion of it at a general and principled level, and to counsel their co-operative peers to do the same. The result of both types of internal disagreement on this issue will thus be that the co-operative "system" as a whole is even further disposed against squarely facing the question of

state intervention and co-operative future development. The system will thus be less able to critically re-examine its collective government relations strategy, and (partly as a consequence) be less attractive to governments as a partner in policy development processes. The prospect of moving from individual firms' participation in policy development, to more broadly based and regularized "co-operative sector" participation in policy development, is thus dimmed. This is not because the federal government submits its policy-making partners to written tests on their views of the state's role in the economy, but because federal government officials prefer to deal with organizations which behave predictably, consistently, and without evidence of major internal disagreement on the short- to medium-term character of desirable relationships between the industry and the state. This preference of government officials for predictability and consistency applies equally to private sector cases in Canada; consequently, a good many industry associations are excluded from a very influential role in economic policy development bearing directly upon their members. Co-operatives can view this as a type of cold comfort in relation to their own problems in this domain, but this does not advance their interests significantly, even though it may reduce frustration.

The question of greater inter-co-operative consistency on the question of the role of the state, and co-op/state relations, is not simply posed in theoretical or hypothetical terms in Canada. It is also posed in practical terms by rather close existing relationships between co-operatives and governments in particular economic sectors, and by proposals made for future relationships between these parties in the 1984 Co-operative Development Task Force report, A Co-operative Development Strategy for Canada. Both existing and proposed relationships imply some degree of acceptance of what has come to be called "corporatism".

As we noted earlier, corporatism is generally understood as a system of institutionalized relationships between government bodies, on the one hand, and major organized "private sector" economic interests on the other, which have the purpose of generating and administering public policy consensus on major economic and social policy issues affecting these interests. To the extent that it regularizes policy development processes and their outcomes, and includes semi-compulsory participation in these processes by inclusive and authoritative groups given special status by the state, corporatism is readily distinguishable from interest group pluralism.

The Western European polities where corporatism is most advanced and effective as a policy-making process, namely Norway, Sweden, Austria and West Germany, feature institutionalized representation from organized business interests such as employers' federations or industrial sector organizations, and from agricultural groups and organized employee groups such as trade union federations. In Scandinavia, functional interest representation in decision-making bodies is extended to co-operatives and literally hundreds of organized interest groups involved in less inclusive spheres of public policy, such as environmental groups, handicapped persons' associations, and so on.⁸⁶

As a model of state-business-organized labor relations, corporatism was the subject of some debate in Canada--mostly

⁸⁶ On corporatism in Western Europe and as a "system" of state-interest group (or organized class) relations, see, among others, Suzanne Berger, ed. Organizing Interests in Western Europe: Pluralism, Corporatism and the Transformation of Politics (New York: Cambridge University Press, 1981), and Phillipe C. Schmitter and Gerhard Lembruch, eds., Trends Towards Corporatist Intermediation (Beverly Hills: Sage Publications, 1979).

Concerning the Norwegian case, which is relatively typical of the complex Scandinavian corporatist polities, see Finn A. Ekelund, Co-operatives and Social Democracy: Elements of the Norwegian Case (Saskatoon: Centre for the Study of Co-operatives, 1986).

within organized labor circles--in the mid-1970's, when the Liberal government floated several ideas and proposals regarding "tri-partism" in public.⁸⁷ To my knowledge, neither the C.U.C. nor individual co-operative leaders in Canada showed any clear interest in the subject at the time. However, since at least the 1960s, the C.U.C. and major co-operatives have referred to co-operatives as "the third sector" in Canada, and by the late 1970s the C.U.C. had begun to lobby for a Ministry of State for co-operatives. This request was prominently included in the 1984 Report,⁸⁸ and has received a surprising degree of attention in the two federal-provincial meetings.

Talk of a "third sector", we must honestly say, seems initially to be an expression of wishful thinking and designed to impress elected politicians and appointed officials with the magnitude of co-operative business in Canada. When viewed in conjunction with the request for a Ministry of State, however, such language suggests a desire for a qualitatively different type of formal involvement in public policy development. Even more than their recent willingness to accept state "bailout" financing and joint ventures in mega-projects, this apparent desire to be involved in co-ordinated planning exercises with state agencies and departments is at least partially at odds with the traditional anti-statist and political neutrality doctrines of Canadian co-operatives. For there is nothing "politically neutral" or "anti-statist" about being *incorporated into*, and then unavoidably *legitimizing the outcomes of*, a state-directed and state-co-ordinated policy development process. To the contrary: in such a situation, co-operatives would be forcefully turning their back on traditions that valued autonomy from the networks of power that bind the state to corporate capital in the capitalist economies

⁸⁷ See Pierre Fournier "Consensus Building in Canada: Case Studies and Prospects", Chapter 4, in The State and Economic Interests, ed. K. Banting (op. cit.), 1986.

⁸⁸ Task Force Report, pp. 109-111.

of the West. That there are benefits as well as costs in this kind of co-operative-state relationship is not in question. Nonetheless, if such a future is being contemplated, it is incumbent upon those doing so to be frank about the costs, and to consider whether governments in Canada are seriously interested in quasi-corporatist relationships with the "co-op sector" as a whole, as opposed to establishing (or continuing) such relationships with groups of co-operatives of particular industrial types.

There are, of course, major political and economic institutional, as well as attitudinal and ideological barriers, to the creation of a comprehensive corporatist relationship between co-operatives and the state in Canada. One of the most obvious is federalism itself, which disperses authority over (and administration of) policy decisions so widely in Canada that co-ordinated policy planning on even major matters is hard to envision. Another obstacle is the need the federal state would have to deal with vertically and horizontally integrated interest associations (of business and labour) in order to shape authoritative, publicly legitimized public policy. This need is far from being met in the current environment of poorly integrated Canadian business associations. The "co-operative sector" does represent a wide range of industrial and commercial enterprises, but its member organizations are (in most cases) not dominant players in each of their markets, and thus can participate in quasi-corporatist arrangements with the state (such as agricultural marketing boards, or the Canadian Payments Association) only as "partners" of their private competitors in narrowly-defined industry associations. This is frustrating for co-operators, because it is clearly a government relations necessity in terms of short-term policy needs, yet it diminishes the collective strength of the "co-operative sector", and weakens their image as distinctive economic organizations in the eyes of

governments and publics. As Bruce Thordarson said to a Co-operative Corporate Secretaries Conference in 1980:

The degree to which organizations see themselves first and foremost as co-operatives, rather than commercial operations which happen to be incorporated on a co-operative basis, is one that can only be answered by each individual organization. But until this is realistically addressed, and government relations programs articulated accordingly, there can be little doubt that the third sector concept of distinctive interests and needs will find little recognition or acceptance outside a small community of co-operative theorists and board directors.⁸⁹

The more their distinctiveness is eroded via co-operatives' participation in "mixed" industrial lobbies, the harder it is for governments to see the sense in treating co-operatives as a separate community with which (or even for which) government must forge distinct, sector-wide, development-enhancing policy. (The question of whether participation in such mixed lobbying activity will increase individual co-operatives' profile, and hence share of government consideration as particular policy decisions are made, is a separate one; the answer is probably yes, but does not imply progress in the above endeavor at a co-operative sector-wide level.) In short, the structure of the business associational system in Canada, when mixed with the logic of industry-specific sectoral policy-making processes within government, and co-operatives' ambiguity as to how they should be perceived, does not support systematic

government treatment of co-operatives as a "third sector". The pattern of Canada's business association/government policy-making mixture is not engraved in stone, however; if the distinctiveness of co-operatives could be emphasized clearly through more markedly distinct economic and social practices by major co-operatives, and through a more systematic, committed effort to achieve consensus on a greater range of policy issues, governments would have greater incentive to depart from their established patterns of compartmentalized economic planning. This would be especially likely if, as in Manitoba, the political interests of the government are seen to coincide with support for and attention to co-operatives as alternative means of economic development.

The attitudinal and ideological obstacles to "co-operative corporatism" at any high level in Canada have already been mentioned. They reside in the traditions of the co-operative movement (as carried by grassroots members, as well as leaders), which have a significant element of anti-statism. This anti-statism was defined by Bruce Thordarson as one of two contending positions within the co-operative movement:

[While] few would disagree that the main role of government should be to provide a legislative framework which allows co-operatives to operate freely, with a minimum of regulations, as an alternative to the public and private enterprise sectors. . . what remains in question is the extent to which the movement should seek to work in active partnership with the government in areas where each can reinforce the 'public good' interests of the other, as opposed to a policy whose prime focus is to discourage government from becoming involved in any way with the

⁸⁹ "The Co-operative Sector and Ottawa: Issues and Approaches", (Ottawa: C.U.C., 1980), p. 5.

co-operative sector beyond the minimum level of supervision and regulation.⁹⁰

If general enthusiasm amongst the leaders of the major co-operatives over Co-Enerco is any indication, those with the latter focus are now in the minority. The identity of the former group will require clarification later. Obstacles to "co-operative corporatism" also reside in the attitudes of private sector business people, who would object strenuously to "advantages" possessed by co-operatives in relation to their private competitors. Also significant are the attitudes and habits of government officials, who are likely to look askance at any additional Ministry of State or other "policy secretariat" which complicates bureaucratic life more than recent "central agency" growth already has. Only if these officials believed that co-operatives had been unjustifiably ignored or inadequately involved in policy development, or if their own jobs could be simplified, would the case for a new Ministry of State on policy secretariat seem attractive to them. Neither belief seems likely, based upon informal accounts I have heard of the interest shown in responding to the Report within the relevant departments in Ottawa. Nor are they likely to be pressured to consider this kind of option by other, non-co-operative organizational lobbying forces with which they come into contact, since the "policy community" defined by the objectives and goals of co-operatives as co-operatives--i.e. democratization of economic life, and attendant redistribution of social power--does not feature close links between co-operatives and, say, trade unions, or social policy coalitions, because co-operatives themselves are not notably active within this policy community.

So the degree of corporatism that seems to be implied by the two notions of "co-operative sector" and "Ministry of State for Co-operatives" is not likely to emerge federally in the

⁹⁰ Thordarson, (1980), pp. 4-5.

foreseeable future, especially at the provincial level. This does not mean that quasi-corporatist relationships between particular types of co-operatives and the state have not emerged or will not emerge in the future. Agriculture marketing boards at provincial and federal levels demonstrate that agreement on the utility of quasi-corporatist regulatory mechanisms can be reached between governments and co-operatives in Canada. Nor would the rejection of systematic consultation with and integrated policy treatment of co-operatives by the federal government preclude incremental, institutionalized additions to their current assistance and attention to co-operatives. Thus, for example, assignment of several middle-level officials in DRIE to the task of assisting co-ordination and market development work in a future co-operative Trading House (or Trade Facilitation Unit) is a possibility, although it may be more likely that this job will simply be added to the already overwhelming burden borne by Agriculture Canada's Co-op Unit.

What of the potential for quasi-corporatist relations between the federal government and co-operatives in the four areas marked for "frontier" co-operative development in the 1984 Report? Little headway has been made in addressing the prospects for health care co-operatives within either the co-operative system⁹¹ or Canadian governments,⁹² and fishing co-operatives have not yet recovered from the blow of virtual

⁹¹ See Report, recommendation #14, p. 85: "The co-operative sector should take the lead in spurring the creation and growth of co-operatives in the health sector."

