



Special Edition:

Co-operative College  
Co-operative Education &  
Research Conference  
2017

## Journal of Co-operative Studies

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2017 marks the 50th anniversary of the UK Society for Co-operative Studies and likewise the Journal. To celebrate this achievement, our Winter issue will feature a retrospective of some of the articles published over the last 50 years.

We are also making available all back issues of the Society for Co-operative Studies Bulletin and the Journal on the UKSCS website — it is a significant job as each article has been individually scanned and saved as a PDF and once we have been able to upload each copy on to the website we will have a public archive from 1967. We will provide a flavour of the first 10 years or so in the next issue. Meanwhile you can visit the archive (still in development) at [www.ukscs.coop](http://www.ukscs.coop).

In this, the first issue of our anniversary year, we present a special issue comprising papers from the 3rd annual conference of the Co-operative College, and a special thanks to our guest editorial team for putting together an eclectic and interesting mix of papers.

Jan Myers — Editor

## Guest Editorial

The UK Co-operative College's Co-operative Education and Research Conference is always a stimulating event giving attendees the opportunity to join in the conversation, increase their knowledge and network with a broad range of co-operative thinkers, and 2017 was no different. The theme of the conference was 'Learning for Co-operative Transformations' with a focus on:

- Young people
- Communities
- Society

The two-day conference was packed with content, ranging from panels, workshops, presentations and plenary sessions. On the first day, conference participants chose from a wide selection of topics, from credentialling co-operative character to housing co-operatives as learning spaces, co-operative leadership in education, and co-operative renewal and place-making. Sessions on the second day covered different aspects of co-operative social care, co-operative higher education, co-production in schools, co-operatives and decent work, mutuals and credit unions, co-operatives and the solidarity economy and co-operative youth engagement. This special issue of the *Journal for Co-operative Studies* reflects the themes of the conference and includes 3 peer-reviewed papers and 4 commentary pieces. The issue is concluded with a review, by John Maddocks, of Münkner's book detailing the work of the Institute for Co-operation in Developing Countries (University of Marburg, Germany) and specifically the setting up and co-ordination of a degree course on the theory of co-operation and co-operative science.

In the first peer-reviewed paper, *Learning in, from and for co-operative life in Rural Malta: two case studies*, Mario Cardona gives a fascinating account of how two rural co-operatives have enabled people to work and learn together to preserve their right to a rural life in the face of competition and external decision-making. In addition, co-operation has provided alternative learning spaces which have allowed co-operative members to develop both as individuals and a collective, gaining political and social influence as well as educating members of the public and changing external perceptions.

Our second peer-reviewed paper, David Backer's *Making the co-operative school a challenge alternative: Social Reproduction Theory Revisited* argues that there needs to be more of an explicit emphasis that co-operative schools can prepare students to participate in alternative

economies as adults. He recommends that in order for co-operative schools to become real challenge alternatives to the social reproduction of the dominant capitalist hegemony, these schools need to progress from merely promoting values to production and making the structural link between co-operative education and the co-operative economy.

In this issue's final peer reviewed paper from Anita Mangan and Steve French, *Small is beautiful? Exploring the challenges faced by trade union supported credit unions*, the authors discuss how the difficulties faced by many people in accessing affordable credit reflects the limitations of often small and under-resourced credit unions. Examining 3 case studies, the paper recognises the many positive attributes of credit unions, but also outlines the reasons behind their limited development and the legal restrictions they work under, as well as the problems caused by the restricted scale and ability to effectively recoup repayments. They argue that whilst trade unions promote credit unions to their members as a means to reduce financial exclusion, there are tensions that would benefit from a greater understanding through further research.

In the first of our shorter articles *Confessions and Reputations*, Christiana Dankwa's think piece uses the analogy of Schrödinger's Cat to illustrate her concern that mutual societies are not as transparent as they should be. Her argument is that, unlike some other organisational forms, they risk losing public trust as they are not legally obliged to display financial information on an open public register, such as Companies House or the Charity Commission. Our second short article, Jo Taylor's *The Development of a Women's Economy in North Syria* charts the remarkable expansion of women's rights and agency in North Kurdistan and emphasises that this offers important learning for the UK. She succinctly captures the historic and political context for this move towards a new form of pluralistic direct democracy that is underpinned by a co-operative economic system, and shows how women are coming to the forefront of a 'mature and reflective society'. The third short article comes from Mandy Tilson-Viney and Adrian Roper, *Home care — a systems thinking approach*, and underlines the need for a new approach to care which uses co-operation and co-production. This they suggest can improve people's experience, reduce needless waste and move away from a 'command and control system' that result in poor outcomes for commissioners, workers and those receiving care. In our final shorter article, *Transforming a social care charity into a multi-stakeholder co-operative: some insights from Cartrefi Cymru Co-operative*, Adrian Roper adds further context to the previous article and charts the ongoing conversion of a top-down structure into a member-led bottom-up co-operative. The article discusses both the legislative and economic context. Roper emphasises how giving voice, control and access to power to the people they support, workers and the local community underlines commitment to co-operative values and principles. He strongly argues that care co-operatives do not have to mimic the competitive for-profit sector and can offer a meaningful alternative to the 'market rat-sack' where a race to the bottom is inevitable.

All these papers and short articles demonstrate how co-operatives are increasingly relevant to reducing the widening inequalities in our society, whilst simultaneously underlining how much more needs to be done to increase their visibility as an alternative to the dominant neo-liberal paradigm. The movement needs to be bolder in asserting the 'co-operative difference' and be unafraid to tackle individualistic approaches that leave people isolated and disenfranchised. The examples in both Cardona's and Taylor's articles show how the power of the collective has not only preserved a traditional way of life, but also reinvigorated and united a community with new resolve to build new enterprises for the future, proving that co-operatives are an agile and innovative driver for change.

We would like to thank all the authors for their contributions, both to the conference and to this special issue of the journal. It has been a privilege to take part in the guest editorship of this special issue, and we look forward in anticipation to next year's conference.

**Dr. Amanda Benson, Dr. Cilla Ross and Dr. Sarah Aildred from the Co-operative College.**

# Learning In, From and For Co-operative Life in Rural Malta: Two Case Studies

Mario Cardona

This research explores three guiding questions. What do people learn *in* the co-operative, as they get involved in setting up and running a community-owned enterprise? What do people learn *from* the co-operative, as they interact with it in its day-to-day business? What do people learn *for* the co-operative, as they turn towards co-operation to create a more equitable world? The case study research is based on two Maltese rural co-operatives, Mġarr Farmers' Co-operative Society and Koperattiva Rurali Manikata. Ten one-to-one interviews and a group discussion were carried out in each co-operative. Transcripts were analysed by making reference to authors who have contributed to the discussion around democracy, critical citizenship and critical pedagogy. The case studies show that *in* co-operatives people learn how to turn personal problems into collective struggles, develop personal and collective identities, and assume responsibility in contributing towards the common good. People also learn *from* co-operatives, through non-formal educational activities and by interacting with co-operatives as customers. Civil society and people in power learn from the co-operatives as the latter build alliances to achieve their objectives. People learned *for* co-operatives, claiming spaces where individual abilities are turned into collective strength, scaling up the struggle for social justice.

## Introduction

In this paper I approach co-operatives as learning communities. Raymond Williams (1985), Mae Shaw (2007), and John Gaventa (2006) discuss the term “community” in both its inclusive but also its potentially exclusive features. John Dewey’s voluntaristic view of human collective structures suggest a view of co-operative communities as the product of human action where individuals come together to share concerns or aims and find ways to co-operate with each other in order to reach shared objectives by working within a shared and communicated set of values (see for example Dewey, 1958, p. 217; Dewey, 1997, p. 5). A co-operative then becomes a community-based collective that fosters communication within its structures but equally engages in dialogue with the surrounding environment. If we qualify the term further, co-operatives are also democratic learning communities, that is, places where people, at individual and collective level, learn as they grapple with real life issues in search of meaning but also in search of developing individual and collective identities (Wenger, 1998, pp. 4-5). In this sense co-operative communities are seen as creative and participative spaces where people learn as they engage in dialogue among themselves and with the world around them. Co-operatives become structures that enable communities to make the leap from internal discussion about what is going on in the wider world to effective action, that is, an action that aims at changing what is going on in the wider environment in which individuals, but also communities, are rooted.

Essential in this discussion are the key terms ‘structure’ and ‘agency’ (Shaw, 2007, p. 27; Sen, 2001, p. 5) as well as John Gaventa’s power cube as an analytical tool that analyses community action on three levels: place, space, and power (Gaventa, 2005, p. 11). At the bottom line I agree with Paulo Freire, Amartya Sen and Lorenzo Milani that unjust and inequitable social, political, and economic systems can only be reformed by the underdogs. Within this paradigm, communities, including community-based co-operatives, have a crucial role to play in the quest for social justice, and that this process starts at the point that the oppressed or exploited become conscious of their situation (see for example Freire, 1990, p. 31; Sen, 2001, p. 11; Milani, 1997, p. 105).

One cannot discuss the quest for social justice if not in relation to the overarching concept of hegemony. Antonio Gramsci explains hegemony as a set of subtle manoeuvres by the ruling classes in order to win consent among the masses for an unjust social, political, and economic

order (Gramsci, 2007, p. 1049, Mayo, 2010, p. 22). Raymond Williams (1977, pp. 122-125), however, argues that hegemony is never total. In the interplay between hegemonic and counter-hegemonic forces, communities can be those grey areas which hegemony fails to control or even grasp and thus become spaces of possibility. Williams coins the term 'emergent' to refer to anti-hegemonic cultural developments. Within the emergent, Williams outlines the presence of 'structures of feeling', that is, anti-hegemonic developing modes of thinking, of analysing what is going on in the world, creative and innovative non-conformist value systems that can help to reshape dominant world views. I contend that co-operative communities can occupy spaces at the fringes of hegemony, outside the grasp of the dominant. Here they can cultivate their potential to create spaces where structures of feeling can develop and gain momentum as people within those communities strive to gain legitimacy for their divergent world views that are more in unison with their quest for social justice across local and national boundaries.

## **Co-operation Introduced as a Top-Down Solution to Local Problems**

The story of co-operation in the Maltese islands started off in the Harbour town of Senglea where there were at least two attempts to set up a Rochdale-model co-operative, aimed at improving the living conditions of workers in the Harbour area, mostly employed with the British services. The first one dates back to 1884 while the second one was set up at around 1919 (Galea, 2012, pp. 6-7, 10, Baldacchino, 1994, p. 518). Very little is known about these two co-operatives and their demise is unrecorded.

Co-operation was revived by the British colonial authorities in the immediate post-war period. Baldacchino (1994) argues that:

the Maltese co-operative movement was ushered in specifically as a cost-saving, profit enhancing mechanism to boost agricultural efficiency and productivity. It involved no commitment to co-operative values and it was not inspired by a co-operative ideology (Baldacchino, 1994, p. 509).

Birchall (1997) writes that the British-Indian model influenced the development of co-operation in other parts of the African continent under British rule, arguing that it was used by the colonisers as:

an instrument to maintain the existing relations, to introduce the natives gradually into the externally controlled, export-oriented money economy, and to develop local, modernised, indigenous structures (Birchall, 1997, p. 133).

In Malta, co-operation was introduced through an Ordinance in the Council of Government after the Colonial office sent two consecutive dispatches to the colonial administrations in the colonies, dated 20 March 1946 and 23 April 1946 (Münkner, 2006, p. 1) urging them to set up co-operatives. Consequently, a number of farmers' co-operatives were set up and the office of registrar was instituted. This paper aims to show how notwithstanding the fact that co-operation was introduced in a top-down fashion, two neighbouring rural communities appropriated the model and made it work for their own aims.

## **The Research Questions: What do People Learn in Two Community Based Rural Co-operatives?**

In the 21st issue of *The Co-operator* William King argued that participating in a co-operative was an intrinsic educational experience for the people who bear the collective responsibility for running a community-owned business enterprise (Mercer, 1922, p. 83). This research takes the cue from an earlier paper of mine (Cardona, 2010) and investigates the learning that occurs while participating in the collective endeavours of Mgarr Farmers' Co-operative Society and of the neighbouring Koperattiva Rurali Manikata. The paper aims to get at the "structures of feeling" (Williams, 1977, p. 128) developing within rural co-operatives as they oscillate between taking oppositional and alternative positions in the face of neo-liberal policies while analysing



the learning that goes on at the individual and the collective level. Secondly the paper aims to contribute towards a discussion about how co-operation can create new ways that people can relate to each other within different communities, how people can relate to the environment, how people can reinvent governance structures that foster learning and growth on the basis of equity and social justice.

I approached the research asking three questions.

1. What do people learn *in* the co-operative? That is, what do people learn while participating in the running of the co-operative, as elected members of the management committee, as employees or as volunteers?
2. What do people learn *from* the co-operative? That is, what do active and inactive members, customers, the local community, or policy makers learn from the co-operative's activities?
3. What do people learn *for* the co-operative? That is, how do participants learn how to turn co-operation into a political tool that enables them to envision and create alternative communities where they can exert more control over their lives?

To investigate these questions I identified two co-operatives as case studies: Mġarr Farmers' Co-operative Society and Koperattiva Rurali Manikata. Formally set up in 1947 in response to a colonial government initiative Mġarr Farmers' Co-operative Society is one of the most organised and active among the 'traditional' farmers' co-operatives. It acts as a farmers' lobby, runs an agricultural supplies shop and is a member of the secondary co-operative Farmers' Central Co-operative Society (FCCS) which manages a shed at the central vegetable market. They are active members of Koperattivi Malta. Members of the co-operative involve themselves with the local council and the local parish in the organisation of community activities. Their major concern today is how to help local farmers come to grips with competition from Sicilian producers as a result of Malta's joining the EU in 2004. Koperattiva Rurali Manikata is not a member of FCCS. It was set up in 2007 on the initiative of some farmers who were reacting against government plans to build a golf course and a motorway in their locality. It ventures into rural tourism, children's education in rural themes and the direct marketing of agricultural products.

## The Research Method

I decided to conduct a qualitative study based on semi-structured one-to-one interviews and group discussions, drawing up narratives that as Cortazzi (1993) argues, lead the researcher and researched to investigate "culture, experience and beliefs" (Cortazzi, 1993, p. 5). I went for two case studies that would put personal and collective narratives in context, given that as Cohen, Manion, & Morrison (2000) argue,

human systems have a wholeness or integrity to them rather than being a loose connection of traits ... Further, contexts are unique and dynamic, hence case studies investigate and report the complex dynamic and unfolding interactions of events, human relationships, and other factors in a unique instant (Cohen et al., 2000, p. 181).

My first choice was the Mġarr Farmers' Co-operative Society, a very active farmers' co-operative set up in 1947. Secondly I chose Koperattiva Rurali Manikata of which I am a founder member and in which I am very active, mostly on a voluntary basis. It was set up in 2007 by a community action group made up of farmers and residents of Manikata.

I was convinced from the outset that a fruitful research process had to foster relationships built on trust and a degree of negotiation about aims, parameters but also issues and themes to be raised and debated (Goodson, & Walker, 1997, pp. 112-113). My first contact was the president of the Mġarr Farmers' Co-operative Society. He invited me to meet the committee in order to discuss the research. During the meeting I suggested we should go for purposive sampling with interviewees chosen from members of the co-operative, people sitting on the committee,

people occupying a post on the committee, and employees. They also had to be of different gender, age and level of education. Subsequently the committee secretary identified ten people who fit the criteria set out in the meeting and sent me their contact details after obtaining their consent to do so. Then I met the ten interviewees in one-to-one semi-structured interviews. I did preliminary analysis of the transcripts as they started piling up in order to elicit themes I could explore in more depth in subsequent interviews, obtaining focus as the interviews progressed. When the interviews were ready, I produced an analytical document which I discussed with the president. We then fixed a meeting with the whole committee where I discussed the highlights emerging from the document using a PowerPoint presentation. This enabled the committee to participate in the research process, contribute to it, and learn from the process, engaging in a very lively discussion about the very *raison d'être* of the co-operative they were managing. This meeting concluded the formal research process and consolidated a friendship which matured as the research progressed.