⁹² See Report, recommendation #15, p. 85: "As an immediate step toward disseminating the concept and building public, provincial government, federal government, and health care system support for it, the co-operative system should sponsor a nationwide conference on developing a co-operative system of Health Care Delivery. The conference should be directed by a co-operative steering committee, co-ordinated with the federal and provincial health departments, and financially assisted by the federal government." As we saw earlier, neither #14 nor #15 have occurred in any serious sense.

rejection by omission that the Kirby Commission dealt them. Co-operative housing in Canada, although reliant upon CMHC for low-cost financing arrangements for new starts, is a fiercely independent "sub-sector," led by devoted members, productive provincial resource groups, and a very efficient and politically cost-effective national federation in Ottawa. The likelihood of their involvement in a corporatist-type relationship with government(s), where this involved the suppression of public criticism and policy-based conflict so characteristic of corporatist relations, appears slight at this time.

Worker co-operative development initiatives, as generally proposed in recommendations #11, #12 and #13 of the Report, present the greatest potential for quasi-corporatist relations between co-operatives and governments of all four areas slated for expansion. This would appear to be the case for three major reasons: (1) co-operative leaders--at least in 1983-84--recognized the need to demonstrate the social and economic utility and attractiveness of co-operative business, and saw worker co-operatives as one of the most promising vehicles to this end, because of their job-creation potential, and suitability for democratic control and community involvement; (2) governments, both federal and provincial, have a pressing political need to create jobs which have at least the potential of becoming self-sustaining; and, (3) for worker co-operative development to proceed at any reasonably acceptable pace, both governments and co-operatives must contribute and co-ordinate their assistance to a variety of ventures and programs, regionally and nationally. Co-operatives cannot finance such activities on their own (or even with assistance from other non-governmental organizations), and governments cannot legitimately create genuine co-operatives without the sanction and at least token participation of those with co-operative credentials, even if the purpose of such activity is transparently directed at politically advantageous job-creation. Governments prefer to go further in

incorporating co-operative commitments into ventures, so as to be seen as responding to the representative requests of community-based organizations, and to ensure that they (government) can gradually withdraw from the role of financial life-giver/sustainer to the new economic enterprises--even if they continue to co-direct the general policy directions of this type of economic activity.

These motivations and conditions underpinning the potential for close government-co-op relations in worker co-operative development by no means ensure that such relations will come to pass in support of worker co-ops. As we have seen, a wide variety of factors may reduce the enthusiasm of government officials and co-operative leaders from acting upon the three incentives noted above. It is equally true that closer, perhaps even "quasi-corporatist" relations between co-operatives and governments in pursuit of worker co-operative development can result in largely positive, ambiguous, or largely negative long-term results from the co-operative perspective. We can briefly consider these possibilities after noting the Task Force recommendations which provide a useful point of departure.

Recommendation #11

A support system to assist worker co-operatives should be created under the direction of the co-operative system, but in partnership with the federal government and interested provincial governments.

Recommendation #12

An Implementation Steering Committee should be created with representatives from the established co-operative movement and emerging worker co-operatives with a mandate to develop models and guidelines for worker co-operative development, examine the

legislative environment, and formulate a plan for the creation of regionally based worker co-operative development assistance agencies that will specify the respective roles of the co-operative system, federal and provincial governments, and local worker co-operative organizing groups.

Recommendation #13

The Government of Canada should endorse worker co-operatives as a priority vehicle for employment generation and make joint funding assistance available to the co-operative movement for the staff work of the Worker Co-op Steering Committee, for regional development assistance agencies, and for the creation of a pool of start-up funds or start-up guarantees for individual employee-owned co-operatives.

While neither recommendation #11 nor #12 suggests a key role for the state, #13 certainly does, and thus indirectly implies a more crucial role for the state in the "support system" and "Implementation Steering Committee" than would otherwise be apparent. Some of the initial work of the Implementation Steering Committee has been undertaken by Laird Hunter and his C.U.C. Worker Co-op Committee, although there emerged no detailed plans for regional development assistance agencies, indicating the precise responsibilities of government, established co-operatives and worker co-operative resource groups. Given the relatively small financial backing, degree of co-operative involvement in, duration of, and low level of prior government knowledge concerning the subject of this project, Hunter et. al. cannot be faulted in this regard. More of the necessary work of an Implementation Steering Committee (or partial functional

equivalent) can be pursued if and when the federal government (or several provincial governments) provides the type of financial assistance suggested in recommendation #13.

1. Making the most of Task Force recommendations

How might the implementation of these recommendations result in positive long-term results for Canadian worker co-operatives specifically, and the co-operative system as a whole? Speaking very generally, we can say that several conditions appear crucial:

a) federal and provincial legislative definitions of worker co-ops, and specification of the legislative provisions for their operation, would have to be at least non-contradictory and, optimally, consistent with each other except where local conditions require special, hopefully temporary, exceptions;

b) federal and provincial governments do not pursue the worker co-operative option simply as one of several job-creation schemes, but do co-operate to jointly fund and create opportunity for both particular worker co-operative enterprises and resource groups, through both established and new job creation programs;

c) established co-operatives do not accept, or sanction and hence legitimize, government assistance directed exclusively to the generation of political credit (i.e. through hastily conceived job-creation programs) which neglect the other, democracy-enhancing aspects of worker co-ops, by treating worker co-operatives as simple, profit-oriented businesses;

d) regional worker co-operative resource groups are given the autonomy to pursue their own democratically-determined socio-political strategies, and, related to this, are financially and otherwise in a position to conduct broadly-defined educational work in support of worker co-operatives. Financial support from government and co-operative sources for this educational

work should not be predicated upon socio-political quiescence or isolation on the part of these resource groups;

e) regional resource groups and worker co-operative federations are afforded representation in provincial and national co-operative associational structures, despite their temporary inability to "pay their way" as dues-paying corporate members;

f) the national co-operative organizations must continue to promote, and provide lobbying assistance to, worker co-operatives, rather than lose interest in them because they do not produce immediate results; this will require further attempts to generate consensus amongst established co-operatives as to the virtues of worker co-ops, and must involve internal education of established co-ops' memberships concerning worker co-ops, so that political support for worker co-operatives will become more broadly based.

g) Governments and co-operatives must combine their own research on worker co-operative prospects with financial support to independent research institutions which can contribute to an understanding of national and regional conditions, opportunities and strategies for worker co-operative development.

It is hard to say which of these conditions are most important, although in temporal terms, a poor response to the relevant Task Force recommendations by the federal government could very well inhibit complementary provincial government and co-operative system assistance to the point that resource groups must struggle simply to emerge and continue, thus seriously limiting the growth potential for many if not most worker co-operatives over the next ten years. The combination of several, but not most of these conditions will undoubtedly advance worker co-operative development, but could well leave individual firms and regional support networks dangerously vulnerable to electoral change, short-term economic change, or organizational problems such as management or leadership

failings. To reduce this vulnerability, while remaining in existence, worker co-operative organizations might be forced into agreements or modes of operation which excessively compromise their distinctiveness and particularly their democratic, community-responsive character.

The negative scenario for a quasi-corporatist set of relations between worker co-operatives and governments involves basically the reverse of the positive. Co-ordinated federal-provincial assistance, even if through new programs specific to worker co-ops, could easily be counter-productive in the long-run--for both worker co-ops, and the co-operative system--if it is focused exclusively upon job creation, as measured in value by the private sector, and if it becomes informally contingent upon the socio-political quiescence of worker co-operatives and their resource groups. Mainstream co-operative acceptance of such government criteria, or effective duplication of them by co-operative organizations capable of providing financial, logistical, managerial, or lobbying assistance to worker co-ops, would be equally damaging. Such co-operative organizational duplication of criteria for support would likely reflect a lack of commitment to worker co-operative education of the older co-ops' membership(s), and an unbecoming anxiousness for the creation of rapid and high-profile successes by fledgling worker co-ops.

Refusal to provide worker co-operative organizations with effective representation in national co-operative bodies and meetings (which need not mean equal representation in all cases) would deal a blow to the long-term prospects for an integrated "third sector" in Canada. It would also deprive established co-operative enterprises' leaders of an acquaintance with the needs and concerns of both worker co-operatives as businesses, and worker co-operative members as voices from social constituencies and communities that these leaders may be quite unfamiliar with. This, in turn, would reduce their willingness to assist and promote worker co-operatives in individually minor

but cumulatively major ways. Also likely to inhibit steady, systematic and regionally appropriate patterns of worker co-operative development would be the creation of worker co-operative development programs that were not preceded by substantial research into the general preconditions and local requirements of successful worker co-operative growth. This research must be ongoing, monitoring new developments and changing environments, and must be conducted by public, co-operative and academic researchers.

To return to the possibility of government-directed worker co-operative creation for a moment, we should consider why an apparently benevolent and close, yet dependent relationship between governments and worker co-operatives is fraught with potential dangers. Perhaps most serious of these for worker co-operatives is the prospect of seeing no alternative to extremely marginal presence except a *de facto* dependency upon government programs, agencies and officials for the means of sustenance and expansion. The kind of patron-client relationship that this dependency fosters is destructive of the essence of a democratic entity, especially in the case of a group of workers trying to autonomously set their objectives while learning self-sufficiency, flexibility, collective control, and other skills underdeveloped in their previous work experiences. Because the patron's interests must be clearly served in such a relationship, and indeed take priority over those of the client, a government patron interested primarily in low-cost job creation would be unlikely to accommodate deviations from the norm of business operation. Government officials would, as a consequence, do what they could to make their unorthodox clients as "normal" as possible.

Another unattractive prospect of this type of dependency is that, in addition to defining the scope and direction of worker co-operative development in terms of their short-term political needs, governments can effectively force the division of the co-

operative community into two broad groupings. One grouping is dependent upon government for financial survival and, informally but crucially, direction; the other grouping may occasionally seek or accept government financial assistance, but is in most important respects autonomous, internally self-governing, and capable of genuine bargaining with government. Two groups such as these come to have less and less in common over time, despite formal organizational and operational similarities, and are increasingly unable to learn from each other's experiences as economic actors and members of communities. Insofar as both worker co-operatives and established co-operatives stand to benefit greatly from sharing both types of experiences, they would both suffer under these circumstances. It is even possible that the latter could suffer more in absolute terms, given their need to expand their contact with and memberships in new social constituencies.

A negative impact upon co-operatives' public image generally is yet another potential consequence of sustained and inordinant worker co-operative dependency on governments. This is widely recognized by co-operative leaders in most provinces, and goes some way to accounting for their recent history of very limited enthusiasm and support for worker co-operative development which is tied to government aid and programs.⁹³ They worry, quite legitimately, that the public as a whole, and government agencies, departments, etc., could become highly skeptical of the virtues of co-op/government joint ventures, financial assistance to struggling large co-operatives, and a whole range of other means by which co-operatives become or remain viable competitors in their respective markets, if worker co-operatives are perceived to be creatures of, and over-subsidized by, governments. This concern regarding negative public image should be an incentive to co-

⁹³ This is paradoxical considering the degree of responsibility for worker co-operative development which is placed upon governments' shoulders in the Report.

operative leaders to prevent this scenario by offering their own dependency-reducing assistance to worker co-operatives, even if this does not involve anything close to matching government financial assistance.

Because of their great needs for all types of assistance in the short-run, and their consequent vulnerability to the most extreme disadvantages of close relationships with the state, it is inappropriate to generalize from potential worker co-op/state relationships, to potential co-operative system relationships with the state. Nonetheless, the potential costs of quasi-corporatist relationships for the major players in the co-operative system share some important features with those of worker co-ops, despite the fact that financial dependency would never approach our worst-case scenario for worker co-ops. If the co-operative system becomes more dependent upon governments for both co-ordination of and related assistance in new areas of co-operative development (including such things as the Co-op Upgrader), similar costs of quasi-corporatism may well have to be faced by the "majors".

Most generally, these costs can be identified as flowing from the loss of dynamism and adaptability to social and political changes and needs which would accompany a quasi-corporatist relationship. Once institutional success is more effectively secured through closer relations with state agencies (such as marketing boards or regular information about, eligibility for, and receipt of state business assistance program funds), co-operatives--like any organizations--lose some of their incentives to take risky initiatives based primarily upon value commitments. In addition, as Finn Ekelund has demonstrated in his recent study of co-operatives' incorporation into the Norwegian corporatist polity,⁹⁴ there is a very strong incentive and tendency for co-operatives to become highly centralized and

⁹⁴ Ekelund (1976).

bureaucratized once their decision-making process becomes intertwined with, and highly circumscribed by, a corporatist policy process. For worker co-operatives, these developments could pose problems if they seriously pursue ideological (i.e. "movement"-based) objectives in addition to their own bottom-line, short-run institutional interests. For other established co-operatives, these developments could pose a considerable challenge in the area of retaining the degree of member influence on their leaders' public policy representations which currently exists.

Assuming that the major co-operatives will enter into closer relations with the state, one way of avoiding these problems is to develop an explicit, widely-considered and genuine understanding that a key reason for doing so is to foster the values, and the institutional success, of new co-operatives. In effect, this means a re-commitment by established co-operative leaders to the purposes and changed socially relevant values of a co-operative movement. It is not clear that such a development is imminent.

2. The character of government-initiated worker co-operatives

In light of these considerations, several comments on government-initiated worker co-operative development in Canada are in order. We can ask, in the first place, what such initiatives signify, and secondly, whether they are a good thing.

The programs of worker co-operative development recently launched in Québec and Manitoba have both ideological and very practical origins. In each case, senior officials and cabinet ministers viewed worker co-operatives as models of business activity and democratic employment relations which were compatible with or perhaps expressive of a social democratic perspective on economic life. In each case, serious problems of unemployment amongst certain regional or economic sectors were seen to be opportunities for combining new forms

of workplace activity with partial solutions to economic dislocations and unemployment. In each case, some attempt was made to involve co-operative and other interested economic players in planning the initiatives and programs, although the Manitoba case was considerably less *dirigiste* and more dependent upon consensus and collaboration with affected interests (including, crucially, provincial trade union organizations) than the Québec programs. Despite the earlier participation of Manitoba's Co-operative Council, and the subsequent contributions of Québec's co-operative establishment, it must be said that in each province, government initiatives were taken because major co-operatives had not shown substantial interest in or commitment to worker co-operative development before the provincial governments acted. One could sum this up by saying that these governments took responsibility for development activity when this responsibility had been neglected by the "natural" actors--i.e., other co-operatives--and did so with ideological and political incentives.

As to whether these government programs of worker co-operative development are desirable, the answer is more ambiguous. The position taken by the major co-operatives in response to these initiatives complicates matters, since it is by no means clear. They do not publicly applaud or criticize these programs in anything but the most general terms⁹⁵, because (1) they have not yet produced a well worked out position on worker co-operatives *per se*, either within or amongst themselves, and, (2) they are still unsure of how to reconceive of co-operatives' relation to the state. What is clear is that if the major co-operatives succeed in reaching a consensus on the value and desirability of these provincial programs, they will have

moved themselves some distance along the road to grappling with both (1) and (2).

Independently of the major co-operatives' ambiguity on the desirability of government-controlled worker co-operative development programs, there are other grounds for responding cautiously to this question. Worker co-operative activists like Alain Brideault have generated a theoretically and practically oriented debate on this question in Québec. They argue that a government-initiated and financed co-operative is a contradiction in terms, destined for movement-debilitating failure, and that existing governments cannot be trusted to promote worker co-operatives that do justice to their social and democracy-enhancing potential. They are also concerned that those currently being recruited into these "artificial co-ops"--the habitually unemployed and those on social assistance--are not at all likely to build their co-operatives into an effective social movement.⁹⁶ For those interested in more than temporary, government-legitimizing reductions in unemployment rolls, this argument has to be taken very seriously. Interestingly enough, this argument makes contact at key points with the anti-statist traditions which major Canadian co-operatives are gradually abandoning in a *de facto*, case by case fashion. Where it parts company with the use of this tradition by the majors, however, is on the question of the implications of state assistance to emerging co-operatives for an inclusive social movement which incorporates co-operative practices and values. While the major co-operatives feel threatened, to various degrees, by such a movement (especially if it were to involve organized labor), Brideault and others like him look forward to such a prospect,

⁹⁶ Among his several written contributions to this debate, see A. Brideault, "Visa le Noir Tua le Blanc? L'Etat et L'avenir des Cooperatives de Travail", in *Coopératives et développement: Revue du CIRIEC*, vol. 17, no. 2, 1985-86: "Coopératives du travail", pp. 45-58. See also Claude Bariteau, "Pourquoi des Coopératives Morcelées dans une Entreprise Publique, une Société d'Etat?", unpublished paper, Laval University, March 1985.

⁹⁵ For an important exception to this, see the discussion of the promotion of worker co-operatives by the Desjardins caisses populaires in Québec, in Part III, section B 6, above.

and see the value of worker co-operatives in precisely these terms.

It is not clear that one must reject state initiatives in worker co-operative development while simultaneously valuing the "movement-generating" potential of worker co-ops. At the simplest level, one might argue that in the absence of substantial co-operative or other (i.e. trade union) institutional support for worker co-ops--especially during a period of considerable opportunity (i.e. economic crisis) for this alternative model of business activity--it would be inappropriate to reject state financed developments in this field. This cannot resolve the larger problem, as it begs the question of how to counteract the dangers of declining creativity, independence and dynamism fostered by corporatist relations with the state. It would seem worthwhile to allow and encourage some experiments in spite of the potential pitfalls, since at a minimum, reaction by major co-operatives to these experiments will necessarily involve some hard thinking about the state of the co-operative movement and the future of co-operative-government relations in Canada. If such thinking goes beyond leadership circles into co-operatives' memberships and even the interested (social reform activist) public, the results will be unavoidably healthy for all concerned.

Reconciling the need for state financial, legislative and administrative assistance to worker (and other, including "establishment") co-operatives, with the potential dangers of quasi-corporatist relationships needed to facilitate such assistance, is a problem that must be squarely faced by leaders and activists in both frontier and mainstream co-operative enterprises. Definitive answers cannot be worked out in advance of new efforts and initiatives in this area. Co-operative leaders must, in any case, enter into new relations with governments with a clear understanding of the range of implications and consequences--some only apparent after many commitments have

already been made--attending closer, institutionalized relations with the state.

C. CO-OPERATIVE DEVELOPMENT, CO-OPERATIVE DEMOCRATIC PRACTICE, AND CO-OPERATIVE - STATE RELATIONS

Earlier I referred to the need of the major co-operatives to expand their understanding of and membership base in new social constituencies. I will now speak directly to the question of how co-operatives' recognition of and adaptation to the need for developing new member and support constituencies, and co-operatives' reconsideration of their relationship with the state, are inherent in and crucial to a re-commitment to democratic practice within co-operatives.

The tradition of presenting co-operatives as opportunities for ordinary people to enhance the responsiveness and democratic content of key institutions in their daily lives is as old as Rochdale itself. This theme was presented as the principle justification for the recommendations of the 1984 Report,⁹⁷ and was clearly intended to make the document and its suggestions attractive to existing co-operatives, governments, non-elite social organizations, and "the public" at large. It is not going too far to suggest that this legitimation is crucial for co-operatives to effectively commend themselves to their members and a public made cynical and almost fatalistic by generations of largely undemocratic social and economic life.

To be taken seriously by such a public, however, such claims by co-operatives must be effectively and clearly translated into opportunities and practices of social empowerment by co-operative organizations and leaders. Worker and other new co-operative leaders wishing to understand this historically should realize that is precisely what occurred in the early co-operative

⁹⁷ Report, pp. ix and 2-5.

movements in the prairies, Québec and Atlantic Canada, to cite the most obvious cases. Co-operative institutions went beyond transmission of abstract values; they embodied such values in ways that exploited peoples could readily identify and produce direct benefit from. These benefits were economic but also social and psychological: previously dispirited individuals found strength in community institutions and deference-reducing exercises of their collective power *vis à vis* their economic, social and (in the case of prairie co-operator-populists) political adversaries. Co-operative democracy was meaningful because it rejected and, in important ways, successfully challenged significant bases of ordinary people's powerlessness. At least as much as patronage dividends, and the often rather marginal initial improvement in members' disposable incomes, the social and psychological benefits of these challenges constitute a valuable legacy of co-operative economic activity.

Co-operatives experienced the broadly-defined success that they did by directly responding to economic and social crises in the lives of whole communities. To sustain themselves as institutions of relevance and distinctiveness, they must continually respond to new crises in social and economic life, by offering democratically controlled and democracy-enhancing--i.e. empowering--alternatives to people and communities. This cannot be done simply by improving services to established constituencies of large co-operative institutions, since these constituencies are numerically in decline, (other than credit unions) and have largely lost sight of how to use their co-operatives as agencies of empowerment. Most co-operative members do not perceive themselves to require dynamic, democratic alternatives to the institutions and relations of power which dominate their lives, at least not to the point that they act to re-orient their co-operatives in this direction. Post-war prosperity and consumer satisfaction have distracted many "middle class" people from the facts and causes of their

powerlessness, thus drastically reducing the democratic appeal of co-operative economic practice.