With Koperattiva Rurali Manikata the process differed on the grounds that I am an active member of the management committee. The secretary included the research proposal on the agenda of a committee meeting. I explained the aims of the research and the purposive sampling I was going to use, and the safeguards I was going to take to protect interviewees. The committee agreed I could proceed. I identified ten interviewees, aiming at the widest variety of participants in terms of age, gender, level of education and degree of involvement in the co-operative. When the interviews were over, I created a PowerPoint presentation with the salient themes emanating from the interviews and discussed it with the committee. A discussion followed around such issues as the need to invest in marketing to increase sales and cash flow and about how the co-operative could regain the fighting spirit of the 2005 action committee in order to safeguard the community's rights.

The process of data analysis started soon after the transcript of the first interview. In this way, analysis fed into the research process, helping to obtain more focus as the data collection process gathered momentum. Simultaneously I continuously got back to the theoretical framework inspired by critical pedagogy, leading me to raise certain issues with participants, as well as to ask critical questions about themes raised by the interviewees themselves. In this way, data gathering and data analysis were intertwined and informed each other. As a guiding framework I adopted the circular process which Punch (1998) identifies as the "Miles and Huberman Framework for Qualitative Data Analysis" (Punch, 1998, p. 202). This entails a cycle of "data collection", "data reduction", "data display", and "verifying and drawing conclusions" (Punch, 1998, p. 204). Some of the critical themes that emerged from the process were:

- Power structures at family, local community level, national, and EU level.
- Power relationships within families, the farming community, local residential communities, and between farmers' co-operatives and the national government or the EU Commission.
- Gender roles within the family, the co-operative, and the local residential community.
- Democracy within co-operatives and the Maltese co-operative movement.

I worked in a circular movement towards higher levels of focus, at the same time moving to and fro from critical themes that make up the theoretical framework.

## **Two Neighbouring Rural Co-operatives in the North-Western Agricultural District: the Old and the New**

### **Mġarr Farmers' Co-operative Society Ltd**

Mġarr is a small rural village to the north-west of Malta, surrounded by fertile irrigated valleys, with a population of about 3,500 people (National Statistics Office, 2013). The Mġarr Farmers'

Co-operative (MFCS) was set up in 1947 by twelve mostly tenant farmers, ten men and two women, on the instigation of the Registrar. A first general meeting was held on 18 March 1948. Seven farmers were elected to the first management committee. The first decision taken in the first annual general meeting was that MFCS should enrol in the FCCS so that Mġarr Farmers could sell their produce at the FCCS sheds at the Marsa and Birkirkara fruit and vegetable markets. This enabled MFCS to receive a commission on the sales of Mġarr Farmers at the FCCS outlets and thus secure some income to support the running of the co-operative. Soon after, the co-operative started selling fodder and fertiliser to its members (The Start of Mġarr Farmers Cooperative, 2014). In 1976 the co-operative bought a plot of land in Mġarr where it built an agricultural supplies outlet, an administrative unit, a meeting hall and a coffee shop. The building was financed by the government, by a church organisation, and by contributions from the members (Baldacchino, 2007, pp. 6-7). MFCS has about 180 members and employs two people in its agricultural supplies outlet on a full-time basis and two others on part-time or occasional basis. Galea (2012, p. 53) refers to the initial difficulties which the co-operative found itself in. Interviewees participating in this research, spoke of a time when the co-operative had to borrow money from its members in order to pay for debt incurred in purchasing stock for the shop. Over the years, as the number of goats and sheep reared in rural communities decreased, the Mġarr co-operative outlet changed its nature from an animal food store to an agricultural supplies shop. The shop today is a successful business venture, supplying farmers with most of their needs to run their family farms.

The interviewees included two full-time employees, one male and one female, one male part-time employee, and seven full-time farmers. Five of the latter were elected members of the management committee, all of them males. The other two farmers, one male and one female, were ordinary members of the co-operative. Ages varied between early twenties to late sixties. Only the female full-time employee had gone into further education. The rest had done only compulsory education or less.

### **Koperattiva Rurali Manikata (KRM) Ltd**

Four kilometres down the road from Mġarr, perched above two sandy beaches, lies the agricultural district of Għajn Tuffieħa. At the centre of it is the hamlet of Manikata, home to about five hundred inhabitants, mostly full-time or part-time farmers, running small family farms. In the last two decades many outsiders settled there.

In June 2005 tenant farmers on government land in the area received notifications that their land-lease was being terminated to make way for a golf course for up-market tourists and for a by-pass as part of the European TEN-T road network. Alternattiva Demokratika, Malta's green party, organised a protest march in Manikata on 17 July, at the end of which, two part-time farmers asked me to chair a community meeting they were calling at the parish hall the following Sunday. It was the beginning of a two year campaign spearheaded by a number of farmers, called Kumitat għall-Ħarsien Rurali ta' Għajn Tuffieħa (Committee for the Safeguard of Rural Life at Għajn Tuffieħa). The Committee organised press conferences on the sites where both golf course and by-pass were to be built, sent letters to local newspapers, and met with members of the Local Council and of the National and the European Parliament. It also built a strategic alliance with environment groups. The result was that government shelved both projects and instead set up a Majjistral (Northwest) Nature and History Park on the land sandwiched between the village and the seashore. It was an empowering experience that led farmers to pass from a defensive to an active stance, using the skills learned during the campaign to propose and implement their own projects (Cardona 2010, pp. 253-257). After presenting a business plan to the Co-operatives' Board, the Committee obtained co-operative status on 24 August 2007 and became Koperattiva Rurali Manikata (KRM) Ltd. At the time of the research KRM had 29 members, 16 men and 13 women, full-time and part-time farmers, and residents from the Għajn Tuffieħa district. It employed five part-time employees, four of whom were members of the co-operative. Its income derived from the Manikata Rural Heritage Trail, a fruit and vegetable Sunday store and various community activities.

The Manikata interviewees included six males and four females. Five were members of the committee, including four part-time employees. The latter included the co-operative manager and the co-operative secretary, both females. Two other females were very active volunteers. The age of the interviewees varied from early twenties to late seventies. Six of the interviewees had only done compulsory education or less. Three had gone into further education while one was completing a university degree. Four of the interviewees had been to a church secondary school.

## **Learning *in* the Co-operative**

What did committee members learn? The Mġarr committee interviewees mentioned how they learned to trust one another, to listen to each other and to look at issues from perspectives that are different from their own. They learned what to say and how to say it assertively. Committee interviewees were aware that their ability to speak out was a political act, mainly in defence of farmers' rights. The Manikata committee participants learned how to analyse situations, reflect upon them, discuss, and then decide and act together. In this process they learned what to say and how to say it to achieve the desired results when dealing with people in power. They also learned to be resilient in the face of adversity. Running the co-operative they had recently founded, they learned to deal with diversity among committee members and to understand how every participant had something different to contribute to the co-operative's enterprise. They learned to take different people's needs into consideration while shouldering responsibility for their decisions and actions. There was also a shared feeling of learning about how to set up a business enterprise from scratch and steer it towards sustainability. An interviewee suggested she was learning skills that she could use in her full-time job as a social worker, particularly the ability to see how every person has something to contribute towards society. Another said that the co-operative had enabled him to learn more about Manikata and its people.

How did they learn this? Mġarr interviewees gave great importance to learning from each other's experience. No committee member had ever had formal management training, and learning basic co-operative management skills from experienced elders was considered essential. They argued that in order to learn, one had to be open to change and needed to participate in as many meetings as possible, within and outside the co-operative, in order to develop the ability to speak out for farmers. For their part the Manikata interviewees spoke how they learned from their two-year anti-golf course and anti-by-pass campaign. They said how they learned from each other's experiences in their different full-time jobs which ranged from full-time farming to management, to full-time university study, to working in a bank, to home making. They were aware that this made the participation in the committee a challenging but also stimulating experience. The possibility of discussing issues, deciding and acting together while keeping the members' different interests in mind, was also considered as a major source of learning.

Why were participants willing to learn these things? There was a major preoccupation among Mġarr interviewees to want to be a voice for farmers in the face of major challenges that farmers in their village and in Malta were facing. They wanted to be an effective voice that would change the way decisions concerning Maltese agriculture were being taken in Valletta and in Brussels. In Manikata, committee people were particularly concerned with wanting to be able to protect farmers' fields from being taken over for development projects. They also wanted to learn because they wanted to make the co-operative relevant to as many people in their community as possible. They needed to learn in order to make the co-operative financially sustainable in the long term. Finally, an interviewee said that she wanted to learn because by participating in the co-operative she was led to challenge herself to do things she had never thought of doing.

Employees in both co-operatives also found that working in the co-operative was a learning experience. The Mġarr employees learned practical skills on the job, from using a computer, to driving a fork lift truck to providing good customer care. They also learned why farmers took

certain stands on political issues that concerned them. Finally, a Mġarr employee mentioned that the co-operative gave her the possibility to work flexible hours and thus was able to learn how to find the right balance between work, family, and finding time for herself, including time to attend learning courses related to her interests. The Manikata employees learned about agriculture and the natural and historical environment in order to be able to effectively host visitors on the Rural Heritage Trail. Their work with different people helped them to build their self-esteem and to practice public speaking. Having to practically create their own jobs they had to learn marketing techniques hands on. Finally, a Manikata interviewee said she learned how to find the necessary balance between family and work and to draw clear boundaries between the two.

How did employees learn these things? Both groups mentioned that they learned by listening to farmers or by looking up information on the internet. At Mġarr employees needed to set up a proper store, with a computer and shelving system and have useful information at hand to be provided over the counter. At Manikata they had to learn how to host visitors and students, providing them with relevant information on rural life.

Why did they learn these things? Both showed a concern for the need to provide a good service to clients. Both also felt the need to promote the co-operative's services, although this was more felt at Manikata where the need for creating a financially sustainable organisation was more pronounced. At Mġarr, the need to increase sales, turning around the co-operative shop from an ailing venture into a successful enterprise was interpreted by the employees as a way of building trust between them and the committee. This process was crucial for learning to happen on both the committee's and employees' side. In both co-operatives' employees were aware that their job was a learning process and were keen to learn more, both on the job and also by attending courses that would enable them to improve their performance.

Members from both co-operatives had learned how to turn private troubles into public woes (Shaw, 2008, p. 13), an essential characteristic of committed communities. This was especially evident in the Mġarr co-operative's preoccupation with speaking up for farmers and with being a voice for them with the authorities. The Manikata co-operative had actually come into existence as a result of a campaign which aimed to stand up for farmers who were going to lose their land and for villagers who were going to lose their hamlet, with its way of life.

Communities are also the places where identities are created and re-created. This was particularly evident in the two full-time farmers, one from Mġarr and one from Manikata, who were full-time farmers and developed their distinct identity as leaders of their co-operative, manifested in their ability to use the spoken word in order to speak up for others. Similarly, a female employee from Mġarr spoke about how she was key to turn the co-operative store into a successful venture and prove herself to the management.

A community is a voluntary act. It does not just happen. And members of that community are aware of what brings them together. In Mġarr there was a shared feeling of having to speak up for farmers with the authorities, and of having to provide members with a well-stocked agricultural supplies store. At Manikata there was the shared feeling of participating and learning from the process of setting up a community-owned enterprise that would defend the farmers' right to their land and the villagers' right to their rural way of life. There was the feeling that this would be done by developing projects that would promote all that was positive in the hamlet, its environment and its people. In both co-operatives there was also a shared awareness about the need to secure the financial sustainability of the enterprise, particularly in Manikata where the enterprise was being created from scratch.

A community creatively responds to internal and external stimuli at individual and collective level, creating and re-creating itself in the process. At Mġarr, new committee members responded to the internal stimulus provided by the more experienced members. At Manikata the stimuli emanated from the diversity within the group where members came from different full-time occupations and professions. This diversity was seen as a challenge but also as a resource since everybody brings a different contribution that makes the collective a unique

conglomeration. Both collectives also reacted to external stimuli. At Mġarr the co-operative community reacted to the need of the farming community to safeguard its sustainability in the face of Sicilian competition. At Manikata the co-operative reacted to political decision-making processes that were often concerned with the big picture: bolstering the economy by encouraging tourism and construction, while losing sight of the smaller picture: rural culture, the natural environment and the role of farmers in both. As co-operatives responded to these external stimuli, they re-created themselves. At Mġarr, the co-operative that was originally created on the prototype provided by the colonial authorities to organise the wholesaling of agricultural produce, re-invented itself as a customer-controlled co-operative running an agricultural supplies shop and as an advocacy group. At Manikata, the collective changed from an advocacy group into a community-owned enterprise. In the process of metamorphosis, learning and growth was occurring at both the individual and at the collective level.

## **Learning *from* the Co-operative**

What did different people learn from the co-operative? Interviewees from the Mġarr co-operative were of the opinion that customers learned information about the supplies they bought from the shop. According to the co-operative manager, farmer-members of the co-operative learned how to behave and act in socially acceptable norms, not for the sake of following social norms but for the sake of making other people respect them as farmers, challenging widely-held perceptions about farmers as rough, unschooled, ill-mannered people, a perception which did not do justice to them as persons with dignity. Farmers at Mġarr also learned about new legislation, about the safe use of chemicals, about new cultivation techniques (especially strawberry cultivation), and about EU funding opportunities. The Manikata interviewees suggested that civil society organisations had learned about the farmers' contribution in safeguarding the environment and about the importance of safeguarding rural life. Farmers and the local community who attended courses organised by the co-operative learned various skills such as food preservation, food handling, first aid, the cultivation of fruit trees, and health and safety. The co-operative manager argued that visitors to the Manikata Rural Heritage Trail learned about the natural and historical environment of the place, contemporary farming, and local cuisine.

How did these people learn these things? Who taught them? At Mġarr, the co-operative employees provided information to customers over the counter and organised visits for farmers to fairs and farms in Italy. They also organised training courses and seminars for the Mġarr farming community at the co-operative offices. Manikata interviewees mentioned how sometimes they too attended courses and seminars held at the Mġarr co-operative offices. At Manikata interviewees argued that civil society organisations must have learned a lot from meetings with the Committee for the Safeguard of Rural Life at Għajn Tuffieħa, from the Committee's participation in protest marches organised by environmental NGOs and also from the media campaign carried out by the Committee that preceded the co-operative. As in Mġarr, farmers and members of the local community had learned useful knowledge and skills by attending courses organised by the co-operative. Manikata interviewees were of the opinion that visitors to the Heritage Trail learn mostly by listening to the employees but also by experiencing the rural environment in person. The store manager also contended that customers at the co-operative's fruit and vegetable store learn while speaking with the salesperson at the store or with the occasional farmer who steps in to replenish supplies.

Why would different people want to learn from the co-operative? In the case of Mġarr, customers at the shop would want to know how to use fertilisers and pesticides properly. Similarly, customers at the Manikata store would want to know about the origin and the quality of the vegetables they buy. Judging from the words of the Manikata interviewees who had founded the first action committee, civil society organisations wanted to learn about the views of the Manikata farmers and residents with regards to the golf course and by-pass because they wanted to lead a well-informed and effective campaign. With regards to courses organised by the Mġarr co-operative, attendees had a personal interest to take part, in order

to keep themselves informed about new policies, the latest strawberry cultivation techniques, or opportunities to access European funding. In Manikata, courses were organised to fill knowledge gaps identified by the members of the co-operative. However, at other times courses were organised also because the co-operative as an organisation stood to gain.

One of the characteristics of community is the sense of proximity to people's lives. The co-operative structures at both Mġarr and Manikata have enabled the local community to benefit from non-formal learning opportunities that were close to it in terms of spatial proximity and convenience of timing, contrary to courses organised by the agriculture authorities that were often held in relatively distant localities and at very inconvenient times. The sense of proximity to people's lives was also evident in the relevance of the themes and issues discussed during the training.