Under such conditions, the future of distinctive and democratic co-operative practice must be at least partially vested in co-operative businesses which directly tackle the pre-eminent sources of powerlessness in workplace relationships. Health care and housing co-operatives, which provide vehicles of popular control over basic services in a humane society, are also likely to re-charge co-operative institutions which democratically address these needs and rights. They are also more likely to re-acquaint co-operative members, and the general public, with the primary value and ultimate *raison d'être* of co-operatives, than are co-operatives whose goods and services are now considerably less central to their members' sense of well-being and control over individual and community life. But this should not be seen in competitive and short-term perspectives by established co-operative leaders and activists. If the "frontier" co-ops, especially the worker co-ops, are successful in fostering a sense of empowerment among new social constituencies, or in new aspects of peoples' lives, the relevance and potential value of established forms of co-operative economic activity will be unavoidably enhanced (albeit, perhaps, with an eye to change within these older co-operatives). In the process, co-operatives will be adapting the co-operative model to meet Canadians' changing needs, as co-operatives are enjoined to do in the 1984 Report.⁹⁸

The above considerations are directly relevant to the question of how enhanced co-operative democratic practice might be related to new roles for Canadian governments in assisting worker co-operative development. Very generally, I would argue that so long as co-operatives and their promoters have a clear sense of the democratic objectives of co-operative

⁹⁸ See, for example, Report, p. 26.

development prospects, there can be a minimization of the dangers associated with either corporatist relations between co-operatives and state agencies, or simple bureaucratic and partisan distortion of the objectives of worker co-operatives. Without a commitment to treating workplace democracy as a goal of worker co-operative development on a par with employment creation, for example, the centralizing, bureaucratizing, movement-debilitating consequences of corporatist-type relations between co-operatives and governments are hard to avoid.⁹⁹ Worker co-operatives must not simply become agents of state economic policy and established governments' political agendas, which in most Canadian jurisdictions are far from being compatible with either workplace democracy or building community-based challenges to established economic elites. If the Norwegian case is at all instructive¹⁰⁰, the social relevance and democratic value of co-operative activity can be seriously compromised by sectorally-defined corporatist arrangements even in social-democratic regimes. In Canada, indirect evidence of this can be found in relations between major agricultural co-operative organizations and provincial government agricultural departments in Nova Scotia and Québec, which have come to be established on an almost corporatist footing. While advantageous to most farmers in these provinces, such relations have been detrimental to the co-operative movement in each setting. As active and "responsible" participants in state policy-making regarding agriculture, these major co-operatives have not wished to rock the boat by promoting other, smaller co-operatives; in any case, from this privileged position they have not seen it to be in their objective interests to do so. Their relative satisfaction with the

⁹⁹ For a general account of how internal democratic control can minimize the undemocratic "fall out" from corporatism, see Charles Anderson, "Political Design and the Representation of Interests", *Comparative Political Studies*, Vol. 10, no. 1, 1977, pp. 127-152.

¹⁰⁰ Ekelund (1986).

relations of power within their provincial agricultural economies has not inclined them to look favorably upon any institutions, co-operative or otherwise, which might call these relations of power into serious question. If such quasi-corporatist arrangements become more common--or more fervently sought after--by other major Canadian co-operatives, crucial movement-building and democracy-extending actions by worker co-operatives might be viewed suspiciously at best, and possibly even decisively undermined.

Short of such quasi-corporatist arrangements, of course, are a wide variety of state financial assistance programs, packages, and grants for emerging co-operatives. Individually, they do not pose the same threat to the future of Canadian co-operative development; indeed, under thoughtfully defined circumstances and conditions, they will be essential to this development. But an overall strategy towards such state assistance must be carefully and collectively established by leaders, activists and members within Canadian co-operative institutions.

This strategy must be based upon detailed consideration of the rationale and implications of the democratic and other objectives of co-operative development, and upon long-term planning as to the social constituencies that can be attracted to co-operative ideals, practices, and institutions. In my opinion, both of these elements of strategy-building require co-operators to reach out to other movement-based institutions and organizations for input and experience. Co-operative institutions' values and future planning cannot prosper in isolation from interaction with other groups committed to democratizing social relations and empowering average people. For all of its specific and parochial concerns, weaknesses, and current disputes with major co-operatives, the trade union movement in Canada is too crucial to be ignored or further alienated as a potential co-operative movement ally. The gulf

between trade unionists and major co-operatives is only the most glaring example of a potential ally and contributing constituency which Canadian co-operatives have insufficiently benefitted from while charting their future development. Organized working people will fail to see any real incentive for bridging this gulf if co-operative institutions actively or passively accept the anti-labour agenda of the federal and most provincial governments. The importance of this factor to the future of worker co-operatives in Canada should not be underestimated.

1. Other factors conditioning implementation of the Task Force recommendations

If we focus here primarily on Task Force recommendations concerning worker co-ops, it will be clear that many aspects of this question have been covered earlier in this report. There is, in any case, not enough space (or remaining readers' patience) to address this question in detail. We can summarize by categorizing remaining factors affecting implementation, and noting briefly the ways in which each category can be usefully addressed:

- 1) Progress of ongoing intergovernmental discussions;
- 2) Federal Cabinet response to Task Force;
- 3) General condition of Canadian economy in medium-term;
- 4) Political and ideological trends;
- 5) Attention to workplace democracy by other organizations;
- 6) Success of worker co-operatives in other countries;
- 7) Emergence of a genuine and principled consensus among major co-operatives as to their concrete contributions to worker co-operative development;
- 8) Relationship of emerging worker co-operative development networks to the C.U.C. and mainstream co-operatives mutually supportive and productive, or antagonistic.

1) Ongoing federal-provincial committee work regarding consistency in relevant legislation, worker co-operative access to existing federal and provincial job creation and business assistance programs, and the need for new, "non-discriminatory" taxes as they apply to worker co-ops, has a good deal of promise. If this is continued, and committee recommendations are implemented at federal and provincial levels, the general environment of opportunities and incentives to action for worker co-ops, and their promoters, will be appreciably improved.

2) The federal and perhaps most provincial efforts in this committee work will be affected by the upcoming federal Cabinet response to the Task Force recommendations. This response has been delayed for some time, and it is hard to read the federal government's perception of how support for worker (and other) co-operatives fit with their own agenda. I was rather pessimistic about this earlier in the report, but events such as the late-August grant of \$500,000.00 to St. Francis Xavier University's Extension Department from Employment Canada, give one more hope. The three-year grant funds research and testing of methods of worker co-operative development that are appropriate to the Atlantic provinces and, perhaps, other regions of Canada. One hopes that this is an indication of good things to come despite the October 1 message, in the Speech from the Throne that disadvantaged communities and regions will have to "help themselves".

3) The state of the Canadian economy has no really predictable effect on worker co-operative development, but several obvious scenarios can be noted. Continued high unemployment, especially if it hits skilled workers and professionals with increasing severity, provides a greater incentive for these unemployed (or underemployed) to seek out and experiment with new employment options. If government, co-operative, and resource-educational groups continue to increase their promotion of worker co-ops, this option will be

perceived as worth trying by increasing numbers of under- and unemployed, and even others seeking the workplace democracy and psychological benefits of worker co-ops. A drop in unemployment is unlikely to feature major decreases in under-employment, or increases in satisfaction, thanks to the rapid technological change. So as long as education and promotion of worker co-operatives proceeds at an increased pace, the sources of human interest in worker co-operation should not disappear. Government incentives to small business development which completely overshadow and disadvantage (eg. tax-wise) worker co-operatives would be more damaging to the latter's prospects.

4) The degree to which the three major political parties become regionally and nationally interested in worker co-ops, for job creation and workplace democracy reasons, will have a substantial impact upon the pace of worker co-operative development. The C.U.C.'s major corporate members will feel more comfortable working together with governments to assist worker co-operative development if the topic becomes more "legitimate" and high-profile in public circles. The same is true for complementary efforts by a variety of church groups, trade union organizations, and other associations claiming to work towards the "public interest". If public opinion becomes supportive of worker co-operatives in any significant way, rational "vote getting" politicians and their advisors will respond with a higher level of attention to and support for worker co-ops. Preliminary evidence for this "lead role" that a political party can take can be found in Manitoba. In provinces where no political party has been pressured, attempted or managed to make worker co-operative development a public issue, to which major organizations (business, labour, church, etc.) must respond, the rate of worker co-operative development is considerably slower. This relation indicates rather clearly that co-operative issues often become "political", and perhaps even partisan, in character, regardless of the desires of co-operative leaders.

Ideological trends of importance to worker co-operative development are of two basic types: the neo-conservative celebration of "free enterprise" as the epitome of freedom, democracy, and anti-communism, on the one hand, and the concern for decentralization of political and economic power and authority, on the other. The latter concern is shared by those on the "the right" and "the left", albeit for largely different reasons. The impact of neo-conservatism upon worker co-operatives has been and will be felt in a variety of ways. Business people will insist that new programs for job creation that do not directly "stimulate" the private sector are illegitimate, as they will simply enlarge the deficit, create temporary employment, or involve the state in undesirable intervention into "the magic of the market". Worker co-operatives will be assailed, as beneficiaries of state assistance, if and when they come to compete directly with private sector firms. Public opinion is less receptive now than five years ago to programs designed to assist the unemployed, because the neo-conservative attack on the welfare state has claimed that very few people require assistance; if they "really" want to work, the unemployed can take low-paying, part-time, service sector jobs, and "work their way up" into something more attractive. This attitude makes public acceptance of worker co-operative development a more difficult endeavour.

The priority given by neo-conservatives to the accumulation of pre-1930 levels of management authority, relative to employees, communities, and state regulation, has an indirect but nonetheless powerful impact upon worker co-operatives in North America. The reason is clear: worker co-operatives' mere existence demonstrates the retrograde, anti-democratic, and anti-worker logic of this "management rights" crusade. Collective, democratic control of a workplace is a dangerous heresy to neo-conservatives--as is the idea that individuals would rationally enter into collective economic

activity without the almost over-arching motive of accumulating speculative profit.

Oddly enough, neo-conservatives also claim to support decentralized economic decision making. While this may be little more than a cloak for their de-regulationist, anti-state-interventionist agenda, they are nonetheless caught having to applaud the local control dimensions of worker co-ops, even if they criticize them on other grounds. They thus find themselves uncomfortably sharing the company of "left-wing" advocates of community control over community economic activity, who are encouraged rather than threatened by the democratic potential of worker co-operatives. These and other supporters of worker co-operatives must take advantage of neo-conservatives' support for decentralized economic decision-making by independent entrepreneurs, by showing that worker co-operatives combine these features with a measure of internal democracy that private sector firms have consciously and necessarily rejected. The neo-conservative position can then, to some extent, be used to undermine its own logic. This strategy can, in fact, be utilized more widely within the co-operative sector to neutralize and overcome the prejudice against collective social and economic action that neo-conservatives have cleverly instilled (and/or re-activated) in contemporary North American culture. Co-operators are seriously deluding themselves if they think that this prejudice has not hurt their institutions' economic and social standing.

5) The neo-conservative tide has not precluded--in fact, in some ways, it has stimulated--increased attention to workplace democracy by organizations such as churches, trade unions, women's organizations, community development corporations, and human rights groups. These groups' work on this and related issues presents the major co-operatives with significant opportunities for common cause and increased efficiency in use of co-operative development resources. It would be shortsighted

and unfortunate if the majors were to overlook or reject these opportunities because they believed that associating with these other groups for any purpose would be perceived as "too political",¹⁰¹ or because individual co-operative leaders could not personally support the full range of any such group's objectives or recent actions. Canadian co-operatives presumably did not share all of the objectives of other businesses and organizations represented on the federal Liberal's "6 and 5" consultative body several years ago, yet they did not reject such activity as "too political". Associative action with church, trade union, community and other similar groups is of value to co-operatives simply as a means of extending their own constituencies; effective promotion of worker co-operative development thereby is almost a bonus, albeit a worthy one. One could almost say that because worker co-operatives offer mainstream co-operatives opportunities to expand their connections, support networks, and memberships (through the above associative action), the mainstream co-operatives owe worker co-operatives the favour of development assistance.