Co-operative communities are potential vehicles for social justice. In the case of Manikata, the Committee that preceded the co-operative emerged out of a group of people's sense of indignation at the fact that the authorities felt powerful enough to decide behind closed doors that a good number of farmers should be evicted from their fields and that a whole way of life should be swept away because they did not fit in with a particular paradigm for economic development. Their decision to fight together showed that while they were fighting for their own personal gain they were also defending each other's right to a living and to a particular way of life. It was an attestation to the belief that development projects should have the common good as their ultimate goal and that common people should have a say in establishing what the common good is. Judging from what the Manikata interviewees said, (but also from what Georgakopoulos (2011, pp. 19, 56) found out in her research), sharing this struggle with civil society organisations, particularly environment NGOs, as well as with the general public through the media, was not only a way of winning over consensus around their view point; it was also a way of sharing their knowledge, views and feelings with the public, permitting strangers into their world, opening up participative pedagogic spaces where the struggle for social justice could take place. The setting up of the co-operative and of the Manikata Rural Heritage Trail was a way of extending this process beyond the settlement of the two environmental issues. Similarly, the advocacy work carried out by the Mġarr co-operative was a way of making the authorities aware of the farmers' viewpoints and feelings about the political decisions being taken in Valletta and in Brussels and that were impinging upon the individual farmer's business.

## **Learning for the Co-operative**

What have activists learned for the co-operative? What knowledge did they create about co-operation as a political tool that enables them to envision and create alternative communities, where they can exert more control over their individual and collective lives? At Mġarr interviewees showed how co-operation was useful for them in facing adversities they were encountering as a farming community. The co-operative structures enabled them to make their voice heard, particularly with regards to the EU's neo-liberal ideology of competition across borders that overrides the quest for social justice. They learned that the co-operative could create spaces for persons with different competences to contribute to a community-owned and led enterprise, either as committee members or as employees. The Mġarr case study showed how co-operation enabled local communities to overcome gender biases, opening up spaces for female participation in male-dominated structures. Co-operation can also be a vehicle for seeking consensus over local issues beyond the confines of the local community. In Manikata, the initial Committee for the Safeguard of Rural Life at Għajn Tuffieħa sought national consensus over the golf course and by-pass issues that were considered by the local activists to be of both local and national importance. Manikata and Mġarr activists showed that co-operation could be employed as a political tool to safeguard tenant farmers' rights, to set up community-owned enterprises that address the needs of the community, and whose financial sustainability is built on co-operation rather than competition. Finally, at Manikata, participants showed that the co-operative helped them to change civil society's perception about farmers, their work, their contribution to the environment and to the economy.

How did the participants create this knowledge about the benefits of co-operation to community life? At Mġarr, farmers expected the co-operative to act on their behalf and voice their concerns with the authorities. They elected representatives to the committee who, although not very well versed in official discourse, were quite outspoken and ready to learn how to use the word in order to influence the world and change it for the better in terms of equity, claiming and creating spaces where they could influence and challenge political decisions at local and national level that had a bearing on their life and work.

The building of trust was crucial to make co-operation work. At Mġarr, the co-operative created spaces where farmers, who were mainly knowledgeable about agriculture, co-operated with employees who had a good grasp over managerial, financial, and technical matters. This dynamic symbiosis was possible because participants learned how to trust one another, shedding cynicism and suspicion. This learning curve at Mġarr manifested itself in the way the all-male committee built trust in their female administrator, overcoming pre-conceptions about women's place in society.

The case studies have shown that co-operation can create representative voices for sectoral and local communities that, even if they are at the remotest places on earth, feel the negative effects of global capitalism and neo-liberal policies. Co-operation can enable sectoral or local communities to claim spaces at local, national, and international level to engage with visible and hidden powers. Particularly, co-operation has the ability to open up spaces at local level where communities can thrive upon the interconnection between individual and collective learning and growth. The more spaces are opened internally for individuals to interact and participate freely in collective endeavours, thus stimulating individual growth, the more the collective is able to engage with visible and hidden powers at local, national, and global levels, stimulating its collective growth. Co-operation can facilitate the building of inclusive local structures that would overcome prejudices and pre-conceptions about what certain categories of people are supposedly able or unable to do. Co-operation can help deconstruct collective frames of mind that hinder inclusion and prohibit certain categories of individuals from securing their own growth and defining their own identities by contributing to the common good in communal endeavours. This is possible because true co-operation is built on mutuality and solidarity over concrete issues of individual and collective concern, with a view to secure an equitable access to basic rights. As Jane Thompson (2000) argues about community organisations and social movements,

Their political potential comes from the creation of subversive space for participation and dialogue in relation to issues with which they are concerned (Thompson, 2000, p. 62).

## Conclusion

Both case studies have shown how members of the management committees learned *in* the co-operative, acquiring skills at individual and collective level. Primarily they learned the art of dialogue, of inclusion, of setting up, and managing community-owned enterprises. They learned these skills by involving themselves in discussions, meetings, in the daily chores of running a community-based organisation, learning from their own experience, and from the experience of others around them. Learning *in* the co-operative was motivated by individuals' will to learn and to contribute to the common good, as well as by the collective desire to be an effective organisational tool for the benefit of the community.

Working *in* the co-operative enabled employees to learn an array of skills as they carried out various jobs. Their learning was motivated by their desire to provide a good service to clients, and to ensure the co-operative's enterprises were financially successful. They were also motivated by an innate desire to learn new things.

Learning *in* the co-operative is also a process of forging identities as individuals sway between private and public spheres. Learning was related to a shared awareness of the aims of the



co-operative. It was also related to the co-operative's ability to respond to both internal and external stimuli. It was related to a community's ability to create knowledge about the best way to respond to the community's needs by harnessing individual learning abilities and a shared, collective, sense of agency.

People from within and outside both case studies have also learned *from* the co-operative. These included individuals such as members, customers, and volunteers, and collectives such as environmental NGOs. Employees were a central source and promoters of learning processes, for people inside the co-operative, including the management and the membership base, as well as for persons outside the co-operative, given that employees operated at the interconnecting junction between the co-operative and the wider community. The proximity of the co-operative to the local community made it a vehicle for learning at community level, even when providing non-formal training opportunities. *From* the co-operative, local communities have fundamentally learned how to struggle for social justice by building solidarity networks that would enable them to scale up their actions from the local to the national and global level.

Participants in the research also showed they had learned *for* the co-operative, making the case for its possibilities for action. They showed how co-operation creates and provides grassroots and local communities that have been ignored by the authorities and by decision makers at local and national level with *created or claimed, sometimes invited, spaces* for making their voice heard. Co-operation opened spaces for collaboration where voices could be created, heard, and shared, values challenged, mentalities changed, consensus sought within and beyond boundaries, and action taken, in the quest for equity and for greater freedom to participate in the determination of individual and collective futures. Co-operation enabled local communities to create or claim spaces for voicing their views, even their anger and disdain, and for challenging political decisions taken on their behalf or behind their backs. Co-operation could bank upon trusting relationships, sustain them, and develop structures where a sense of agency can be harnessed and fostered to develop into community action. The latter could include the setting up of community-owned and run enterprises that are based on an alternative paradigm of economic development. Co-operation could also help to seek consensus within civil society around those alternative paradigms, in the face of dominant discourses that are more in tune with neo-liberal paradigms. While the latter tend to be exclusive, thriving on cut-throat competition, co-operation thrives on a bottom-up, capacity-building, networking approach to development. Co-operation between co-operatives and NGOs is essential for this approach to be effective and to achieve acknowledgement and legitimacy.

But for this to happen, individuals within the community should be ready to put themselves, their values, beliefs, lifestyles and work practices into question. Getting into this dialogical process focused on personal and collective growth is about moving out of comfort zones and getting ready to give as much as to get, to lose as much as to gain.

## The Author

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# Making the Co-operative School a Challenge Alternative: Social Reproduction Theory Revisited

David I. Backer

While co-operative schools are different, there are different kinds of different schools. This essay examines the type of alternative co-operative schools are, using distinctions Philip A. Woods draws from Maori philosophy of education. While some may believe that co-operative schools are a challenge alternative — rather than a choice or assimilation alternative — because they promote co-operative values, I disagree. Given the structural link between schools and economy, the way we should determine whether co-operative schools are a challenge alternative to dominant mainstream schooling is by looking to the size and strength of the co-operative economy. Using the educational genesis of the Mondragon co-operatives as a paradigm case, and social reproduction theory as a lens, it is clear that the purpose of co-operative schools was and is to strengthen the co-operative economy. The co-operative economy right now is drastically smaller and weaker than the capitalist economy in England, and the number of co-operative schools emerging does not mean they are emerging as a challenge alternative to dominant schooling.

## Introduction

Co-operative schools are different to other schools, but what kind of different? To answer this question, we can look to Philip A. Woods' essay (2014) *Co-operativism as an alternative: choice, assimilation, and challenge*. Woods draws from Maori thinking about education to distinguish three kinds of curricular alternatives: choice alternative, assimilation alternative, and challenge alternative. Each of these alternatives are a different kind of different education. In each case, an educational alternative relates to a mainstream, or "centred hegemonic education" in a different way. An alternative that relates to the mainstream as a choice alternative, for example, is:

an option on the margins of 'normal' education should the mainstream not appeal. This places the alternative in a lesser position in relation to the dominant, mainstream approach. The alternative as an option appears as abnormal ... as peripheral ... (Woods, 2014, p. 46)

A choice alternative is small, peripheral, and abnormal. It may be a different kind of education, like a quirky or weird style to which some ascribe, but this alternative remains subordinate to the dominant education. The alternative — while a rejection of the mainstream — does not pose a threat to that mainstream. This choice alternative may have counter-hegemonic aspirations, but they remain only aspirations.

While the choice alternative has little to no effect on the hegemonic centre, the assimilation alternative has an effect, but a counterintuitive one: an assimilation alternative feeds into the mainstream, but from a different path.

The alternative in this sense acts in a way that the participants in the alternative are shaped into selves more in line with the dominant, mainstream culture ... the process of being alternative can inadvertently reinscribe the very pathologies of difference that [alternative forms of education] attempt to negate (Waitere and Court quoted by Woods, 2014, pp. 46-47).

Woods gives an example of assimilation alternative from research on Maori education. Waitere and Court found that in some cases "trying to establish an alternative ... involves the alternative in grappling with demands for 'standards and accountability' from the dominant centre" (Woods, 2014, p. 47). Such grappling compels the alternative to comply with mainstream norms and practices, thus becoming an organ of the mainstream. This assimilation-through-alternative can happen when the alternative's funding and resources are tied somehow to the dominant

mainstream, for example. Thus the alternative education assimilates students to the mainstream as its ends, though the means by which it does this are different from the mainstream's means.

In contrast to the choice and assimilation alternatives, a challenge alternative is:

an equal in the mainstream ... it exists in its own right and sustains comfortably and confidently its own integrity. It is not defined by its opposition to any dominant or other approaches in the mainstream of education (Woods, 2014, p. 48).

The aim for this challenge alternative is to be a legitimate challenger to the mainstream by having "its own integrity", rather than standing aloof from hegemony (choice) or stand with it in some different way (assimilation).

Are co-operative schools a choice, assimilation, or challenge alternative to mainstream schools? The consensus — or perhaps the hope — among academics and advocates writing about co-operative schools in England is that these schools are a challenge alternative, for two reasons. The first reason is the sheer number of co-operative schools that have emerged in the last eight years. In 2008 there were three schools that had co-operative status, and recent numbers announced by the Co-operative College report that as of 2017 there were somewhere between 600 and 700. While this is a small percentage of the total number of schools in England, the increase is dramatic. With such a surge in the number of co-operative schools, one could think that they are not merely a choice alternative: rather than an abnormal kind of school aloof from the mainstream, the number of these schools is abnormally increasing.

However, the increase of co-operative schools itself is not sufficient for concluding that the schools do not assimilate students into a dominant educational mainstream. The second premise in the argument that co-operative schools are a challenge alternative is that such schools promote co-operative values. Call this the values thesis. Tom Woodin (2014b) writes that co-operative schools promise "a new vision of education based upon the values of self-help, self-responsibility, democracy, equality, equity, and solidarity" (Woodin, 2014b, p. 113). These values are a benefit to schools, Woodin argues, because they represent a set of clear guidelines for curriculum and mission, create a sense of belonging, widening the avenues of accountability to pupils and communities. The values are a benefit to society at large, others argue, because they are a starting point for democratic renewal amidst strong privatising forces in the public sphere.

Values are the flagship concept in discourse about what makes co-operative schools different kinds of schools. A 2012 promotional video about co-operative schools concludes with the idea that in a co-operative school "co-operative values and principles are at the heart of everything we do here, and these values make ours a different sort of school" (Co-operative College, & Co-operative Group 2012). There are variations on the values thesis that draw from theories of democracy, as well as critiques of neoliberalism. Michael Fielding's (2014) fascinating argument against competition and emulation, citing Alex Bloom's school St. George-in-the-East, focuses on co-operation as an attribute of "democratic fellowship", arguing that schools should cultivate such fellowship among students as an end in itself. Davidge, Facer, and Schostak (2014) argue that democracy is in decline due to the market-centred economic system known as neoliberalism. Their conclusion is that:

Neoliberalism has failed to deliver democracy, social justice, and freedom for all. Co-operative forms of organisation in schools by including freely and equally all voices ... may develop approaches, mechanisms, and procedures that provide a check on elite power and thus enable the spread of democratic accountability (Davidge et al., 2014, p. 70).

The authors focus their critique on "the development of democracy", showing the gaps left by policies which privatise public goods, shift decision-making power to the wealthiest, and make workers' lives more precarious. They claim that:

co-operative schools in the UK along with other co-operatives operating across the economic sectors and communities of society, could create the conditions in communities for the broader hopes of an inclusive society founded upon co-operative principles ... (Davidge et al., 2014, p. 70).

What makes co-operative schools different, for them, is that they “create conditions for the broader hopes of an inclusive society founded upon co-operative principles”. Again, here is a variation on the values thesis: schools that educate for and with co-operative principles will imbue society with a set of values that make it more inclusive, setting it apart from mainstream exclusions.

Co-operative schools, these authors might say, are challenge alternatives because they teach co-operative values, which challenge dominant mainstream values like competitiveness, individuality, un-democratic forms of governance, exclusion, and neoliberalism. Insofar as schools promote co-operative values they will not be an assimilating educational alternative because these values are incompatible with dominant values. Combined with the premise that co-operative schools are not a choice alternative because of their increasing numbers, one must conclude that co-operative schools are a challenge alternative.

There is a missing link in this argument, however, specifically in the values thesis. I will call the missing link a structural link, or economic link.

## The Structural Link

Indeed, co-operative values are different to dominant mainstream values. But what makes them different is that they derive from a different kind of political economy — one at odds with the dominant mainstream political economy, capitalism. Co-operativism has always been an alternative to capitalism, not just in terms of values, but in terms of production, ownership, and the distribution of wealth. Co-operativism is an arrangement where workers, consumers, and producers own firms, rather than CEOs and shareholders. One must have entirely different values to promote a co-operative economic system over a capitalist one, and these co-operative values emerge from co-operative economy. The purpose of teaching co-operative values, therefore, is not to promote co-operative values for their own sake, but rather to promote co-operative production and strengthen the co-operative economy. Co-operative schools played a crucial part in strengthening the co-operative economy, which Woodin (2014b) notes:

As democratically constituted bodies co-operatives could only advance as far and as fast as their members would allow them and this depended upon education. Indeed, the rapid expansion of co-operatives in the 19th century took place on the back of the loyalty, support, and commitment that was shown by members in supporting their societies as they moved into production, banking, insurance, agriculture and other industries. Their very existence depended upon a learnt associational identity as well as advanced technical and managerial training to fuel the growing demands of an expanding business (Woodin, 2014b, p. 7),

Co-operative schools taught a “learnt associational identity” because co-operative businesses needed their workers to work co-operatively. The values co-operative schools taught served the economy co-operators were building. The success of co-operative schools, in other words, was tied to the success of the co-operative economy. What made the co-operative schools different was not the fact that they inculcated co-operative values, but rather the fact that they did this to support a co-operative economy to confront the capitalist economy. I call this connection between co-operative schools and the co-operative economy a structural link because it acknowledges that schools exist within a larger social structure, and schooling serves a purpose within that structure. Co-operators saw a need for co-operative schools because they needed workers who understood how to own factories and firms, rather than be exploited by owners as waged workers. The schools taught the values and skills necessary to support worker-owned firms, and that structural link to the economy is what separated them from other schools.