One way of encouraging other groups interested in worker co-operatives to take mainstream co-operatives seriously as socially valuable institutions, and as partners in worker co-operative development, is for the majors to devote serious attention to incorporating their employees in decision-making processes within each co-operative. A creative and serious pursuit of the "stakeholder concept", and logic of economic democracy, was strongly recommended to the major co-operatives in the 1982 Co-operative Future Directions Project

¹⁰¹ It is worth noting that a decision not to work with such groups to further commonly agreed-upon elements of "economic democracy" would, in itself, be a political decision. This would be a classic case of what Peter Bachrach and Morton Baratz call a "non-decision" with crucial political consequences. (P. Bachrach and M. Baratz, "The Two Faces of Power", *American Political Science Review*, Vol. 53, November 1962.)

report.¹⁰² Since then, The Co-operators Group has drafted plans to utilize the stakeholder concept in two of its new operating divisions,¹⁰³ Credit Union Central has begun exploration of similar possibilities, and Saskatoon Co-op has passed a bylaw permitting employees to sit on the co-operative's board. These examples do not suggest a clear trend within co-operative-employee relations, but they do hold out the promise of greater reconciliation between themselves and organized and unorganized labour, or establishment of common purposes with church groups and other social issue-oriented organizations.

6) International success of worker co-operatives is an ever-increasing fact which will favor similar developments in Canada. British, French, Italian, Spanish, and even American worker co-operative success stories are important to Canadians for their educational value (we need not "re-invent the wheel", and can see how different environments require different development strategies), as well as for their "demonstration effect" value--government officials, politicians, and social organizational leaders will be less inclined to say "it can't work here" if it works there, there, and there.

7) A consensus amongst major players in the co-operative system, as to their concrete and systematic contributions to worker co-operative development, would emerge much more easily if positive developments in the above six areas (especially the first five) are soon forthcoming. It should also be clear that this consensus itself could stimulate such positive developments, since clear signals and committed action by the major co-operatives in the sphere of worker co-operative development is almost a necessary (but not sufficient) condition of relevant new

¹⁰² J. G. Craig et. al., Patterns and Trends of Canadian Co-operative Development (Saskatoon: Co-operative College of Canada, 1982), pp. 111-119.

¹⁰³ Teunis Haalboom, "The Multi-Stakeholder Concept': An approach to co-operative corporate design", paper presented to the Co-operative Contemporary Issues Conference, Victoria, B.C., May 1986.

initiatives by governments, political parties, and assorted social organizations. The "Catch 22" character of these relationships poses a problem for the co-operative leadership which has moved cautiously and inconsistently since the Report, to promote its recommendations. Given the economic difficulties faced by most of the major co-ops, it is reasonable to view them as beleaguered institutions which need incentives to support development that may arguably be in their long-term objective interests, but not (in most cases) of pressing short-term institutional objective interest. Positive development ranging from government incentives for joint co-op/state assistance to worker co-ops, to enhanced public, political party, and social organizational support for worker co-ops, to upturns in the markets they operate within, can all be seen as different incentives to major co-operatives to extend assistance to worker and other new co-operatives.

As mentioned above, a consensus as to their role in worker co-operative promotion and assistance would be at least logically, if not practically premature, in the absence of a higher level of consensus among major co-ops' leaders regarding the role of the state in the economy. If it is unrealistic to expect such consensus at a general level, it would still help considerably for a more consistent position to emerge regarding assistance to co-operatives both old and threatened, as well as new and lacking the wherewithal to survive an initial stage of growth.

8) Closely linked to #7 above is the character of emerging relationships between worker co-operative development networks outside the co-operative mainstream, and the regional and national organizations of the mainstream co-ops. There are multiple opportunities for misunderstanding, poor communication, suspicion, or even explicit antagonism between these two groups--just as there are opportunities for mutually supportive and productive development founded upon shared commitment to common objectives (not necessarily all common,

but at least a significant number of key common objectives). Negative relationships must be guarded against with almost as much effort as is put into the detailed working-out of joint commitments and endeavours between the two groups. If mainstream co-operative leaders or worker co-operative activists alienate each other in any decisive manner, the movements' institutions and promise which these people represent will be seriously damaged. In the long-run, neither can afford a bifurcation of co-operative movement and practice.

D. CO-OPERATIVES AND POLITICS

Most co-operative leaders interviewed for this study were quite insistent that co-operatives' involvement with "politics" imperilled individual co-operatives and the system as a whole. What all this excluded was not always clear, but their recently developed lobbying techniques, including "pre-election campaigns", were not rejected, while activities that seemed to hold the potential of partisan identification were. Depending on the person interviewed, "politics" included either all issues not directly and almost exclusively affecting co-ops, or all issues where the co-ops' institutional interests were not immediately affected.

Generally, the argument was that co-operatives' memberships were socially and politically very diverse (especially in the case of credit unions/caisses populaires), and that forays into political debate on contentious issues were, consequently, (1) unrepresentative, because no mandate to speak in this way had been given by the membership, (2) irresponsible, because potentially threatening to membership size or co-operative fortunes, and (3) politically dangerous, because governments and parties, as well as a variety of interest groups, might draw inappropriate and possibly damaging conclusions about co-operatives' partisan affiliations, thereby reducing co-operatives' credibility with and influence upon governments. A corollary of

these arguments, either implicit or explicit, was that co-operatives had no need, no good positive reason, for such involvements in political debate.

Several people interviewed argued that co-operative leaders' contributions to public debate on contentious, non-co-op specific issues would provide something for their institutions and movement which they desperately need: a higher public profile, an image of organizations and social constituencies which are concerned enough about public policy and changes in public life, or society generally, that they make the effort to participate openly in, and affect the direction of, public debate. The problem that such activity would address, for such respondents, was the marginal relevance of co-operatives to economic and social affairs in the general public's and governments' perspectives. The risk of potentially damaging controversy had to be taken for this problem to be addressed.

Those taking this latter position were convinced that co-operative leaders and the public could distinguish between political involvement and partisan bias or affiliation, while those counselling against co-operative involvements in public debate (on issues that are not narrowly co-op-centric) denied that the public or co-operative members would make this distinction consistently enough to prevent the damage of implied partisan association. They argued that if such partisan connections were made in the public's, government officials', and co-operative members' minds, the viability of such things as requests for financial assistance to struggling co-ops, requests for (or government initiated) programs for new co-operative development, and even co-operative official representation on different public bodies, agencies, etc, would be threatened. In short, the concern was that their credibility with and modest access to decision makers, which have been won only with considerable effort, would be gratuitously undermined. They also argued that co-operatives' ability to persuade a government

(or the public) to take any particular concern of theirs seriously would be reduced if the range and number of their appeals increased beyond the orbit of distinctively co-operative issues. To extend the scope of public issue commitments and contentions is to risk trivializing those that should be of paramount concern to an organization.

The *status quo* among co-operative leaders on this question is an understandable expression of cautiously-interpreted calculations of objective interest within large, mature institutions. Anti-political traditions of a social movement¹⁰⁴ have been utilized to restrict the extent to which co-operatives can act as (part of) a social movement. This interpretation of the non-partisan principle is buttressed by a residual anti-statism, which, in turn, is rooted in an old notion that the state is controlled by interests which are antagonistic to the economic democracy that co-operation was established to realize. An image of the state as an antagonistic and potentially punitive force is, quite unsurprisingly, likely to incline its possessors to adopt a very cautious approach to politicized public life once their organizations have "graduated" from the movement phase to the institutionalized phase of their life-cycle. After a certain point, their stake in the prevailing political economy, which grudgingly but undeniably allowed their organizations a modicum of success, becomes too large for them to lightly discard or even re-evaluate their cautious orientation to public life. Joint ventures with governments, while advantageous and commendable on other grounds, inevitably extend this caution and commitment to "the system".

In this context, it becomes very difficult for major co-operatives' leaders to weigh the importance of retaining enough social movement orientation to ensure recruitment of new social constituencies, or re-commitment of older constituencies, to co-

¹⁰⁴ In this case those that were intended to be non-exclusionary, i.e. all persons of any political persuasion can join co-operatives.

operative principles and practices. If there is a powerful argument for a more activist and broadly ranging participation of co-operative leaders in public debate, it seems to me that it is located in this need for long-term constituency recruitment. One could argue that co-operative principles require co-operative leaders to speak out against government policies, and political, social or economic institutions, which subvert the progress of economic democracy. While this may be true, practical implementation of this desiderata is hopelessly impeded by the many definitions of economic democracy (and related strategies for its achievement) within the Canadian co-operative system.

So the argument for explicit recognition of and action upon the unavoidably political character of co-operatives' response (and non-responses) to public issues¹⁰⁵ must be built upon practical grounds. Thus the recruitment need can be tied to the attractiveness of internal democratic practice in co-operatives; this can, in turn, be seen to depend upon its ability to address and deal with basic social and economic concerns of the communities that co-ops' members live in. With effective participation in partisan politics now restricted to a small minority of politically skilled or economically advantaged citizens, co-operatives can at least partially base their public appeal upon their facilitation of meaningful participation in public life. A co-operative which artificially restricts its range of stated concerns to internal matters is not facilitating such public life experiences for its members, and in this sense accepting a status and social role which its private sector competitors are only too happy to see it accept.

This is not to say that co-operatives should or can become substitutes for all other forums or vehicles of citizens' public experiences. It is to say that by opening themselves up

¹⁰⁵ For an account of why co-operatives' silence on major public issues is political in character, with conservative implications, see D. Laycock, (1985), Section VI.

more to the world of public issues and concerns, or by publicly acknowledging their members' concerns on these issues, they will promote the harmonization of economic democracy with other forms of collective control that most citizens are almost oblivious to. In doing so, they promote and strengthen co-operatives' earliest and continuing *raison d'être*, as the instruments of collective, democratic control over important aspects of community life by average community members. One of the important first steps in this process is the participation of co-operative leaders in discussion of public affairs in ways that show the relevance of co-operatives to public life. Such activity is practical, and in the long-run interests of co-operatives as institutions, because it can indicate to actual and prospective members why patronage at and involvement in distinctive institutions is "worth it". The C.U.C. submission to the MacDonald Commission is one example of this kind of activity, but considerably more issue-specific contributions, in less formal settings than Royal Commission or parliamentary committee hearings, are required to give the general public (and most politicians or public officials) a sense of the actual and potential value of co-operatives to public life.

It would not hurt co-operatives' public images to become far more active in formal policy development or review exercises than they have been since at least 1970. A quick review of the submissions to "co-op - relevant" federal task forces and royal commissions since then shows that co-operatives have kept far too low a profile in these forums, which provide "free" publicity and a chance to be taken more seriously by senior politicians, bureaucrats and other actors in the policy process.