The formation of the Mondragon co-operatives is a paradigm case of this structural link between schools and economy (Backer 2017). Working in the Basque Country of Spain in the 1940s, Father Don Jose Maria Arizmendiarieta aimed to create more employment opportunities for his parishioners. The primary steel company in the area, Union Cerrajera, was a private firm, unequally distributing wealth in the region and creating tensions between workers and the small

group of wealthy owners. The priest's goal was to mobilise the Basque region's social cohesion and natural resources to make gains for its working classes. To do this, he created a medical clinic, a youth sports league, a public movie theatre, and eventually a school oriented towards working class empowerment. The school was, arguably, the centrepiece of his initial strategy.

The strategy of starting a school to make gains for the working class emerged out of an experience Father Jose Maria had at the beginning of his tenure as a priest in the region. Union Cerrajera operated an apprentice school (Escuela de Apprentices), though it was small and restricted to wealthier families' children, leaving few spots for working class children to learn managerial and engineering skills. Union Cerrajera asked Father Jose Maria to teach at this school. The priest became disenchanted with it, and began organising with union leaders to create a school open to working class children. This "school for the working class" began operations in 1943, enrolling 20 students and employing five professors (Ornelas-Navarro, 1980, p. 119).

While the governing and financing structures of the school were not strictly co-operative, there were elements at its inception which led directly to the formation of the Mondragon co-operative. First, the school's finances were made to be "transparent as glass" from the very beginning (Ornelas-Navarro, 1980, p. 120), published in:

a relatively easy-to-understand statement of accounts ... for general inspection, not only by those directly interested and collaborators, but by anyone who desires to look at them (Ornelas-Navarro, 1980).

Second, the mission, pedagogy, and curriculum of the school included a clearly-articulated set of values deriving from Father Jose Maria's commitments to co-operativism, gains for the working class, and Catholicism. This humanistic vision was always articulated in service of a technical, brass-tacks commitment to employment and improving workers' material conditions of existence through co-operative ownership. Father Jose Maria:

chose to focus on the creation of a technical school rather than standard liberal arts education because these impoverished people ... needed concrete skills and knowledge that could lead to jobs and a better standard of living." (Meek, & Woodworth 1990, p. 511)

In general, Ornelas-Navarro concludes that "[t]he task was to look for the appropriate people and prepare them to undertake co-operative activities". The school was a place of preparation to instil this combination of humanism, religion, and co-operative ownership. Father Jose Maria

believed it was possible to create a social and economic order in which labour was valued as the critical element of the firm and in which the common person could be his or her own master as a co-operative owner and participant in the enterprise ... the school was a place where could be taught and instilled in the potential new leaders of industry (Ornelas-Navarro, 1980).

The first class of graduates finished at the EPP in 1947. Eleven of these high school graduates continued their education with advanced night classes at the EPP. These eleven college graduates, having been educated at the EPP, went on to work in Union Cerrajera for several years. Five of these students maintained friendships with one another and with Father Jose Maria after graduating from the EPP. Disappointed with their experiences on the shop floor of the capitalist Union Cerrajera, the priest guided them in the creation of a "new enterprise" owned by workers (Ornelas-Navarro, 1980, p. 125). In 1956, they started a worker co-operative, ULGOR (formed by the first letters of their own last names). Ulgor would become the first co-operative in the Mondragon system. They wanted to make a firm "which conformed to the ideals and examples previously discussed with Jose Maria" (Meek, & Woodworth, 1990, p. 516). Doing extensive community outreach, they raised an initial investment with the Mondragon community by 1958 and began building the company, factory, and organisational structure (Meek, & Woodworth, 1990). Article I of Ulgor's "Internal Regulations" document stated that "[m]annual labour should enjoy the prerogatives inherent in its dignity in all productive processes" (Meek, & Woodworth, 1990, p. 517). By 1959, four other co-operatives — a consumer co-operative, two producer co-operatives, and a "Working Peoples' Bank" — emerged in

Mondragon, and the EPP was reorganised a second time to become part of this co-operative network.

Meek and Woodworth (1990) claim that the Mondragon co-operative experience, one of the most successful industrial co-operatives in the world, had an “educational genesis”.

Indeed, without the educational programmes and systems ... and the continued elaboration and development of new educational mechanisms and institutions, the co-operative enterprise might never have started ... the EPP and Alecoop created the necessary engineering and managerial talent to sustain the system and propel its expansion (Meek, & Woodworth, 1990, p. 506).

The EPP “created the necessary engineering and managerial talent to sustain” and propel the co-operative. In Ornelas-Navarro’s landmark research on schooling and producer co-operatives, he claims that schools can have a reproductive role in anti-capitalist social formations by training workers to live and work with co-operative relations of production. Using Bowles and Gintis’s (2011) notion of “correspondence”, Ornelas-Navarro builds on the assumption that curriculum, pedagogy, and school activities correspond to economic behaviours outside of the school.

For Ornelas-Navarro, this correspondence does not entail a “mechanical correspondence” between MCE and EPP, however:

Since the EPP is different in structure from standard capitalist schools, the outcomes produced by such a school also tend to be different. These differences in outcome are due (a) to a more democratic and egalitarian organisation and governance, and (b) the combination of formal education with paid productive co-operative labour ... The linkages between the EPP and the MCE are exemplified in the types of values and attitudes the EPP reproduces in its contribution to the reproduction of labour power (Ornelas-Navarro, 1980, p. 19).

Schools train students to be workers, and their behaviours in school correspond to work behaviours. Rather than capitalist correspondence, however, the students’ activities in the EPP corresponded to co-operative relations of production. In other words, there was a correspondence between their school behaviours and work behaviours, but this correspondence guided the students to a non-exploitative economic life rather than an exploitative one. The EPP reproduced co-operative know-how and ideology. The structural link between co-operative schools and the co-operative economy is therefore a reproductive one. In what follows, I unpack the structural link further by revisiting the basic tenets of the social reproduction theory of schooling. Through the lens of social reproduction theory, co-operative schools can be assimilation alternatives — even if they promote co-operative values — because they reproduce the capitalist economy. But they can also be challenge alternatives, insofar as they reproduce relations of production that challenge the capitalist economy.

## **Social Reproduction Theory<sup>1</sup>**

Social reproduction theory of schooling has its roots in Marxist philosophy. In *Reading Capital*, one of the most important recent interpretations of Karl Marx’s ideas about society and economy, Etienne Balibar (2016) carefully interpreted the idea of social reproduction. On Balibar’s reading, reproduction is a process of continuity: how society continues to be thus-and-so; the formation and dissolution of society’s parts; or the succession of these parts (Balibar, 2016, p. 424). The word reproduction tends to have a biological meaning: the ways individual members of species give birth to new members of the species, and thereby continue that species. The biological term retains this significance in the social-theoretical context, but in a new way: Balibar claims that reproduction is the “pregnancy of the structure” (Balibar, 2016). While a human individual’s pregnancy births new individuals and thereby continues the species, giving that species permanence since it ensures they do not go extinct, so too is the social structure’s pregnancy “the general form of permanence of the general conditions of production” (Balibar, 2016, p. 426). Notice here that Balibar is focused on production, or economic activity. Like Marx, Balibar wants to know how a mode of production like capitalism continues over time.

What exactly does the structure give birth to when it reproduces? Balibar lists three things. First, the structure gives birth to “economic subjects” through the “interlacing and intertwining” of individual people with individual capitals (Balibar, 2016); the way persons like you or me find, seek out, or become associated with wages, rents, or commodities, for example. Second, the structure gives birth to different levels of society which aim to “sanctify the existing situation as law”. These levels are not production-related, but keep the mode of production in place: the structure reproduces legal and governmental processes that maintain the ruling class’s power, which is different than reproducing the ways individuals intertwine with particular capitals. Finally, the structure reproduces the economic status of objects themselves: in a capitalist economy the material of production has to be material of capitalist production, from natural resource to consumer good. Reproduction, for Balibar, renews “social relations”: relations between people, relations between objects, and relations between people and objects.

Louis Althusser, Balibar’s teacher and co-author, argues the same point about the renewal, continuity, and making-permanent of social relations in *On the Reproduction of Capitalism*, but specifies that — at least in the recent period of economic activity where the capitalist mode of production is predominant — the social structure maintains its social relations through schooling. Schools reproduce “‘competencies’, that is, qualifications or the lack of them” (Althusser, 2014, p. 38). A competent person, for Althusser, “can be put to work in the complex process of production, in specific posts” (Althusser, 2014). Competence means being skilled “in the existing socio-technical division of labour” (Althusser, 2014). Competency therefore requires “know-how”, consisting in knowing the “rules of good behaviour” appropriate for the post that a student is “destined” to hold. Althusser uses scare quotes for the word “destined” because part of what happens in school — in a capitalist mode of production — is that we learn that we must get a job, that working for money is our destiny. But this lesson has two sub-lessons. First, the ability to talk and be ordered around properly, as well as maintaining a respect for the division of labour as such. Althusser phrases it this way: school teaches:

*submission to the dominant ideology* and, for the agents of exploitation and repression, reproduction of its *capacity to handle the dominant ideology* properly, so as to ensure the domination of the dominant class ‘verbally’ (Althusser, 2014, p. 51).

For Althusser, School qualifies students for a position in the economy but it also legitimises the economy itself as something to be qualified for. There is a submission to the ideology (legitimation) and the ability to handle that ideology (qualified to get a job and keep it) — that is to live, act, and behave well within the economy. School therefore teaches us how to carry on our tasks within the mode of production. In the mode of production, school teaches various tasks depending on a students’ positionality. Schools can teach “the task of the exploited (the proletarians), the exploiters (the capitalists), the auxiliaries of exploitation (supervisory personnel)” (Althusser, 2014, p. 53). School is therefore:

a system *external* to the [economic] enterprise ... that ‘educates’, more or less, different individuals ... in ways that vary with the milieu from which they come. [School reinforces] the practical, economic, and ideological prohibitions ... which distribute *in advance*, on a class basis, the individuals recruited by the enterprise ...

School is therefore “a dispositive ‘distributing-penning-in’ ... for the purpose, precisely, of exploiting workers” (Althusser, 2014, p. 24).

Althusser’s is a Marxist philosophy of education: it claims that schools reproduce social structure. To continue with the biological metaphor of pregnancy, schools are part of the structure’s reproductive organs. Two other students of Althusser’s, Roger Establet and Christian Baudelot, would further articulate this reproductive theory and apply it to the French schooling system at that time. Their book, *L’école capitaliste en France*, shows the correspondences between French schools and the division of labour in France in the mid-20th century. Three years after *L’école*’s publication, two American scholars would publish its equivalent in English about the United States school system. Samuel Bowles and Herbert Gintis (2011) wrote *Capitalist Schooling in America* and proved Althusser’s theory with empirical evidence and



advanced statistical methods, conclusions which they reaffirmed using more advanced methods in 2002.

Bowles and Gintis debunked the compensatory view of schooling, which claims that schools compensate for social and economic inequality. They showed the opposite: that schooling activities and behaviours correspond to existing inequalities rather than equalising them.

Specifically, the relationships of authority and control between administrators and teachers, teachers and students, students and students, and students and their work replicate the hierarchical division of labour which dominates the workplace (Bowles & Gintis, 2011, p. 12).

Following Balibar and Althusser, Bowles and Gintis show that schools 'replicate', renew, and continue existing social relations in the economy. They called their theory the correspondence theory, a "correspondence between school structure and job structure" (Bowles & Gintis, 2011, p. 13).

Balibar and Althusser, and Bowles and Gintis articulated this reproduction thesis almost exclusively in an economic context. For them, the relations that schools reproduce are economic relations: capitalist exploitation. In reaction to this exclusive focus on economics, other scholars made important contributions and clarifications. Pierre Bourdieu and Jean Passeron's (1990) work was the first major corrective to the exclusively economic version of the reproduction thesis. Bourdieu and Passeron continued the idea that schools make social relations permanent over time, but pointed out that economic relations are not the only social relations. There are cultural relations as well, markers of value that do not exclusively connect to economic production but also symbolic production. Focusing on how schools contains complex:

social mediations and processes which tend, behind the backs of the agents engaged in the school system — teachers, students, and their parents — and often against their will, to ensure the transmission of cultural capital across generations (Bourdieu, & Passeron, 1990, p. ix).

For Bourdieu and Passeron (1990), schools ensure transmission by the "perpetuation and legitimation of social hierarchies" (Bourdieu, & Passeron, 1990, p. xi) through the "symbolic potency of the title (credential)" which serves "a social function quite analogous to that which befell nobility titles in feudal society".

While Bowles and Gintis had a correspondence theory, Bourdieu argued for a "principle of intelligibility", which was similar, though it introduced important notions of culture and field to the debate, positing a "system of relations between the educational system and the structure of relations between the classes" (Bourdieu, & Passeron, 1990, p. xix). Bourdieu and Passeron claimed that schools reproduced cultural capital, a "representation of legitimacy" or "legitimate symbolic violence," clarifying what goes into Balibar's first kind of reproduction: the intertwining of persons with capitals.

A related tradition of thinking emerged in the 20th century looking at how students complicate schools' attempts at reproducing social relations, or counter-intuitively help reproduction succeed by misbehaving or resisting particular attempts at reproduction (Cohen, 1955; Hargreaves, 2006; Lacey, 1966; Merton, 1938; Waller, 1932; Willis, 1977). Not only do school structures correspond to job structures, not only do they transmit cultural capital through symbolic violence, but students have unique cultures of their own that confirm, complicate and contradict this structural perpetuation in idiosyncratic ways. Student subcultures and delinquency, for example, meet the reproductive force of schooling in ways that reveal a complex rather than simple process of social-structural maintenance. What became known as critical pedagogy and resistance theory starts from this premise, though the history of these ideas and their configuration is far from settled (McGrew, 2011).

Social reproduction theory claims that schools renew, maintain, and perpetuate in continuity the social relations that define the social structure within which they exist. They are social structure's reproductive organs, birthing new instances of social structure as time passes: interlacings of individuals to economic entities, juridical procedures which hold the economic

system in place, and processes that keep objects themselves in the predominant economy. Schools also transmit cultural capital through certification, not only ensuring a certain economy but also symbolic communication and status. Finally, from progress in the field of reproduction theory, we know that reproduction does not always succeed. In fact, schools can block and contradict dominant ideologies. As Althusser would put it, they are relatively autonomous from the modes of production and the repressive state apparatus attempting to hold that mode of production in place. The story of Mondragon's education's genesis shows us an example of how social reproduction does not always mean social reproduction of the dominant social relations in a social structure. Schools can reproduce alternative social relations. Another response to the initial question is now possible using these insights from social reproduction theory: are co-operative schools in England a challenge alternative or an assimilation alternative?

## Co-operative Schools as Assimilation Alternative

If the role schools play in a society is to reproduce social relations, then the way to judge whether a school is a choice, challenge, or assimilating alternative is to look at the success of the social relations the school aims to reproduce. If an alternative school seeks to reproduce alternative social relations, but the social structure around the school is dominated by hegemonic and mainstream social relations, then the alternative school is an assimilation alternative and not a challenge alternative — even if the school promotes alternative values. Back of the envelope calculations of the size and strength of the co-operative economy in England confirm this hypothesis for English co-operative schools. Figure 1 below depicts the relative size of the co-operative economy based on 2016 numbers reported by Co-operatives UK (Co-operative Economy, 2017). The United Kingdom's gross domestic product in 2016 was 1.2 trillion pounds. Since this economy is a predominantly capitalist economy, I will use this number as a measure of the size and strength of the capitalist economy. The co-operative economy exists as an alternative economy within the capitalist economy. As we know, the co-operative firms' values and ownership structures are different to that of capitalist firms. According to Co-operatives UK, this alternative economy was valued at 34.1 billion pounds in 2016. For every £1 associated with co-operative production in the United Kingdom, there are £10,000 associated with capitalist production. In other words, the co-operative economy is 0.012% of the capitalist economy, which is very small.