In the recent Neilsen Task Force on Program Review, for example, no co-operatives made submissions to the Employment Training Programs Review Committee, only one co-operative (Manitoba Pool Elevators) made a submission to the Agriculture Program Review Committee, and the three prairie pools

made half of the co-operative submissions to the Transportation Program Review Committee. In the major review of labour markets and employment questions undertaken by the Parliamentary Task Force on Employment Opportunities in the 1980s, (1980-81), co-operatives made no submissions. The same was true for Judge Rosalie Abella's Commission on Equality in Employment. The record was considerably better for the Royal Commission on the Economic Union and Development Prospects for Canada (MacDonald Commission, 1982-85), where 29 large and small co-operatives and co-operative organizations made submissions. On the other hand, a decade earlier, only the C.U.C. bothered to make a submission to the Royal Commission on Corporate Concentration (1975-78), in a total of roughly 175. For economic and social organizations whose origins were largely a function of the negative effects of corporate concentration, this was a sorry performance indeed. The irony of co-operatives showing such minor concern for, or interest in, offering alternatives to corporate concentration is too obvious to require elaboration here.

Finally, we can note the record of Canadian co-operatives in the extensive public hearings of the Commission of Inquiry on Unemployment Insurance, headed by Claude Forget. With the strong commitment to employment creation announced in their 1984 Task Force Report, one would have expected the major Canadian co-operatives to show some interest in this commission, whose terms of reference indicated a wide-ranging review of labour market-related programs of income assistance. In fact, only four co-operatives made oral or written submissions: the Fogo Island Co-operative Society, Petty Harbour Fishermen's Producer Co-operative Society, and the Torngat Fish Producers Co-operative Society, all of Newfoundland, and the Community Service Co-operative of Regina.¹⁰⁶ With over 1500

¹⁰⁶ Commission of Inquiry on Unemployment Insurance, Report (Ottawa: Government of Canada, 1986), pp. 351-352 and 363.

written submissions from groups as diverse as the Canadian Conference of Catholic Bishops, the Governments of Alberta and British Columbia, the Canadian Federation of Independent Business, the Y.W.C.A. of Winnipeg, the Canadian Association for Adult Education, The Canadian Labour Congress, the Canadian Dump Truckers Association, and the National Citizens' Coalition, and the Union des producteurs agricoles, as well as many smaller, local organizations, one has to wonder why no real co-operative voice was heard in this major policy development exercise.

One simple example of how co-operative leaders could address public concerns, while shedding positive light upon their institutions, is with the promotion of worker co-operatives. There are many events in the news each month that demonstrate the absence of workplace and economic democracy in Canada. It would not be hard for co-operative leaders to point to these, indicate why and how they are unacceptable, and propose worker co-operatives as one of several forms of co-operative enterprise which enhance, rather than acquiescing in the deliberate minimization of, control over economic life by employees and communities. This is especially true of regional development initiatives in the country's poorer areas, where most government projects foster increased dependence upon, and surrender of control to, outside capital. By promoting the values of economic and workplace democracy in ways that complement job creation through promotion of worker co-ops, established co-operatives can make a valuable contribution to public discussion while enhancing their own public image. This must be done with regard to specific situations, possibilities and initiatives, as well as in general documents or projects, for the public to appreciate what is at stake. Abstract endorsements and commitments cannot do this, especially if the failings of past and present non-co-operative development options are not explicitly pointed out by co-operators.

This tactic may make conflict-avoiding traditional co-operators uncomfortable, as it will draw them into public debate and unavoidably alienate some in the private sector. But the virtues of co-operation and economic democracy are not immediately obvious to the average Canadian who has not experienced them; the deficiencies of what they now grudgingly tolerate must be clarified for the full attractiveness of co-operative options to be evident. Co-operators must take full advantage of opportunities presented by events such as the recent Newfoundland Royal Commission on Employment and Unemployment. The report urged Newfoundlanders to consider development strategies consistent with the character and actual capabilities of the province's communities. In this context, Commission Chairman Douglas House contended that "producer co-operatives and worker co-operatives are promising but underdeveloped forms of enterprise for Newfoundland communities". In this context, the House Commission recommended significant increases in government support for worker co-operative education, management and overall development, as an alternative to mega-project expenditures.¹⁰⁷ While Newfoundland presents us with extreme examples of the failure of conventional government industrial aid programs for non-indigenous private investors, co-operative leaders can and should say a good deal about the "lessons" of such experiences, as part of their promotion of the values of co-operative development alternatives.

Some would argue that co-operatives' participation in public debate will reduce their collective clout with government, because it will inevitably expose their inability to develop group consensus on various public issues. On issues such as prospective changes to co-operative acts, this concern is well justified. But on other issues, such as free trade, or the erosion of accessibility

¹⁰⁷ "Media release", Newfoundland-Labrador Federation of Co-operatives, Oct. 12, 1986, pp. 1-3.

to health care, or the inadequacy of government action to assist victims of recession and unemployment, or the attacks on public institutions like the CBC by right-wing "citizens' coalitions", this concern is not nearly so valid. Government officials realize (or can be easily made to realize) that co-operatives have good business and other reasons for either agreeing or differing amongst themselves on public policy issues that affect their memberships. Should co-operatives count themselves out of the free trade debate because they cannot (and do not wish to) forge a common position? How does the absence of co-operatives from a discussion of national importance help their image? Are not public debates opportunities for demonstrating the distinctiveness and relevance of co-operatives? Is it not likely that government officials, and officials from social, economic and political organizations, will be impressed with the breadth of co-operators' concerns, and be more inclined to take them seriously as participants in policy development?

It may be argued that while the answer to this last question is "yes" from one angle, the internal credibility of co-operatives (especially the larger ones) is damaged when leaders speak or act on issues upon which they have received no mandate from their membership. This is true so long as co-operatives discourage their leaders from active participation in public discussion, either because they feel such activity is of little importance, or (as a partial consequence) because they do not address any public issues within their own democratic processes. Having withdrawn from the public realm, they insist upon taking their leaders with them.

Part of the problem with this implied injunction upon participation in public affairs is that it is inconsistently applied. Two examples from Saskatchewan can illustrate this. In 1982, Federated Co-operatives submitted a brief to the provincial government on proposed changes to the Trade Union Act. Its recommendations were, generally, for major departures from the

existing legislation--and yet the F.C.L. network was neither widely consulted before the brief was prepared, nor asked to approve it before its submission. Considering the importance of a good labour relations climate to Federated's affiliates, this is a particularly odd departure from the "non-political" norm of F.C.L. activities. Another is the recent spate of provincial television and newspaper advertising (including a 28-page advertising supplement, the day before the election call) for the Co-op upgrader, which coincided with an incumbent government's taking credit for the upgrader and its jobs. A co-operative consistently concerned with avoiding non-mandated partisan identification or involvement in contentious public issues would not have permitted this appearance of partisan support to emerge at so politically sensitive a time--despite the fact that some form of public relations effort for the joint project was to be expected.

Perhaps the least threatening way for co-operative organizations to involve themselves in public affairs, without alienating some of their members or government contacts, is through the release of discussion papers. This serves the purpose of heightening both internal and public attention to particular issues, while leaving the co-operatives' future options open regarding formal policy commitments or positions. Credit Union Central of Saskatchewan has done this recently with a well-researched and well-circulated agricultural policy document, ("The Changing Face of Agriculture"), and Ontario's Credit Union Central will be producing discussion papers as part of their new community economic development initiative. In addition to improving their community responsibility image with the public and government, these co-operatives stimulate the participation of some of their experienced and thoughtful members in particular public issue areas. This latter result is one that should be a strength of democratic economic organizations,

and is desirable because it benefits the public interest and assists the co-operatives in building upon their own distinctiveness.

There are obviously limits to the types of public issues co-operative memberships and leaders can fruitfully address. It makes little sense for a credit union leader to comment upon abortion or capital punishment in his/her role as credit union leader. While "drawing the line" here will involve some difficult (and perhaps divisive) decisions, common sense can normally be expected to set effective limits in this area. Close consultation between members and leaders via elected directors provides an important democratic check upon and supplement to such common sense. But leaders and members must recognize that shyness and the desire to avoid partisan association should not prevent them from utilizing their democratic organizations as contributors to enlightened and more broadly representative public discussion. In terms of increasing their political influence, and having the interests of co-operators more effectively represented in public policy, it is my opinion that the long-run interests of co-operatives favor a more activist orientation to public life, one which extends beyond the realm of short-term business concerns, in the spirit of the 1984 Task Force Report.

E. SUMMARY OF RECOMMENDATIONS

The bulk of this study has been devoted to analysis of co-operatives' lobbying practices generally, their promotion of worker co-operatives specifically, and description of government assistance to worker co-operative development. I have taken the liberty throughout of suggesting ways in which co-operatives might improve upon their activities of this nature. In this final section, I will summarize these suggestions under two headings. Readers interested in why I recommend these courses of action are advised to consider their analytical context.

1. Co-operatives' Government Relations Programs and Activities

a) Because the range of activities included within a contemporary large corporation's government relations program is substantial and demands considerable staff and financial resources, the major co-operatives must formalize and expand these programs substantially if they wish to have an effective voice in government policy development and application, as compared to their private-sector counterparts.

b) Such expansion should be planned in conjunction with a reconsideration of the contribution that co-operative members and elected officials can make to lobbying efforts. The "technical" and representational elements of these efforts must become more mutually beneficial, and effectively integrated (not merged), for co-operatives' internal health and government policy benefits to improve. In effect, what I am saying is that "professional" lobbying activity, while in need of expansion, must not be allowed to overshadow the democratic processes and controls through which co-operative members set the policy and public involvement agendas of their co-operatives.

c) Government relations work should become more formally and explicitly integrated into the "corporate planning" aspects of major co-operatives' operations. Co-operatives looking for examples to follow should consider the Saskatchewan and Ontario Credit Union Centrals' and C.C.C.S.'s efforts in this regard.

d) To foster long-term development of a more diverse, extensive and committed membership, and to strengthen certain aspects of their government relations work, major co-operatives should consider how they can involve their leaders and members more directly in contributing to public discussion of policy issues beyond the co-operative specific realm. The positive opportunities outweigh the dangers in such activity.

e) All of the above should be informed by an explicit and systematic reconsideration of the desirable role of the state in Canadian economic life, and the desirable pattern of relationships between co-operatives and governments. Ad hoc, indirect decisions on these matters have cumulative effects which co-operators may regret after molds have been set, especially since these decisions can bear so directly upon the democratic character of co-operative organizations.

An excellent opportunity for reconsideration of the co-operative/state relationship will arise following the federal Cabinet's (expected) fall 1986 response to the report of the National Task Force on Co-operative Development. The Report itself suggested a variation on this one year after its publication, reasoning, one assumes, that a Cabinet response would have emerged by then. The reconsideration recommended here is not a one-time, single conference product, but rather a careful process involving local and regional forums, which have been preceded by widespread circulation of discussion papers outlining options and possibilities in this aspect of co-operatives' futures. Invitations to outside, interested groups and individuals to participate in these deliberations would be a bonus, since outside but sympathetic voices will play an important role in the co-operative future. (N.B. It is important to recognize that I am not recommending a repeat, in size, cost, or duration, of the Co-operative Future Directions Project!)