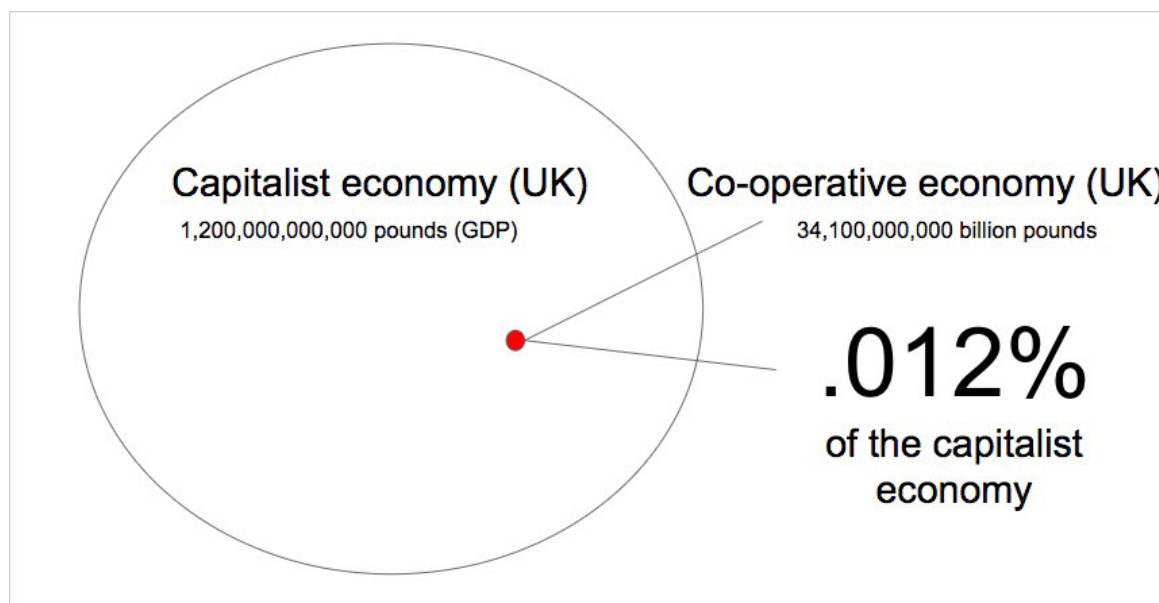


Figure 1. Size and strength of co-operative economy relative to capitalist economy

Using the Maori distinctions between different kinds of alternatives, but now for economies and not schools, the co-operative economy in the United Kingdom is a choice alternative to the capitalist economy. It is abnormal, peripheral, and in a lesser position to the dominant

mainstream economy. The percentage above measures the extent to which the co-operative economy is in a lesser position. But if the co-operative economy is only a choice alternative, then it is likely that co-operative schools are an assimilation alternative, since students graduating from these schools are more likely than not participating in the capitalist economy. They may have been taught co-operative values at school, but their chances of being active members in the co-operative economy — all other things being equal — is about 1 in 10,000.

What would make co-operative schools a challenge alternative, therefore, is not whether the schools promote co-operative values, but whether the schools maintain and renew co-operative social relations in the economy. If the increase in co-operative schools comes along with an increase in the size of the co-operative economy relative to the capitalist economy, then we can say these schools are on their way towards becoming a challenge alternative.

The following are recommendations to those who have an interest in making co-operative schools a challenge alternative:

- 1) **Think of co-operative schools not only in terms of promoting alternative values, but also promoting alternative production.** There is a structural link between society and school, and the extent to which a school is a challenge alternative is connected to whether its social relations are a challenge alternative in society.
- 2) **The bottom line for co-operative schools' success should be tied to the success of the co-operative economy.** Thus success can be measured by number of direct partnerships with existing co-operative firms, creation of co-operative apprenticeships and internships, and the success of the co-operative economy as a whole.
- 3) **Take the structural link seriously.** Programmes like the Young Co-operatives are a good start, on a small scale, to prioritising the structural link between co-operative schools and the co-operative economy. However, a large-scale vision would aim to network co-operative schools directly to co-operative firms for internship, apprenticeship, and placement. Co-operative firms must play a role here as well. One recommendation is to require that any candidate for top leadership position in a co-operative firm must have attended a co-operative school.
- 4) **Academics and advocates must fill out the missing structural link in discourse about co-operative schools.** Accounts of co-operative schools furnish ways of thinking and speaking about them, and current accounts focus almost exclusively on values rather than production. As mentioned earlier, in the 2012 promotional video, *Co-operative Schools — Where Values Make a Difference*, two young people make the case for the co-operative schools. They first define co-operative schools as owned and “democratically controlled by its members, stakeholders that have an interest in the school such as a parents, teachers, staff, and members of the local community, and kids too”. Next, the narrators’ describe co-operative schools as part of the fast-growing co-operative sector of United Kingdom’s economy, noting that “one in five of the UK’s population now belongs to a co-operative. From housing to banks to food to schools, there’s a co-op for everyone”. After citing this statistic, the video’s narrators move to an in-depth description of the values integral to co-operative schools: civil collaboration between students (rather than individualised competitive learning), participation in decision-making (rather than top-down hierarchical governance), and fair disciplinary measures. The video finishes with the idea that having a co-operative school “means that there will always be a great school for the young people in our community. Co-operative values and principles are at the heart of everything we do here, and these values make ours a different sort of school”. The quick transition from the co-operative economy to co-operative values suggests that co-operative schools are valuable because the co-operative economy is a fast growing sector. Yet the idea that co-operative schools are good for the co-operative economy, or connected to the co-operative economy for a specific reason, is not made explicit in the video. The connection between co-operative schools and the co-operative economy is left unarticulated, and the fact that there is a connection

is left as a suggestion only. I call this the missing economic link in discourse advocating co-operative schools: the implication, left largely unsaid, is that co-operative schools can prepare students to participate in alternative economies as adults.

## Conclusion

While co-operative schools are different, there are different kinds of different schools. This essay examines the type of alternative co-operative schools are, using distinctions Philip A. Woods draws from Maori philosophy of education. While some may believe that co-operative schools are a challenge alternative — rather than a choice or assimilation alternative — because they promote co-operative values, I disagree. Given the structural link between schools and economy, the way we should determine whether co-operative schools are a challenge alternative to dominant mainstream schooling is by looking to the size and strength of the co-operative economy. Using the educational genesis of the Mondragon co-operatives as a paradigm case, and social reproduction theory as a lens, it is clear that the purpose of co-operative schools was and is to strengthen the co-operative economy. The co-operative economy right now is drastically smaller and weaker than the capitalist economy in England, and the number of co-operative schools emerging does not mean they are emerging as a challenge alternative to dominant schooling.

Consider a hypothetical: if all the schools in England were co-operative schools promoting co-operative values, but England's economy was capitalist, would the schools be alternative schools? At best they would be an assimilation alternative, shaping selves to participate in an economy that is antithetical to the values promoted in the schools. There would be a capitalist economy with people trained in co-operative values. Considering the history of co-operative schooling in England and Spain, such a situation would defeat the purpose of co-operative schools altogether. From a social reproduction perspective, such schools would not be co-operative schools. Rather, they would be schools that walk a capitalist walk and talk a co-operative talk. To prevent this unfortunate situation which betrays the heritage of co-operativism, I recommend that co-operative school advocates think of co-operative schools not only in terms of values, but also production; use the success of the co-operative economy as a bottom-line for thinking about the success of co-operative schools; and fill the missing structural link between co-operative economy and schools in discourse about co-operative schools.

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## Note

- 1 Social reproduction theory of schooling is a wide-ranging tradition of thinking about institutional education from a political-economic perspective. In the following account I try to articulate basic premises of social reproduction theory for the purposes of my argument about co-operative schools as a challenge alternative. This account is by no means exhaustive. I only try to articulate some thoughts that are necessary for social reproduction theory, though they are not sufficient. For some reflection on this issue, see McGrew, 2011.

# Small is Beautiful? Exploring the Challenges Faced by Trade Union Supported Credit Unions

Anita Mangan and Steve French

The consequences of the financial crisis and successive UK governments' austerity programmes include the growth of precarious employment, in-work poverty, and financial exclusion. Credit unions have been identified as a solution to the problem of accessible and affordable credit and increasingly trade unions have adopted policies to support their development. This paper explores the structure, regulation, and competence of credit unions and also examines the problems trade unions face in promoting credit unions to their membership. Based upon exploratory research into three distinctive types of credit union, it is argued there are significant barriers to providing accessible and affordable credit, reflecting the small scale and limited resources of credit unions. Trade unions' relationships with credit unions also need consideration, since differences in union strategies, structures, and membership composition affect the demand for credit union services and the scope for trade union involvement. A final question raised by the research is the extent to which trade unions are capable of operating credit unions, particularly in relation to conducting enforcement actions against members over non-payment. It is proposed that further research into credit unions and their relationship with trade unions is required, if substantive steps toward financial inclusion are to be achieved.

## Introduction

The restrictions placed on access to affordable credit in the UK in the aftermath of the 2007-08 global financial crisis, coupled with the extensive austerity policies that have been pursued by the Coalition government of 2010-15 and subsequent Conservative governments, have placed many UK households under severe financial pressure. While household debt as a proportion of income has fallen from a peak of 163% in 2008 to 'only' 143% by the last quarter of 2016 and the cost of servicing that debt has fallen due to low interest rates (Harari, 2017), for those households where access to traditional forms of credit remains restricted, there are two worrying developments in terms of financial health.

The first is the growth of short-term payday loan companies and weekly payment shops that offer credit to sub-prime households, but at excessively high rates of interest. As Insley (2011) reported:

Payday loans incur enormous rates of interest — Ferratum charges a typical APR of 3,113% while Wonga, the highest profile payday lender in the UK, charges 4,214% ... At PerfectHome, for example, the label on a Hotpoint fridge-freezer says the cost would be £579.99 at 29.69% APR, and the customer could buy this over 156 weeks at £5.34 a week — a cost of £833.04. The "optional" Coverplus policy costs a further £984.75, taking the weekly cost to £9.06 or £1,413.36 over the three-year repayment period.

There have been moves to regulate these practices. Since January 2015, interest and fees on all high-cost short-term credit loans are capped at 0.8% per day of the amount borrowed; default charges cannot exceed £15; and the total cost (fees, interest etc.) must be capped at 100% of the original sum, so that no borrower will ever pay back more than twice what they borrowed. However, as Jones (2015) noted:

early indications are that many of the sector's bigger players will be charging the maximum amount allowed under the new regime, rather taking the opportunity to set their fees below the cap.

This position has been exacerbated by labour market developments under the austerity policies pursued since 2010. The most important developments are falling real earnings and

the increasingly precarious nature of employment. According to Romei (2017), Britain's GDP returned to pre-financial crisis levels in 2013 and GDP is currently almost 10% larger than in the second quarter of 2008. In 2014, however, wages were almost 10% lower than seven years before. The value of earnings has been undermined not just by private sector wage policies and successive governments' 1% public sector pay cap, but also by relatively high and rising levels of inflation (which, in turn, is exacerbated by the falling value of sterling post the EU referendum outcome). At the same time, despite the labour market recovering since the financial crises, with record levels of employment participation, there have been significant increases in insecure work. Booth (2016) reported over one fifth of the UK workforce (over seven million people) faced precarious employment conditions, defined as being in jobs where they could lose their work suddenly. This number was up from 5.3 million in 2006 and was characterised by employment in low paid work, earning less than two-thirds of the median earnings. The increasing precarious nature of work is epitomised by the large-scale use of zero-hours contracts, estimated to be 1.4 million by the Office for National Statistics in 2014, and the creation of a gig economy, driven by firms such as Deliveroo and Uber, using (bogus) self-employment status to exclude "service providers" from the legal and financial entitlements associated with the contractual status of a worker. Consequently, there has been a substantial rise of in-work poverty. As Wills and Linneker (2014, p. 182) observe:

We are increasingly likely to live in societies where large parts of the population fail to earn the income required to sustain a decent standard of living. In the UK as many as 1 in 5 workers or 5 million people earn less than the living wage and these rates rise to over a quarter of women workers, 42 per cent of part-timers and more than half of all those without qualifications.

The problems facing households struggling with debt and access to affordable credit, has seen a renewed interest in offering alternative cheaper and responsible lending to those with low earnings and poor credit ratings, notably through credit unions (JRF, 2016). This interest in credit unions has also grown among trade unions, particularly as a consequence of falling earnings, precarious employment status and in-work poverty, as they seek to find ways both to support existing members and to attract new ones.

This paper attempts to examine these developments through an exploratory piece of research into three different types of credit unions: a local, independent, geographically organised credit union; a local, urban credit union supported indirectly by trade unions; and a credit union established by a trade union. In particular, it seeks to explore some of the tensions in the traditional forms of running credit unions, the competition with payday loan providers, the difficulties of engaging and recruiting trade union members into credit unions, as well as the wider question of the sustainability.

To address these issues, the paper is structured as follows. The first section outlines the limited development of credit unions in the UK<sup>1</sup> and focuses upon the legal requirements and traditional practices that shape their operation, notably in relation to the requirement to save before gaining access to credit, and the common bond that regulates membership. The second section then looks at trade unions' interest in credit unions, highlighting the tensions that engagement with credit unions expose in terms of union purpose and principles, as well as changing trade union structures. The third section then provides an overview of the research undertaken in the three case study credit unions and a discussion of the central findings that focuses on membership development, loan provision and relationships with trade unions. In conclusion, it is argued that while trade unions have clearly embraced credit unions as alternative financial organisations in order to provide access to credit for members and working people who suffer from financial exclusion, the limited scale and size of the credit unions examined highlights the limitations of developing credit unions. These are the problems of recruiting membership and building savings, operating at a scale to effectively compete with payday loan providers, and, from a trade union perspective the quandary of operating as an established financial institution and enforcing repayments.

## Credit Unions in Britain: Small is Not Always Beautiful?

Credit unions are financial co-operatives, owned and democratically controlled by their members (Balkenhol, 1999). They offer savings and loans facilities based on the principles of equity, equality and mutual self-help, within a common bond that can be either geographic or based on association. Credit unions are an international success story. The World Council of Credit Unions (WOCCU, 2015) estimates there are over 60,500 credit unions in 109 countries catering to almost 223 million members, representing a penetration rate of 8.3%, calculated as the percentage of credit union members in the economically active population (aged 15-64). As Ferguson and McKillop (2000) argue, credit unions are not just financial institutions; they also have a “strong social purpose” (p. 115) and are often considered part of an alternative financial model (Cutcher, 2009; Mangan, 2009; Myers, Cato, & Jones, 2012). This is because they do not treat members solely as customers and are not just guided by profit. Instead, they focus on mutual self-help and the wider community in which members are located (Cutcher 2008b, Mangan 2009). Credit unions often serve neglected members of the community (Cutcher, 2008b) and can inspire strong loyalty; members often choose co-operatives over cheaper alternatives, because they have a sense of connection with the co-operative (Power, O’Connor, McCarthy, & Ward, 2014). This can be a mutually beneficial arrangement, as research suggests that credit unions that abandon their strong community bonds often suffer in a deregulated market (Cutcher, 2008a).

Since the 1980s, there has been frequent discussion about the role of credit unions as a solution to financial exclusion and austerity in Great Britain (McKillop, Ward, & Wilson, 2007; Drakeford, & Gregory, 2008; Hadjimichael, & McLean, 2017; Ryder, 2002; Jones, 2008; Lee, & Brierley, 2017). Although credit unions have been in existence in Great Britain since the 1960s, they have not achieved widespread recognition and popularity (Ryder, 2002) and are often colloquially referred to as a “poor man’s bank”. Indeed, the most recent WOCCU (2015) statistics suggest that there are only 342 credit unions across Great Britain with under 1.3 million members. This is a penetration rate of 3.1%, well below the worldwide average of 8.3%. In what follows we review the literature on credit union development in Britain, highlighting some of the difficulties experienced in establishing and maintaining credit unions.