2. Implementing the Task Force's Worker Co-op Development Agenda

Major co-operatives should improve upon their initial attempts to make concrete progress on recommendation #12 of the Report. The most important elements of this activity are:

a) **Educational:** Co-operatives' memberships, government officials, and the general public should be given much more exposure to the concept of, rationale behind, and previous

examples of worker co-operatives. The existing informal network of worker co-operative resource groups and activists lack sufficient human and financial resources for this job; established co-operatives should attempt to effectively share the remainder of this job with governments. Co-operatives' contributions need not be primarily financial.

b) **Financial:** Some financial sharing of risk for the "first wave" of worker co-operative development can be taken by major co-operatives, especially financial co-operatives. This risk can be substantially reduced by governments through loan guarantees (contingent upon feasibility studies, etc).

c) **Technical/Managerial:** Considerable human resources within the co-operative system are available in these areas, as demonstrated by the Desjardins program in Québec, which "loans" retired Desjardins employees and other interested volunteers to prospective and newly established co-ops. While some of this could be financed through existing federal and provincial government programs, a good deal of such assistance could be provided on a volunteer basis, if this is strongly promoted by the major co-ops. Simple jobs, such as assisting prospective worker co-operatives to prepare proposals for use of existing federal and provincial business assistance or job creation funds, can be of great importance to emerging co-ops.

d) **Lobbying:** The C.U.C. and C.C.C.S. should not have to shoulder full responsibility for promoting worker co-operatives to their government contacts and politicians, even though their actions in this regard are crucial. Major regional co-operatives also have a role to play here, which should be seen as a long-term investment in their own institutional futures, not just an abstract contribution to the co-operative movement or system. Promotion of worker co-operatives to government and public audiences must be consistent with the educational thrust, by focusing upon their democratic, community control aspects as well as their job creation benefits.

e) **Building a Community of Interest in Economic Democracy:** The Report does not address this issue directly, but it is appropriate to do so here. While this is, in one sense, a subset of the lobbying strategy, because it indirectly encourages governments to look favorably and intelligently upon worker co-ops, this category of effort entails more than lobbying. Co-operatives have the opportunity to "use" worker co-operatives to establish links to other organizations and strata of contemporary Canadian society which will be crucial to their own bases of membership support and direction in the future. This can be done by showing how worker co-operatives are concrete, practical expressions of citizens' democratic rights to participate in determining the nature of their work. To pass up this opportunity would be a cautious short-term move, but a longer-term institutional and movement-threatening gamble.

Taking advantage of this opportunity to help build a community of interest in economic democracy would allow co-operatives to firmly re-establish and act upon credentials that are distinctive and appealing to "the common people". If co-operatives' values and actions do not clearly help to empower common people, by being openly related to their struggle for rights in and to work, and for dignity, Canadians will gradually forget the relevance of co-operatives as institutions which can combine economic service with democratic control. Along with housing and health care co-operatives, worker co-operatives present the Canadian co-operative establishment with some of the most effective means of reducing this risk. The frontier co-operatives are by no means panaceas in this regard, but their movement-regenerating and system-expanding potentials are such that they must receive considerably more attention from and support by the present pillars of the Canadian co-operative system.

Appendix #1: A Note on Sources

In addition to the many interviews (and materials resulting therefrom) listed in Appendix #2, several other bodies of information proved valuable to the research for this study.

The Co-operative Union of Canada kindly permitted me access to board minutes, internal communications, and a range of other documents relevant to an understanding of their government relations work. These materials are partially located at Co-operative House in Ottawa, and partially (for the period before 1979) at the Public Archives of Canada, albeit in an as yet inadequately catalogued form. Mr. Albert Chambers of the C.U.C. also responded helpfully to my requests for information on specific issues that had arisen in his department since he assumed the position of Government Affairs Director.

The Co-operative Union of Canada's *News Service* publication, and its predecessors back to 1973, proved to be useful sources of information on C.U.C. and its members' government relations activities and concerns. To a lesser degree, the same is true of *The Credit Union Way* (Regina) and *Enterprise* (Vancouver).

Like most researchers on Canadian co-operation, I am heavily indebted to Ms. Leona Theis, Librarian of the Co-operative College of Canada (Saskatoon). In addition to having organized and catalogued a wealth of information from, about, or relevant to co-operatives, Ms. Theis's comprehensive knowledge of the library's holdings, and generous assistance in guiding the researcher through them, were of great importance to this study.

The literature on government relations activities of Canadian co-operatives, and Canadian governments' treatment of co-operatives via public policy, is impressionistic and unscholarly, with very few exceptions. Worth noting as exceptions are Douglas Holland's The Co-operative Movement

and Taxation: A Study in Canadian Public Policy (York University: Master in Environmental Studies thesis, 1981), Margaret Kipp's The Co-operative Union of Canada: An Interest Group (Carleton University: M.A. thesis, Political Science, 1977), and occasional articles on specific policy questions in Co-opératives et Développement: le Journal du C.I.R.I.E.C. (Montreal). Comparative perspectives on co-operatives' government relations activities can be obtained from the Canadian literature on business-government relations. Of greatest interest in this area is the recent work of William Coleman, a political scientist at McMaster University. Coleman combines a clear appreciation of policy development processes and institutions inside governments with a perceptive account of intra- and inter-organizational policy advocacy and participation efforts in the private sector of the Canadian business community, and sets these both in a realistic context with the use of recent theoretical work in the area of political economy. Coleman's work is more likely to provoke serious thinking by Canadian co-operators about government relations issues than the largely descriptive, and simplistically prescriptive, work of people such as Isaaah A. Litvak (Business Can Succeed!: Understanding the Political Environment; numerous articles in the Business Quarterly, such as "Lobbying Strategies and Business Interest Groups", vol. 48, no. 2, 1983) and most other business school teachers. For co-operative leaders and managers interested in comparing their public affairs "program" commitments and tendencies to those of the private sector, Andrew B. Gollner's Corporate Public Affairs in Canada: A Survey of Canadian Business Responses to Social Change (Montreal: Concordia University, 1984), provides an interesting collection of data. And for a comprehensive review of the context and character of business-government relations, W.T. Stanbury's recently published Business-Government Relations in Canada (Toronto: Methuen, 1986) is very helpful. Stanbury combines a frankly

pro-private sector account of the structures and processes in this realm with a compendium of examples and prescriptions from this private sector experience. (Had I seen this study before my own was completed, I would have used some of its comparative data to sharpen my own analysis.) It can be recommended as a very useful resource to co-operative leaders and practitioners of government relations, with the caveat that Stanbury's private-sector biases and perspectives should be taken into account when weighing the value of his recommendations and assessments.

To learn more about the general context of co-operative-state relations in Canada, the reader is well advised to review K.J. Rea and N. Wiseman, Government and Enterprise in Canada (Toronto: Methuen, 1985); G. B. Doern and R. Phidd, Canadian Public Policy (Toronto: Methuen, 1983); Ronald Manzer, Public Policies and Political Development in Canada (Toronto: University of Toronto Press, 1985); M. Whittington and G. Williams, Canadian Politics in the 1980s (Toronto: Methuen, 1984); and three research studies done for the Royal Commission on the Economic Union and Development Prospects for Canada: K. Banting, ed., The State and Economic Interests (Toronto: University of Toronto Press, 1986), Vol. 32.; A. Blais, A Political Sociology of Public Aid to Industry (Toronto: University of Toronto Press, 1986), vol. 45; H. G. Thorburn, ed., Interest Groups in the Canadian Federal System (Toronto: University of Toronto Press, 1985), vol. 69, and the very recent Group Politics and Public Policy (Toronto: Oxford University Press, 1986) by A. Paul Pross. This last and most recent book has the most comprehensive existing bibliography on interest group and public policy development in Canada. There are many more books and articles that could be recommended; some are cited in the footnotes above. One which should not be overlooked is Ian MacPherson's Each For All: A History of the Co-operative Movement in English Canada, 1900-1945 (Toronto: MacMillan, 1979), which provides an excellent historical sense of the

political, economic and cultural obstacles faced by co-operatives in Canada.

With the significant exceptions of work by Québécois scholars, such as a recent issue of the C.I.R.I.E.C. journal, Coopératives et Développement: Coopératives de Travail (Montreal: 1986) and B. Levesque et. al., Profil socio-économique des coopératives de travail en Québec (Montreal: UQAM, 1985), Canadian academics (and others) have published very little of a scholarly or lengthy nature on worker co-operative developments and prospects in Canada. A useful source of information and ideas regarding worker co-operatives is *Worker Co-ops*, a quarterly magazine published by The Centre for the Study of Co-operatives, Saskatoon. Some indication of the different perspectives on worker co-operative development in Canada can also be obtained in S. McCarthy, ed., Employment Co-operatives: An Investment in Innovation (Conference Proceedings), Occasional Paper #2, Centre for the Study of Co-operatives. A recent collection of case study interviews and useful information for interested community activists is Constance Mungall, More than Just a Job: Worker Co-operatives in Canada (Ottawa: Steel Rail Publishing, 1986). For those interested in the details of starting a worker co-operative, the Worker Ownership Development Foundation of Toronto has published Starting a Worker Co-operative: A Handbook (Toronto: WODF, 1985).

Finally, the reader is reminded that the key point of reference for this study is the report of the National Task Force on Co-operative Development, A Co-operative Development Strategy for Canada (Ottawa: 1984). To the reader unfamiliar with the report of the National Task Force, much of my own report will be more obscure than necessary.

APPENDIX II: List of Interviewees

Greg S. Arason Corporate Manager Services & Development Manitoba Pool Elevators	Norman Bromberger Chief Executive Officer Credit Union Central of Saskatchewan
Senator Hazen Argue Senate of Canada	Javier Caceres Executive Director, Prairie Pools
Jody Aylard, Executive Assistant Office of Minister of State for the Canadian Wheat Board	Claude Carbonneau, Coordinateur Société de développement coopératif Québec
Ronald Bailey Co-operative Relations Director Department of Co-operative Development Government of Manitoba	Albert Chambers Director of Government Affairs Co-operative Union of Canada
Dr. Claude Bariteau, Vice-doyen Faculté des Sciences Sociales Université Laval	Michelle Champagne, Librarian (specialist on co-operatives) Ecole des Hautes Etudes Commerciales Université de Montréal
Dr. Claude Beauchamps Department d'Economics Université Laval	Richard Chenier, Deputy Minister Department of Co-operative Development Government of Manitoba
Robert Bethune Vice President, Corporate Secretary United Co-operatives of Ontario	Alain Côté Responsable de la recherche Direction des coopératives Ministère de l'Industrie et du Commerce Gouvernement du Québec
Meriel Bradford Director, Distribution and Transportation Services Directorate Service Industries Branch Department of Regional and Industrial Expansion	Daniel Côté Chargé d'enseignement, Service de l'enseignement de l'administration et des ressources humaines Ecole des Hautes Etudes Commerciales Université de Montréal
Dal Brodhead, Director General Policy Co-ordination, Analysis, and Management Systems Branch Secretary of State Government of Canada	

Hon. Jay Cowan
Minister of Co-operative
Development,
and Government House Leader
Government of Manitoba

J. G. (Jack) Craig
Associate Professor of Sociology
York University, Toronto

Bernard Denault
Directeur de la recherche
Institut de recherche et
d'enseignement pour les coopératives
(IRECUS), Faculté des arts
Université de Sherbrooke

John Derbowka
Member Relations Division
(Saskatoon)
Saskatchewan Wheat Pool

Dan Fenety, Chief of Staff
Office of Minister of State for the
Canadian Wheat Board

Maurice Gauthier, Deputy Minister,
Department of Co-operative
Development (1971-77)
Government of Manitoba

Gary Gillam
Director, Legal, Governmental
Affairs and Administration
Credit Union Central of Ontario

Walter Grant, Deputy Minister
Department of Agriculture and
Marketing
Government of Nova Scotia

Jean-Paul Gravel
Directeur de programme de maîtrise
en coopération, IRECUS
Université de Sherbrooke

Johnathan Guss,
Vice President, Government Affairs
and Legal Services
Canadian Co-operative Credit
Society

Eric Harbottle, Deputy Minister,
Government Services
(Ex-Deputy Minister, Co-operative
Development, 1982-85)
Government of Manitoba

Lynden Hillier,
Manager, Administration
Credit Union Central of
Saskatchewan

Dr. Yves Hurtibise
Department de Sociologie
Faculté des Sciences Sociales
Université Laval

A.J. Hudson,
Manager, Counselling Services
Federal Business Development Bank
Montreal, Québec

Jeremy Hull
Working Margins Consultants
(Winnipeg)

Laird Hunter, Lawyer and
Consultant (to CHF and CUC)
Edmonton

Victor Hryshko
Director of Development
Department of Co-operative
Development
Government of Manitoba

Lise Jacob
Coordonateur de l'éducation
Direction des coopératives
Ministère de l'Industrie et du
Commerce
Gouvernement du Québec

Baldur Johnson, Executive Director,
(Oct. 1985 - present)
Co-operative Union of Canada

Ed Klassen
Director, and Vice-President,
Federated Co-operatives Ltd.
Member, Co-operative Council of
Manitoba

Brewster Kneen, President,
Brookside Abattoir Co-operative
Truro, Nova Scotia

Wesley J. Kozcka
Director, Development Field Services
Department of Co-operation and
Co-operative Development
Government of Saskatchewan

Vern Leland, President
Federated Co-operatives Limited

Dr. Benoit Levesque, Professeur
Department de Sociologie
Université de Québec à Montreal

Marie-Claire Malo, Directrice
Centre de gestion des coopératives
Ecole des Hautes Etudes
Commerciales
Université de Montréal
Roy C. Morton, Administrator
Co-operatives Services
Credit Unions and Co-operatives
Services Branch

Ministry of Consumer and
Commercial Relations
Government of Ontario

Alan McIntosh, Policy Analyst
Co-operatives' Section
Marketing and Economics Branch
Agriculture Canada

Kenneth McReady
Chief, Co-operatives' Section
Marketing and Economics Branch
Agriculture Canada

Andre Morin,
Special Advisor on Government
Affairs and Credit Co-operatives
La Fédération de Québec des Caisses
Populaires Desjardins

Benoit Payeur, General Manager
Conseil de la coopération du Québec

Ethan Phillips, Co-ordinator,
Worker Ownership Development
Foundation (Toronto)

Fred Pierce
Senior Extension Specialist
Department of Agriculture and
Marketing
Government of Nova Scotia

Guy Pineault, Development Officer
Distribution and Transportation
Services Directorate, Service
Industries Branch
Department of Regional and
Industrial Expansion

Sidney Pobihushky
Director, Co-op Atlantic

William Reader, Deputy Minister
Department of Co-operation and
Co-operative Development
Government of Saskatchewan

Adrien Rioux
Ancien sous-ministre adjoint
Ministère des consommateurs,
coopératives et instituts financiers
Gouvernement du Québec

Kay Robertson,
Legal Affairs Manager
Federated Co-operatives Ltd.

Don Ross
Executive Assistant to the President
Saskatchewan Wheat Pool

Alain Roy, Policy Analyst
Co-operatives' Section
Marketing and Economics Branch
Agriculture Canada

Walter Safinuk,
Executive Director, Development
and Inspection Services Branch
Department of Co-operation and
Co-operative Development
Government of Saskatchewan

Ray Seimens, President
Co-operative Union of Canada

Mary-Lou Spence
Director, Government Affairs
Canadian Co-operative Credit
Society

J. Spencer, Manager
Red River Co-operative (Winnipeg)

Denny Thomas
Director, Member Relations
Federated Co-operatives Ltd.

Bruce Thordarson
Executive Director
(1979 - Oct., 1985)
Co-operative Union of Canada

Benoit Tremblay
Ancien sous-ministre adjoint,
coopératives
Ministère de l'Industry et du
Commerce
Gouvernement du Québec

Ted Turner, President
Saskatchewan Wheat Pool

Paul Vincent
Professionnel de Recherche
Centre de Gestion des coopératives
Ecole des Hautes Etudes
Commerciales
Université de Montreal

Greg Wallace
Manager, Public Affairs
Credit Union Central of
Saskatchewan

Barry Wilson
Ottawa Correspondent
The Western Producer

Jim Wright, Corporate Secretary
Saskatchewan Wheat Pool

APPENDIX III: Saskatoon Co-operative Pre-Election Informational Advertisement¹

SASKATOON CO-OPERATIVE ASSOCIATION LTD. CO-OPERATIVES AND THE ELECTION

A Public Meeting was held at Greystone on Tuesday, October 14th. Each Political Party was represented as follows: Vic Karwacki (Liberals), Bob Mitchell (New Democrats) and Jack Sandberg (Progressive Conservatives). About 60 members attended. Each representative spoke and a lively question and answer session took place.

The Co-operative asked each of the Political Parties to respond to the following: "As the recent financial difficulties at Saskatoon Co-operative indicate, retail co-operatives in Saskatchewan are struggling against a variety of obstacles to retain their viability. In your party's estimation, what are these obstacles and what steps would (will) your party take to improve the situation if you form the government?"

The Parties' responses were as follows:

LIBERAL

The Co-operative movement is almost a Canadian creation. The enabling legislation for co-ops was a Liberal initiative. Co-operative effort is the centre theme of Liberal thought; the freedom of the individual to choose, with the protection to make that choice.

¹Saturday, October 18, 1986 Star-Phoenix. The text of the advertisement has been reprinted in full here, with changes only in format.

The Liberal philosophy is also to be pragmatic about policy and change. Co-operatives by their very nature often have a limited life and rather than adjust to change will disband and move into other areas requiring attention. The promise of oil refining and the continued success of the grain co-ops are evidence of strength and ongoing purpose. The disappearance of many retail co-ops is a sign of changing needs.

There are two areas that a Liberal administration would address which has particular interest to the co-operative movement:

1) Fair trading practices are of concern to all small retailers and have been neglected by Saskatchewan governments in recent years. Freedom from government intervention does not mean that predatory and unfair practices can be tolerated. The Liberals would insist that the Federal and Provincial regulations concerning under-the-table dealings be lived up to by retailers and wholesalers alike. There is nothing basically wrong with incentives if they are offered even-handedly to all competitors.

2) Of greater significance in the short-run is the chaotic situation that has developed for store hours. This is a complex problem of provincial and municipal regulations that cannot be answered with a quick response. The first point must be however, that the longer hours are apparently very popular with a segment of the population. But the additional burden on the larger outlets and their staffs, and eventually on the consumers, of seven-day-a-week and possibly 24 hour-a-day service is not all necessary in Saskatchewan at this time. The initial problem has been with the run-away development of the convenience stores. The Liberals will seek to have guidelines reviewed and strengthened after discussions with the retailers, the consumers and SUMA.

3) A great concern of a Liberal government will be child-care facilities for the young working parents, both urban and rural. The report to the last government and its response, have not adequately addressed what has become a vital issue. The value

of co-op child-care facilities has been well demonstrated and should be the cornerstone of this service.

NEW DEMOCRATS

Co-operatives face two major obstacles in their efforts to serve the people of Saskatchewan:

1. The market situation in the larger centres, and
2. A lack of appreciation on the part of the population at large of the importance of a thriving co-operative movement in Saskatchewan.

The New Democratic Party would implement a four-point program, to address these concerns and ensure a thriving co-operative movement in Saskatchewan:

1. INVESTMENT INCENTIVES:

Raising capital is difficult for many co-operatives. A New Democratic Government is prepared to consider implementing a scheme of tax incentives for individuals who invest in Saskatchewan co-operatives. Under such a scheme, individuals would be able to deduct 100% of their investment in co-operatives from their taxable income up to a maximum of \$10,000 per year. A similar plan in Quebec has seen a resurgence in co-operatives in that province. This idea would require extensive consultation with the co-operatives concerned.

2. LOAN ASSISTANCE:

A New Democratic Government will include co-operatives in its small business loan assistance program. Co-operatives will be able to borrow up to \$250,000 at 7% for 7 years. The New Democrats are also committed to the elimination of municipal business taxes. New Democrats will introduce special provisions to assist co-operatives who find themselves in difficulty because of the pricing policies of businesses controlled from outside of Saskatchewan.

3. The SASKATCHEWAN FIRST policy will also apply to co-operatives so that a New Democratic Government will significantly increase the business it conducts with co-operatives

and credit unions. This will put a fair share of government business into the co-operative system.

4. EDUCATION:

It is critical that our young people understand the enormous potential and benefits of co-operatives. A New Democratic Government will introduce a wide range of measures to encourage:

- a. greater awareness of co-operatives on the part of students and teachers in schools, community colleges and universities;
- b. the establishment of summer internships for high school, community college and university students; and
- c. the creation of youth co-operatives across the Province;

Co-operatives are important to the long term future of Saskatchewan communities and the way of life for all of us. New Democrats are committed to locally owned and controlled business and will provide the incentives and programs necessary to ensure a thriving and prosperous co-operative sector.

PROGRESSIVE CONSERVATIVE

The following is a response to your letter of September 30th:

High interest rates in the late 70s and very early 80s caused some financial difficulties for many businesses. Some Co-operatives especially those who undertook major expansions prior to this period also encountered these difficulties.

Retail Co-operatives in Saskatchewan, due in part, to their strong central organization, Federated Co-operatives Ltd. were in the main, able to weather the storm with very few exceptions.

During the last 3 years, and information has it that again this year, retail co-operatives in Saskatchewan and indeed Western Canada are enjoying healthy operations.

Co-operatives enjoy the benefits afforded to all businesses in the Province of Saskatchewan and we see no obstacles to their remaining a vibrant sector in our economy.

The Co-operative hopes that this information will be useful to you.

This book examines selected aspects of relationships between co-operatives and governments in Canada. Topics include co-operatives' attempts to influence public policy development, recent state and co-operative organizational support for worker co-operative development, and changing attitudes towards government involvement in co-operative economic activity. Implications of these matters for the co-operative system in Canada are considered in theoretical and practical terms. This study should be of interest to students of state-business relations, public policy development, interest group activities, and the politics of democratic social and economic organizations.

David Laycock is currently research associate at the Centre for the Study of Co-operatives, University of Saskatchewan. He obtained a Ph.D. in Political Science from the University of Toronto and taught Political Science at the University of Saskatchewan before joining the Centre.

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