Ferguson and McKillop’s (2000) typology of credit union development classifies them by mature, transition and nascent industry types as a way of understanding the specific problems which credit unions face. As they point out, there is not a uniform pattern of development in credit unions worldwide, despite the historically strong links between the European and North American credit unions. In mature credit unions, the definition of the common bond is generally less restrictive and de-regulation allows for the introduction of more complex financial products such as mortgages. Equally, they require greater financial management and provision for bad debts. Transition refers to the development of a more business-oriented approach to running the credit union. Nascent credit unions typically have a small asset size, are highly regulated, have a tight common bond, strong emphasis on voluntarism and serve weak sections of society with single savings and loans products. They require sponsorship to take root and have a high commitment to traditional self-help ideals.

While there is some debate as to whether British credit unions are in a nascent or transitional phase, there is general agreement that their development has been stymied by a range of factors. For example, Ryder (2005) developed a typology of factors that assist credit union development. These include the emergence of co-operatives as a response to economic hardship; the influence of early pioneers; the development of the co-operative movement; and finally, enacting appropriate credit union legislation. Based on this typology, Ryder argues that credit union development in Great Britain has been held back by a restrictive legal framework, the creation of inappropriate development models which have left credit unions too small to grow, over-reliance on state funding, organisational immaturity and the lack of a single umbrella group. Similarly, Davis and Brockie (2000) state that size, scope and reach have long been an issue in British credit unions. They argue that financial support from local authorities,



coupled with general political interest, has meant that individual credit unions have struggled to establish a strong local identity and are overly dependent on external bodies. If credit unions are to become a solution to financial exclusion in Britain, they need to be firmly established in the community and self-sustaining rather than relying on perpetual grants from government (Thomas, Cryer, & Reed, 2008; Jones, 2008). As it is, many of them are facing operational and liquidity problems (Myers et al., 2012).

British credit unions also face a range of operational difficulties, some caused by lack of scale and others as a result of government policy. Experience in the US and Australia suggests that merging credit unions to get economies of scale will not necessarily result in greater success. Ralston, Wright, and Garden's (2001) study suggests that rather than competing with larger banks via mergers, credit unions should focus on aligning with smaller institutions, outsourcing non-essential services and bulk purchasing services from umbrella organisations. There are also limitations to the common bond. As Fuller (1998) notes, the nature of the common bond can cause financial exclusion depending on how the common attributions (area or employment) are defined. He argues that if it is defined too broadly, then potential members might decide that the credit union does not refer to them. This is echoed by Emmons and Schmid (1999) who suggest operating with multiple common bonds rather than one large common bond is one way of increasing participation rates in the credit union. Finally, Lee and Brierley (2017) explore the operational difficulties caused by government policies around payday loan companies; many credit unions have found it difficult to offer these kinds of payday loans within the tight regulatory framework. Moreover, they argue that offering loans to non-savers risks undermining the tradition of thrift and financial education in credit unions as well as causing a rift between members and customers that is alien to traditional credit union values of mutual self-help.

## **Trade Unions and Credit Unions: Issues Arising from Trade Union Purpose and Structure**

As ABCUL (2013) have noted, trade unions' involvement in credit unions can be traced back to the 1990s, notably the involvement of the Transport and General Workers' Union (a predecessor union of Unite) in the establishment of the employee Voyager Credit Union in Greater Manchester and the Bakers, Food and Allied Workers Union (BFAWU) establishing its own credit union in 1998. However, trade union support for credit unions has gathered momentum since the financial crisis. In 2012, the General Council of the Trades Union Congress (TUC), the confederation representing the vast majority of union members in the UK, put a statement to congress with proposals to reform the banking system post-financial crisis, in which it supported "the establishment of more credit unions" and believed "wider action is also needed to address the disadvantages that mutuals face when seeking to establish banking services" (TUC, 2012). This has been echoed by affiliate unions, such as the Transport Salaried Staffs' Association (TSSA), whose 2013 Annual Conference passed a motion that noted:

co-operative credit unions have a proven record of lending money at a fair rate of interest which has assisted working people and their families considerably

and instructed the Executive Committee "to do whatever they can to promote the use of co-operative credit unions" (TSSA, 2014). However, while in terms of policy, trade unions appear to be actively embracing credit unions, there are both principled and organisational issues that may hinder policy implementation.

Trade unions' interest in credit unions reflects a broad affinity with the latter's strong social purpose and resonates with the historical provision of services to trade unions members. This can be traced back to the influence of friendly societies (Gosden, 1961) and the method of "mutual assurance" (Webb, & Webb, 1897) developed by the early unions to recruit and support their members in relation to unemployment benefit, sickness benefit, old-age benefit, accident benefit, funeral benefit and a weekly wage (Boyer, 1988). The interests of contemporary trade unions in credit unions can, therefore, be viewed as part of a "servicing" agenda that has gained

increasing salience amongst unions since they have experienced declining membership and influence since 1979. A central element of the model was to promote union membership through the provision of individual services and benefits (Hyman, 1996). Evidence for the link between servicing and credit unions can be found in the way that the largest UK union, Unite, has expressed its support for credit unions:

It is a sad fact that although many Unite members have access to the full range of financial products including credit cards and loans, a large number are financially disenfranchised. They may have been refused loans from high street banks and have been declined for credit cards so they often need to borrow small amounts to buy household appliances or just to cover essential living expenses. Having being refused credit by mainline financial institutions, these members can fall victim to loan sharks and pay day lenders charging exorbitant rates of interest. Thus, those with the lowest incomes have to pay the highest interest charge. As a result, Unite has set up a Credit Union service which aims to provide members and their families with access to affordable finance and competitive savings products (Unite, undated).

However, there are potential problems with such an approach. Underpinning the servicing model of trade unionism is a re-conception of the relationship between full-time officials and union members, characterised by a “passive and disengaged membership relying upon a bureaucratic union officialdom to remedy workplace problems as they arise” (Cooper, 2001, p. 435), in effect accepting that the reduced bargaining power of unions, their loss of workplace organisation and waning political influence needs to be replaced by individualised forms of support, which frequently focus on non-work related services and benefits.

While debates over the strategic orientation of trade unions, historically referred to as union purpose, lie beyond the scope of this paper, the implications for credit unions are threefold. Firstly, to what extent should trade unions, facing membership decline and reduced income, devote money and resources to extra-workplace activities? Secondly, while services provided by unions to members are usually through relations with established financial service providers and solicitors, to what extent are trade unions prepared to run a financial organisation and deal with issues such as non-payment and loan defaults from within its own membership? And finally, to what extent can an approach focused on providing individualised services engage sufficient members in credit unions as essentially collective organisations involved, to a degree, in (temporary) income redistribution? In addition to the tension created by concepts of union purpose and principles, in more practical terms, trades unions’ engagement with credit unions will also be influenced by a range of organisational factors, which will shape how they respond to the demand for credit union services and the regulation of credit unions, notably in the form of the common bond.

One consequence of the declining union membership and the occupational changes that have shaped the UK labour market has been an intense process of trade union mergers and amalgamations (Undy, 2008). While some mergers and amalgamations reflect industrial logic, bringing similar occupations together, many have been driven rather by the need to secure economies of scale. The result has been an overall reduction of unions and the creation of large conglomerate style (general) unions which cross sectors and occupations as well as the vertical integration of trade unionism, whereby previous demarcations based upon different grades between or within trade unions are dissolved. It can be argued that both these developments have the propensity to make the establishment of credit unions problematic.

In the case of ‘vertical trade unions’, a significant proportion of members may be relatively well paid, notwithstanding austerity, and have relatively good access to credit (at better rates than would be offered by a credit union). In such cases, a trade union trying to establish a credit union may find it difficult to recruit members because there are insufficient numbers joining the credit union to establish the loan book and facilitate lending. In the case of large, occupationally and industrially diverse trade unions, it may also prove problematic to establish an effective occupational common bond to establish a credit union, especially where competing occupational or geographical credit unions exist.

Indeed, trade unions' organisational remit and structure do appear to influence their relationship to credit unions. A number of occupational or sectoral unions have established their own credit unions. These include BFAWU, the National Union of Rail Maritime, and Transport Workers (RMT) and the Public and Commercial Services Union (PCS). By contrast, the largest, occupationally and sectorally diverse unions, Unite and Unison indirectly support a range of local credit unions (under the geographical common bond). It should also be noted that a number of professional, occupational unions, with members in higher paid positions, do not have links with credit unions, notably the National Union of Teachers (NUT) and professional and managerial specialist union, Prospect. However, while the different types of trade union engagement with credit unions appear to relate to the issues of occupation, pay and geographical reach outlined above, it should also be noted that the General, Municipal and Boilermakers Union (GMB), a large general union covering many diverse occupations and sectors, has established its own credit union.

In summary, while trade unions have strengthened their support for credit unions in the aftermath of the financial crisis and austerity in *policy* terms, it is argued that active involvement in credit unions could be constrained by limited union resources, individualised approaches to promoting credit unions to members, principled issues in relation to running credit unions and issues arising from their distinctive organisational remit and structures. The potential impact of these organisational issues, which are reinforced by the general problems experienced by British credit unions, form the basis for this paper's exploratory research.

## Background and Methodology

This paper reports on the findings of a study into the links between trade unions and credit unions. Our interest in these links is part of a wider study into working poverty and responses to austerity. The background to the case stems from increased awareness of working poverty among trade union members and ongoing debate about how best to address the issue. Our specific interest for this study was to investigate the links between trade unions and credit unions in urban settings. This is exploratory research that examines the strategic and operational challenges that hinder the development of these credit unions. As this was a pilot study rather than in-depth longitudinal research, for the initial study we focused on credit unions that represented a specific 'type' rather than aiming for wide-ranging depth of coverage. In so doing, we wanted to develop a broad understanding of the field so that we could ascertain (a) whether the links between trade unions and credit unions are worth exploring and (b) if there are specific or additional challenges faced by trade union associated credit unions.

We studied three credit unions in total, based in the north of England. Two have close ties with trade unions, while the third credit union did not have union links and was chosen as a point of comparison with the first two. We interviewed a range of board members, managers and staff in the credit unions. The interviews were semi-structured and covered a broad range of topics including: the impetus behind setting up the credit union, services offered to members, daily operations (including any operational challenges they were experiencing) and strategic direction (including responses to working poverty). We also discussed the ethos of the credit union and, where appropriate, how this fitted into the trade union's vision of how to offer services to members. Interviews lasted between one and three hours.

The first credit union (CU1) is sponsored by a trade union. It has a national common bond of association, based on membership of the trade union. Retired or associate members, as well as family and partners of members are also eligible to join the credit union. The credit union is newly established and offers standard services such as savings and loans. As well as standard and large loans to members, it offers an ethical alternative to payday loans. The second credit union (CU2) is a large credit union, based in an urban area of significant deprivation. It is well-established and membership is based on a geographic common bond rather than membership of a trade union. Although CU2 is a community credit union, it has close links to a trade union and several board members are also trade union officers. Like CU1, it offers a similar range

of services to members including alternatives to payday loans. In addition, it runs an employer scheme whereby members can save using payroll deductions. The final credit union (CU3) is a small urban credit union that has no links to trade unions. Membership is based on a geographic common bond in a deprived urban area. Although it has been established for many years, it is struggling to expand. Unlike the other credit unions in the pilot study, CU3 offers traditional savings and loan services; new members can only apply for loans after saving for 12 weeks. The credit union does not offer alternatives to payday loans.

## **Case Study: Exploring the Relationship Between Trade Unions and Credit Unions**

In this section, we discuss the strategic and operational concerns relating to the credit unions. These are discussed under the themes of membership, loans and the bigger picture of trade union involvement in credit unions.

### **Membership**

Credit unions are run for and democratically controlled by their members, but although membership is at the heart of a credit union, finding the right membership mix can be problematic. Setting the size and scope of the common bond creates one set of issues. The common bond needs to be large enough to attract a wide variety of members from different income brackets, representing a sustainable balance of savers and loan applicants. If the bond is geographically dispersed, then potential members might feel excluded (Fuller, 1998) or they might associate the credit union with poverty (Ryder, 2002).

Membership is an issue for all three credit unions, both the well-established (CU2 and CU3) and the relatively new (CU1). In CU2, the common bond was seen as having a constraining effect on the credit union. The manager said:

The common bond is limited. You need recruiters which is a distinct skill (CU2, manager).

His argument was that because CU2 has a relatively small common bond which operates in a deprived urban, the credit union does not have enough savings with which to balance the high demand for loans. His suggestion that recruiters are needed to increase membership is quite novel for credit unions who more often grow adult membership passively rather than through active campaigns. While CU2 had a lack of savers, CU3 had the opposite issue:

We've too many well-off members who only want to save as a way of helping the credit union out. We need more members (CU3, board member).

Although CU3 is also located in a relatively deprived urban area, it has a larger common bond than CU2 and this bond includes some higher income postcodes. This has meant that many members make "sacrificial savings" with the credit union in the belief that they are investing in the wider community, whereas it would help the credit union even more if they also took out loans.

CU1 is based on a common bond of association (membership of a trade union) rather than a geographic common bond. It also had the benefit of being sponsored by the trade union from the outset. Thus, when the study group for CU1 was set up, a declaration of interest form was sent out to the trade union members in order to gauge the levels of interest in having a trade union credit union. One of the current directors, who was a member of the original study group, explained that enthusiasm for the credit union was high to begin with. Many trade union members returned the declaration of interest form and filled out the direct debate mandate so that they could begin saving with the credit union as soon as it was established. This had an unintended consequence, however, when the credit union opening date was delayed. As she explains:

The original expression of interest meant people thought they'd joined the credit union, but the direct debit mandates ran out because the FCA threw up some problems (CU1, board member).

Thus, although there was initial goodwill and enthusiasm for setting up the trade union credit union, when they actually began trading, they did not attract as many members as had been anticipated:

We got 2,000 expressions of interest, but 2,000 didn't join at the launch. There were only about 1,200 (CU1, board member B).

When they contacted the potential members again, many told them "I've already joined". These potential members had mistaken the declaration of interest for the application form. Moreover, in the intervening period, there had been much publicity about the role of credit unions as part of the Church of England's campaign against payday loan companies (Doward, 2014). Trade union members' opinion of credit unions shifted accordingly:

It's perceived if you are in financial problems then go to the credit union and they're not popular for people who are doing well ... We're trying to extend the common bond to any relative of a member (CU1, board member).

Associating credit unions with poverty is one of the dangers of making them a feature of financial inclusion policies (Ryder, 2002) because better-off members will assume that credit unions no longer meet their needs. Taken together, the interviews with all three credit unions highlight the difficulties of finding and maintaining the right balance of membership.

## Loans

In terms of loans, the discussions centred around issues of financial inclusion, fairness and regulatory compliance. The last point was of particular concern to CU3, which had an imbalance of savers to lenders. As their treasurer explained:

It's hard to stick to the approved savings to loans ratios when the local members are all savers (CU3, treasurer).

This credit union had previously come under scrutiny from the Financial Conduct Authority (FCA) for failing to meet the savings to loan ratios and they have been trying to discourage members from saving large amounts. This is an unusual scenario when compared with CU1 and CU2, both of which have the facility to offer emergency or same-day loans. CU2 in particular recognised the threat from payday loan companies in their area:

You have got to be competitive but in your market. We are competing with BrightHouse and the illegal money lenders. It cost us £70,000 to get the credit committee tool to approve same day loans (CU2, board member).

Directors of this credit union favoured taking an aggressive stance against payday loans, hire purchase and moneylenders arguing that credit unions should be in direct competition with them. One suggestion was that credit unions should open up next door to companies like BrightHouse so that the public would know that there is an alternative way of financing purchases.

Location is not such an issue for CU1 as it has a nationwide presence due to its common bond of association among trade union members. Although CU1 offers emergency loans, the board are cautious about the need to balance members' needs against the broader concern for financial inclusion. Two board members argued:

A: We will refer them to debt consolidation [if they don't pay].

B: We are on the side of the individual but we have to think of other members as well.

A: There is a difference between people who can't pay and those who won't pay (CU1, board members).

In this extract, the directors of CU1 articulated the difficulty of serving the credit union's general membership as well as offering alternatives to payday loan companies. Many of these emergency loans can be offered without the traditional period of 12 weeks of saving prior to the loan being made. This makes loan decisions more difficult for the credit committee and is a reason why CU2 spent £70,000 on the credit committee tool. Moreover, while an emergency loan covers a pressing need for finance, it is not conducive to a credit union's broader mission to educate members in financial literacy. Thus, the board members of CU1 were keenly aware that their credit union was not a charity, but was for mutual self-help of members ("We're not a charity; we're a co-operative", CU1, board member A).

### **The bigger picture: trade union credit unions**

The final set of discussions can be categorised as generalised reflections on the credit union movement as a whole, with specific interest in the problems faced by credit unions set up for or sponsored by trade unions. As CU3 does not have a trade union connection, this section only reflects the discussions in CU1 and CU2. The general concerns include volunteering, government policy and the paradoxes of being a co-operative in a capitalist marketplace.

CU2 is a well-established credit union with experienced trade unionists and members of an established unemployed workers' centre involved in the office. This meant getting expertise and full-time staff was less of an issue for CU2. Nevertheless, the extent to which unions directly supported the credit union, especially financially, were limited. By contrast CU1, which is recently set-up is struggling to establish itself. To begin with, staff were seconded from the trade union as part of the union time negotiated with the employers. Following recent restrictions on facilities time, however, volunteer officers were given less time to work on credit union duties: "One director had to step down because he was getting no time at all" (CU1, board member) to complete his board-level credit union duties. CU1 responded to the lack of office personnel by re-organising the board so that it comprised of three committees (credit committee, business development and recruitment). As this exchange suggests, the CU1 board members were keenly aware of the time constraints placed on union promotional activities:

B: We tried to get around it by arming the region reps with an elevator pitch (it's a half hour training session). This has been adopted but they're short of reps.

A: We were developing a marketing plan, but we're thinking about a recruitment plan instead because they don't have the office time.

B: It's chicken and egg again.

A: It's hard to sell the CU because it's associated with hardship.

B: We need to set up advocacy — where people circulate information without being reps. People like me!

This exchange also encapsulates many of the problems faced by trade unions as well as credit unions and it reflects the difficulty in establishing alternative perspectives in a capitalist marketplace:

There's a capitalist system in place, so what can you say? (CU1, board member).

This is a common problem for co-operatives, one which originates in the co-operative paradox of offering a democratically controlled alternative to market capitalism while simultaneously having to operate within the capitalist market (Bretos, & Errasti, 2016; Levi, & Davis, 2008; Meira, 2014; Sanders, & McClellan, 2014; Storey, Basterretxea, & Salaman, 2014).

The officers in CU2 also reflected on the paradoxes of running a credit union:

Credit unions are full of paradoxes like teaching people to be thrifty but how do you make a profit? Holiday loans are the biggest earners, but some of the requests are crazy (CU2, board member).

Our members can't get bank accounts, so they come to the credit union. It's very hard to make money (CU2, officer).

These comments point to the tensions experienced by trade unions involved in credit union work, particularly the difficulty in finding a balance between promoting financial inclusion for trade union members while safeguarding the interests of the credit union members (who form a subset of trade union membership). In the conclusion, we reflect on these issues more broadly as well as offering directions for future research.

## **Conclusions**

This paper reports on exploratory research into the links between trade unions and credit unions, with emphasis on investigating the role of credit unions as a trade union response to financial exclusion and working poverty. The paper begins by outlining existing research on credit union development in Britain, highlighting the difficulties experienced in establishing and maintaining credit unions, particularly given the over-reliance on financial support from external bodies. Trade unions' interest in promoting credit unions has been as a response to austerity and working poverty. Although trade union support is relatively clear-cut in terms of policy, it is unclear how this would translate to practical support for credit unions. This question forms the basis of the pilot research reported on in this paper. The exploratory interviews with three credit unions raised questions of membership, loans and the wider involvement of trade unions with credit unions. The discussion highlighted the contradictions, paradoxes and tensions involved in finding a balance between the needs of the broader trade union membership and the sub-set of credit union members.

In conclusion, this exploratory piece of research has raised a number of important issues in relation to the extent to which credit unions can realistically address the problems of restricted and expensive access to credit amongst the poorest members of society, which increasingly includes those in work. Firstly, the small scale and limited resources of credit unions limit the extent to which they can offer an alternative to payday loans and weekly payment shops. To do so either requires an expansion of the membership and savings of credit unions, which staffing resources make highly problematic, or restricting activity to traditional savings and loan approaches, which reduce the ability to compete. Significantly, trade union supported credit unions do not appear to escape these problems. Secondly, trade union involvement in credit unions is uneven, and cannot be uniform, as it reflects the different strategies, membership composition and status of unions. Within this, it is apparent that unions will find it difficult to establish credit unions where membership is drawn across the occupational or pay levels, especially if it is only promoted as (or perceived to be) an individual service to a minority of financially excluded members. A final important finding is the extent to which active involvement in credit unions, as social organisations operating within capitalism, raises principled issues for trade unionists operating credit facilities as the requirements to balance books, generate profit and enforce non-payment can detrimentally affect their members. These themes, explored initially by this limited research may provide an important starting point for developing research, advice and guidance to unions when they seek to take forward policy on supporting credit unions.

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## Note

- 1 Credit union development in Northern Ireland has been more successful, therefore for the purposes of this article, we are actually focusing on Great Britain rather than the United Kingdom.

# Confessions and Reputations

Chris Dankwa

This thought piece brings together fragments of philosophy of science, moral philosophy/ethics, and critical theory in an attempt to elucidate the fundamental work that researchers, interested in the reputational integrity of co-operative/mutuals, ought to do.

## The First Step, is Admitting It ...

The most troubling thing I have seen of late is rather usefully explained with reference to (and adaptation of) the thought experiment known as Schrödinger's Cat.<sup>1</sup> The analogy, involves:

- A cat (read: mutual society); which is trapped in
- A steel box (read: business model); with
- A potentially degradable radioactive substance (read: the landscape of trust law, contract law, law of tort);
- A Geiger counter (read: auditor/accountancy firm or lay auditor);
- A mechanism connecting the Geiger counter and a hammer, below (read: accountants/ auditors report);
- A hammer (read: public awareness);
- A vial of hydrocyanic acid (read: public opinion); and
- A scientist, located outside of the box (read: those with an interest in the co-operative movement/mutual societies).

If the radioactive substance degrades, even by a single atom, the Geiger counter detects that fact, a relay mechanism trips the hammer which breaks the vial of acid, that poisons the cat. Alternatively, the scientist can open the box (which trips the acid instead of the Geiger counter). But before any of this happens, if the Copenhagen Interpretation is to be believed, the cat is considered to be both alive and dead (known as a 'Superposition').

In the original story, the cat cannot directly interfere, with items in the box. However, in my example, let's say it can, or rather, the *society* can (carelessly trigger the wrath of public opinion, that is), by failing to maintain proper books and records, not paying attention to the detail of grant agreements and not complying with their accountant's requests for information.

The situation we, students of mutual societies, are in, is of that of the scientist: we don't want to open the box, but we are naturally curious about what is going on in there! If that cat had already tripped the vial, and we opened the box, our conscience would be clear, but if we prematurely opened the box, we would be responsible for the destruction of the cat's life. Nevertheless, there is something very (intellectually) unsatisfactory about the cat's sustained 'superposition', by which I really mean, I would rather have certainty about the financial/legal status of a given society.

This thought takes me neatly from quantum physics to moral philosophy and ethics, because precisely what I have come across is the phenomenon of cats (and indeed scientists) wishing to *maintain* the 'integrity of the superposition' ("Don't look in the box! Please don't!") even after indications that the vial probably cracked long ago.

## Moral Mazes or Just ... Hazes?

Consider what happens when the sharp (financial) practices of a company are exposed. Some will leap to the business's defence ("There is a fiduciary duty to uphold shareholder value."); a few will look to academic discourse<sup>2</sup> to explain how behaviour might have evolved ("pressure, opportunity rationalisation"); but some will have none of it, preferring to define the knowing activities of that business as an example of "wilful blindness".

When it comes to a society, on the other hand, who say, is in receipt of grant funding, but who dips into 'restricted' reserves when they should not, how many co-operators comfortably leap to its defence or try to explain away its unacceptability?

Answer: more than I would like.

Consider a second (apparently true)<sup>3</sup> scenario: a couple is confronted about their nursery-aged child's lack of urinary continence in the classroom. "We are oxford classicists ..." they declare, as if the duty to prepare their child wasn't part of their remit. Potty training may well not be on the Greats syllabus, but that isn't to say — particularly when one becomes a parent — that the two are forever to be considered mutually exclusive!

And so it goes, I would argue, that in cases of a suspected breach of trust, societies should not be able to get away with, "We are only volunteers ...". But how many co-operators challenge that excuse?

Answer: less than I would like.

## Finding the Words ...

If people are allowed to continue to believe that, since they are running social businesses (saving planets, caring for vulnerable people, housing people, financing the unbanked ...), the rules that apply to arch-capitalists, need not apply to them, that is no different from saying "I'll both have my cake and eat it, thanks". That's one hell of a superposition!

Trapped cats, corporate villains and confused classicists teach me that something is missing in research discourse, namely tools to facilitate:

- **Confessions:** appropriate words to help societies describe and address behaviour; contradictory to their own and the sector's value system.
- **Reputations:** best practices for 'calling out' such behaviour, which don't simultaneously bring the whole movement down like a house of cards.

In the UK, in particular, we have a deep cultural problem — even if we had the words, we probably would resist using them, living, as we do, in a nation that would rather tip-toe around an uncomfortable issue than speak plainly about it.

But when Kimberle Crenshaw<sup>4</sup> describes 'intersectionality' as an "analytic sensibility", she encourages me to think that there is a way out of this cultural problem. Could it be that a critical theoretic approach is one of the sharpest methods available to analysts concerned with wicked problems that lurk within tricky psycho-social phenomena? That is certainly what has happened with the concept of 'intersectionality' over the last few years.

I don't know what other analytic sensibilities exist 'out there' for our use, but I sincerely hope, as a community of researchers, we won't need another 50 years to discover them.

## The Author

Chris Dankwa is a freelance auditor, independent researcher, and a fellow of the Institute of Chartered Accountants of England and Wales with a particular interest in responsible investment, technology and equality. Her current activities are concerned with the infrastructure disparities between UK mutual societies versus other legal forms in the UK — particularly the limitations arising from a lack of open data and the transparency or accountability issues which flow from that state of affairs.

## Notes

- 1 Schrodinger initially devised the analogy to demonstrate a paradox inherent in the Copenhagen Interpretation of quantum physics, which maintained that certain entities can exist in all states at once and will only be confirmed as being in one state or another when observed (or by having some other interaction with the outside world).
- 2 [https://en.wikipedia.org/wiki/Fraud\\_deterrence](https://en.wikipedia.org/wiki/Fraud_deterrence)
- 3 <http://www.independent.co.uk/voices/comment/if-something-is-wrong-do-you-dare-say-so-9554158.html>
- 4 <https://www.ft.com/content/4fdc1354-a061-11e6-891e-abe238dee8e2>

# The Development of a Women's Economy in North Syria

Jo Taylor

For just over one year, Jo Taylor has been working on the *Cooperative Economy in Rojava and Bakur* research project, analysing and translating reports relating to the emerging co-operative economy in the predominantly Kurdish regions of north Syria and east Turkey — known to their Kurdish populations as West and North Kurdistan, respectively. This emerging economy is part of a wider social and political shift towards a new democratic model of self-governance, a democracy without a state, from which the world has much to learn.

A radical experiment with direct democracy and women's liberation is now in its sixth year in the north of Syria — the region Kurdish people know as Rojava, literally meaning “the West” in Kurdish. The region has recently made the headlines in international news, primarily because women's battalions are fighting — and winning — against the self-styled Islamic State (IS). What rarely, if ever, makes the news though, is the radical political ideology that forms the backdrop to this phenomena — an ideology that is, in many ways, the polar opposite of IS.

Attempting to describe the new political system in Rojava is, in some ways, like trying to describe a new colour that falls outside of the colour spectrum we are used to. Understanding it necessitates a kind of paradigm shift. It's not just that the new political model is different — in many ways it is far older than representative government, patriarchy or the nation state — but the canvas these new colours are being painted onto is also very different from the fabric of life in Britain. In some ways, that's why it is working so well.

Capitalism never really reached North Syria. They went straight from feudalism — still very much present today — to National Socialism under Assad's Ba'ath Party. There are no multinational companies, no banks, no corporate mindset. There are some big landowners, yes, but in general there are peasants and a petite bourgeoisie who own small shops, raise livestock, or perhaps manage a small construction firm. Transactions are cash-based, and money is stored, one presumes, under the bed or in a hole in the garden.

Another big difference is that the family and community structures were never eroded in the way they have been in Britain. There is a very strong sense of social responsibility, ensuring that social obligations are generally met, elderly relatives cared for and generosity is expected to be repaid. Of course there are also dodgy characters, monopolising traders, people who cheat on one another and steal. It's no paradise, but there is much that we can learn from.

There are also downsides to the strong family and community structures — which can be quite burdensome, particularly for younger people — especially when it comes to the pressures and expectations on women. Women are expected to marry, usually at a young age, to keep the house clean and the dinner on the table, and keep away from the eyes of other men. Until the start of the revolution in 2012, women's educational levels were lower than men's. Women were unable to inherit property, and were often told who and when to marry.

The Women's Law has changed much of this. Created by the Women's Movement and enacted into law in November 2014, it forbids, among other things, forced marriage, under-age (under 18) marriage, the dowry, honour killings, domestic abuse, polygamy, and gives women equal inheritance rights. But how did the Women's Movement reach the stage where it was able to bring in such a law?

The answer is: forty years of the Kurdish Freedom Movement; but in order to understand the reasons for this, we need to delve a little into history.

At the end of World War I, the predominantly Kurdish-inhabited region was split into four with the collapse of the Ottoman Empire and subsequent repartitioning of the Middle-East, primarily by British and French diplomats. North Kurdistan found itself in the newly-created republic of Turkey, while South Kurdistan wound up in the British Mandate of Iraq, and West Kurdistan became part of the French Mandate of Syria. East Kurdistan remained in Iran, where the British imposed Reza Khan as Prime Minister after helping to overthrow the Qajar Dynasty.

In all four of these new nation states, Kurds made up a sizeable minority — the largest being in Turkey, at an estimated 18-20% of the overall population — but had few, if any, cultural rights. In Turkey, for example, a state-imposed process of *Turkification* made it illegal to give children Kurdish names or to teach Kurdish in schools; all names of towns, villages, rivers and mountains were Turkified. People were even fined if caught speaking Kurdish on the street.

The rise of the Ba'ath Regime in Syria following a successful military coup in 1961 led to a similar situation there, which continued until the Rojava Revolution in July 2012. According to a Human Rights Watch report<sup>1</sup> from 1996, Kurds in Syria were not allowed to officially use the Kurdish language, register children with Kurdish names, start businesses that do not have Arabic names, build Kurdish private schools, or publish books and other materials in Kurdish. The country was now called the Arab Republic of Syria, influenced by fascist movements in Europe.

As the mass protests demanding revolution in Syria which had begun in 2011 spiralled into civil war, Kurdish people in the impoverished north of the country proclaimed their independence from the Assad regime. Since then, the society has seen a massive shift into a new kind of bottom up direct democracy based on a complex web of interconnected communes, committees, councils and co-operatives, who send rotating, mandated, recallable delegates — always a man and a woman, or two women if it's a women's structure — to the district, city and then canton levels, with decisions made at the level they affect. What they are aiming at, in fact, is a democracy without a state.

A new Social Contract<sup>2</sup> has been drawn up which gives a basis to the new system. There is a 40% quota for both men and women on all organising committees, with a male and female co-chair of every governing body. There are also quotas for Arabs and Christians, the two largest minorities in the region. In each municipality, for instance, the top three officers have to include one Kurd, one Arab and one Assyrian or Armenian Christian, and at least one of the three has to be a woman. In keeping with the spirit of pluralism on which this new system has been created, the official name for the region is now the Democratic Federation of Northern Syria — formally omitting the Kurdish name Rojava.

The ideology underpinning this paradigm shift has several important key principles. Aside from women's liberation and ecology, considered the two leading principles of the revolution (despite the fact that the ecology side of this is still not well developed), is the transition to a co-operative economy. Co-operatives, like the other structures, are autonomous, but connected to the wider system.

Co-operatives are open for anyone to join by buying a share. The price of these shares sound gigantic, often with figures like 15,000 or 20,000 SYP (Syrian pounds), but when we take into account the nosedive deflation of Syria's economy, \$1 USD is currently around 500 SYP and this is actually a little under a tenner. Some of the more adventurous industrial co-operatives, such as the recently announced bulgur wheat factory,<sup>3</sup> are up to \$100 USD to participate, but this is really the highest rate. Many projects announce that they are prioritising the lowest income families, with loans offered to help people afford the fee, which is then only paid back when the family can afford to pay it from their dividends. In short, the whole system is set up to help the people.

People buy shares in the co-operative and they elect the workers, which in some cases can be only two to four people for a small shop. The other co-operative members, or "participants", as

they are generally referred to, receive dividends from the profits and have a say in decisions. The number of shares is generally restricted in order to rein in monopolisation, currently a big problem in the region as traders take advantage of the economic siege imposed by Turkey. They also have all kinds of complex anti-monopolisation and corruption rules, such as prohibiting more than one person in a family to join the same co-operative, or especially the same organising committee.

Among the more than 200 co-operatives that have been founded since the start of the Rojava Revolution, approximately a quarter of these are women-only co-operatives, which form a cornerstone in the construction of a new *women's economy*. The idea behind this is that women have long been subservient to men (for 5,000 years now, according to the predominant narrative of the Kurdish Women's Movement<sup>4</sup>), and in order to redress this balance, they need to raise their skills and confidence by working autonomously from men. Consequently, women's bodies have the right to veto decisions made by the general "people's" structures (there are no autonomous men's structures, since they consider the world to have been dominated by men for the past 5,000 years).

A Women's Economic Committee has been set up to encourage and support women's co-operatives, often providing loans which only get repaid if and when the co-operative does well enough. It is not always easy to inspire women to join such projects, since women have been told for their entire lives that they are unable to do the work of men. The vast majority of women have never done any heavy manual labour, such as working in fields and building houses and have never been permitted to have a paid job. Now there are women's agricultural co-operatives, women's dairy, bakery, and consumer co-operatives — even a women's village is now being constructed, with women collectively building all of the houses and infrastructure themselves.

During her visit to some of the women's co-operatives in March 2016, Rahila Gupta asked Kongreya Star coordinator Delal Afrin why they felt the need to have separate women's co-operatives. She replied:<sup>5</sup>

With the rise of patriarchy, women lost these freedoms and were oppressed not just in this region but all over the world. Women are attempting to overcome the past. The rights of men and women should be the same regardless of the differences between them. The historic imbalance of power cannot simply be corrected by introducing quotas for women or the principle of co-presidentship shared by one man and one woman. The confidence that men and women bring to the job will be different unless the confidence of women is built up through the self-reliance, knowledge building, and training they acquire in the setting up of co-operatives. A society that is able to organise an economy where women are given productive roles is the sign of a mature and reflective society. When the economy is not in the control of men, women will be able to express themselves freely. The freedom of the woman will promote the freedom of the society and of the man. When both men and women become free we will achieve a free society.

Since returning from my own visit to the region, coincidentally at the same time as Rahila's, I have been pondering these ideas in relation to western feminist movements and the situation of women in the UK. The question I have been asking myself is: Do we have something to gain from an autonomous network of women in co-operatives?

At the Worker Co-operatives Weekend in May, 2017, I called for a women's meeting to discuss this situation. A large percentage of the women attending the gathering joined this meeting and shared their experiences of working in co-operatives as a woman. There was a strong feeling that a women's network would be useful, and so we have now set up a mailing list as the first step. The women's movement in Rojava is very keen to be in contact with other women's movements around the world, and I look forward to some future fruitful communications between networks of women who are organising in very different paradigms, often facing very similar problems, albeit in different ways.

## The Author

Jo Taylor is Coordinator of the project *Cooperative Economy in Rojava and Bakur*, aiming to research and build solidarity with the co-operative movements of Rojava (North Syria/West Kurdistan) and Bakur (South Eastern Turkey/North Kurdistan). Jo has been involved in various co-operatives for more than 10 years.

## Notes

- 1 <https://www.hrw.org/reports/1996/Syria.htm>
- 2 Full text of the Social Contract at <https://peaceinkurdistancampaign.com/charter-of-the-social-contract/>
- 3 <https://cooperativeeconomy.info/bulgur-factory-project-to-start-work-in-november/>
- 4 The political ideology of the Kurdish Freedom Movement and the Kurdish Women's Movement are taken from the political thought and writings of Abdullah Ocalan. His thought on the origins and affects of patriarchy are summed up in his essay *The Revolution is Female*: <http://www.freedom-for-ocalan.com/english/hintergrund/schriften/ilmanifesto.htm>
- 5 The full report can be found at <https://cooperativeeconomy.info/womens-co-operatives-in-rojava/>



# Home Care — a Systems Thinking Alternative

**Mandy Tilston-Viney and Adrian Roper**

Home Care is a system in crisis. Vanguard Method Systems Thinking offers an alternative to Time and Task based commissioning. In this short article, the authors describe Cartrefi Cymru Co-operative's exploration into the failings of the current system and their efforts to transform service delivery through a co-productive approach based upon what matters to each person receiving support.

We are used to hearing that Home Care is in crisis; that fewer and fewer older people are getting help from a service that will cost more and more as we all get older; that Home Care causes Delayed Transfers of Care, resulting in huge strain upon our hospitals. But we don't hear much about why the Home Care system operates as it does, or about the thinking behind the practices that maintain it in a dysfunctional state.

Commissioners have attempted to address the issues with larger contracts and shorter call times, none of which have led to greater sustainability, or greater satisfaction amongst the people receiving support. It is a service dominated by a message of attrition — that there isn't enough to go around and we must all make do with less.

Vanguard Method Systems Thinking teaches its practitioners to think about "The System" in its widest sense. It encourages an in-depth exploration of "The Work" right at the grassroots so that leaders begin to appreciate how a failure in one part of the system has its knock-on effect elsewhere — with extra expenditure, time and work for whoever ends up mopping the mess.

Cartrefi Cymru Co-operative is the largest voluntary sector provider of care and support in Wales, mainly supporting people with learning disabilities, but in North Wales we have a small Home Care service operating in Arfon, in mountainous Snowdonia. This little service strives to organise 25 staff to carry out 723 calls a week to about 40 people, between 6.45am and 10.15 at night, 7 days a week, over a rural area of about 200 square miles.

## How Does Home Care Work Now?

Home Care traditionally works in this way: people are assessed as needing help for a set amount of time at fairly predictable times of day i.e. "Breakfast, Lunch, Tea, Bed". The calls are grouped into rounds, running from person A to B to C etc. Managers try to keep costs down by grouping calls as close together as possible, which is a tough call because they have little control over where new packages of care will be situated. Cartrefi pays staff for their time on the road at their standard contracted rate and pays their mileage at 45p a mile. Travel is expensive.

The rounds change constantly. People die. They go into residential care. New people, living in different places, need calls. Staff have variable contracts, prefer to work different hours on different days, take holidays and sick leave. Nursing the staff rota is the biggest consumer of manager time. That and dealing with bureaucracy. The managers are under huge pressure on a daily basis in an unenviable job. These are good people, trying to get things right by running hard on the treadmill of doom.

## What Matters?

A Vanguard check on our Home Care system began with an exploration of what matters to the people using it. We looked at records to see what people asked for, what they received, and

what they complained about. This revealed that What Matters to the majority of service users can be expressed in this way:

- I need a reliable service.
- I need a flexible level of service that can give me more when I need it and less when I don't.
- I want staff who suit me, who I can establish a bond with.
- I want people who can help me with what I need help with, when I want it, whatever that help is.
- I need help with my wellbeing (not just personal care).
- I want a service that listens and meets my individual needs.
- I want to feel informed and in control.

But the system as it stands is not set up to deliver these things: people are repeatedly frustrated by unreliability, by a one size fits all, task-based service, in which a varying stream of staff try to fit in someone's important wellbeing-related requests around the constraints of the Care Plan, often in their own time. There is no incentive for providers to be flexible or to innovate. The focus is on feeding the machine — putting more money in via bigger block contracts in an attempt to entice providers with promises of the elusive Economies of Scale.

So who does the Home Care system actually work for? Does Time and Task commissioning work for the staff who run from call to call, all too often on zero hours contracts, with little or no travel time given between calls so that for-profit providers can make a surplus? Does it work for the Home Care managers who spend their time nursing the rota and on the bureaucracy that providers, commissioners and inspectors impose upon them in an attempt to control the system? Does it work for the social workers who have been obliged to assess whether someone is needy and vulnerable enough to receive a Home Care service and then to reassess for the extra 15 minutes for support that everybody knows Mrs Jones really needs? And does it work for the older people receiving Home Care, who may be entirely dependent upon Home Care staff to meet their social and emotional needs?

Vanguard tells us that every system has its "waste" and is likely to be chock-full of bureaucracy and processes that we design into it. In Cartrefi's small service, we have a talented, creative management team that would much rather be out in the field, talking to people and finding out if we're doing what matters. But at the moment, their time is consumed by the rota and the bureaucracy. They made a record of all the demands on their time over a week. There were 306 demands. Only 14 related to the people we support, with only 1 direct call from a service user. Home Care eats managers for breakfast.

Where does the micro-management and bureaucracy stem from? Ironically, a lot of it is driven by a desire to control costs. There's a fear that if you let people have what matters to them, they will ask for the earth and the demand will be uncontrollable. But have we tested out how realistic that fear is? Have we looked to see whether, if we cater for people's emotional and social needs in a different way, people will place fewer demands on the Home Care system or the Health system or the Justice system? And have we looked for waste in the system? Well, mileage for randomly located calls is waste. Nursing the rota is waste. All the calls to social workers to ask for another 15 minutes are waste. And it all costs money.

## Joan

Joan is 85 years old. She lives alone in a small Welsh cottage on the outskirts of a village. She's isolated and her mobility has decreased over time. In the past couple of years she has had

some falls that have knocked her confidence and she can't get out like she used to. Joan's care is funded by Health because Joan has a long standing severe mental health problem. Everyone agrees that Joan is very vulnerable.

A care package was arranged with Cartrefi in 2009 to prompt Joan to take her meds, encourage personal hygiene, and prepare breakfast and a bit of tea. Two calls a day, half an hour each, morning and evening, at set times. What Matters to Joan if you were to ask her is having the Sun newspaper in the morning and a steady supply of fags.

Reading through communication books and log entries showed an array of interactions between the staff on the ground, the managers in the office, and the health and social care professionals, to-ing and fro-ing in an attempt to sort out the problems Joan was facing on an ongoing basis.

If you look through this record of what's happened in Joan's life, you see that other things are important too: keeping an eye on her physical and mental health; keeping a close tab on her meds; keeping in touch with her neighbours; keeping her safe by trying to tackle the chaos that her house quickly becomes; making sure she's got food and money; trying to keep the accumulating stack of newspapers next to the fire from setting alight.

There are three different care providers and a care coordinator involved in Joan's Home Care, all with the responsibility to help her live her life well. So how effective has this service been? The Protection of Vulnerable Adults referrals we made, after repeated episodes of Joan having no food or money in the house when the system failed, would indicate "not very well". And there's the time it took to get Joan's toenails cut by a chiropodist: a concerted effort from staff and managers for just over 3 months and in that time it got so bad Joan couldn't put her shoes on and had to walk about in her stockings. How can that happen with this level of support?

There are many other examples of such system failures, even in that small service in Arfon. The scale of waste and avoidable suffering across all of Home Care, every day, must be immense.

## Underpinnings

So what is the thinking that sits behind this pressurised system? Why do we have so much waste and a failure to meet basic needs?

As reflective Providers we have identified thinking such as:

- We can't trust the staff not to rip us off, so we'll monitor and control them.
- We can't have staff working with autonomy because we don't trust them and we'll lose control.
- We have responsibilities and we have to retain control.

And the Commissioner is thinking exactly the same things. They don't trust us and we don't trust our staff. This has landed us all with the top-down, command and control model of working that misses delivering What Matters every single day.

Our staff struggle from person to person, fielding swathes of unmet need as best they can. As a provider we struggle to meet the lowly purpose of doing the calls as best we can and breaking even. The people we support often struggle uncomplaining with unfulfilled lives, stifling discontent in the name of not making a fuss.

All of this is unsustainable and is testing Home Care to destruction. But if we remember What Matters to people using this service, then that brings us to a new Purpose: to get to know people really well and do what's important. If we can concentrate on that, then the potential is there for an amazing transformation.

As a multistakeholder co-operative, we are up for doing right by the people we support and our employees. And with admirable willingness to try something different, Gwynedd Council are working with us to carry out an experiment in the village of Bethesda. Our aim is to see whether it is possible to redesign Home Care so that it becomes an empowering system to commission, to work in and to receive.

Our Bethesda Experiment will particularly test out two propositions:

- That skilled and knowledgeable staff working on a local patch, with the power to make decisions about what they do, is a more sustainable way of providing Home Care — and compatible with decent staff terms and conditions.
- That skilled and knowledgeable staff who are using their resources, and the local community's resources, will be able to help people to do much more of What Matters to them — in a system that recognises their needs as human beings.

This redesign of Home Care will test out the principles of Co-operation and Co-production at every step. With the support of the Social Services and Wellbeing Act, we'll all be focused on finding out What Matters to people who are vulnerable, while at the same time looking at their strengths and assets to see how we can supplement those things that need supplementing.

Local Authorities and Health Boards are being compelled to think about what they commission and how. We're fortunate that some, like Gwynedd, are prepared to see if, rather than simply retendering a service, we can work together to re-design the whole system.

## Scaling up?

Our experiment is purposefully small at present and scaling up will bring challenges as we introduce people who are used to working in a traditional way to an unfamiliar alternative. Scaling up is not simply a case of rolling out a training course and telling staff they now have permission to Do What Matters. A new approach requires normative learning — getting into the heart of the work to experience first-hand the waste, failure and missed opportunity that exists in the traditional model. Having a successful, redesigned model running alongside the old system creates a useful comparison and an opportunity for experiencing how it feels to work on the ground to work in a different way. The comparison creates a cognitive dissonance that is hard to ignore. As one of our staff has said, "I'm not going back to working like that. It's just wrong. I can't do it anymore". That is the secret detonator of scale.

## The Authors

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Adrian Roper has 31 years experience of social care in the statutory and voluntary sectors. He started his career as a volunteer resident in Wales' first "group home" for people with learning disabilities. He is CEO of Cartrefi Cymru Co-operative, a Wales-wide provider of community-based support that reconstituted itself as a multistakeholder co-operative in 2016.

This article first appeared in the Welsh Institute for Health and Social Care's Think Piece, *Support for Older People — Health, Social Care and the Third Sector*, edited by Mark Llewellyn, University of South Wales May 2017.

# Transforming a Social Care Charity into a Multistakeholder Co-operative: Some Insights from Cartrefi Cymru Co-operative

**Adrian Roper**

Cartrefi Cymru Co-operative is a Welsh provider of social care that decided, after 27 years as a traditional charity, to become a multistakeholder co-operative. The paper provides some background history and then sets out the main reasons why the organisation decided to change. It also outlines some of the innovative features of its new identity as both a care providing and community building co-operative, and offers brief perspectives on Welsh and English social care law, and where co-operative care might sit in relation to market and non-market approaches to public services delivery.

Cartrefi Cymru was established as a charity in 1989 by a group of parents and Wales-based charity leaders who wanted to ensure that people with learning disabilities in rural and valley Wales had access to opportunities to live as tenants in their homes and communities with high quality support. The (Conservative) government in Wales at that time was committed to closing the old NHS special hospitals in which people had been segregated and congregated for decades, not infrequently in scandalous conditions. Funding for community based small-scale accommodation and support was made available, with particular incentives for service developments that used Housing Association properties and charitable support providers. From one perspective, it was an early step on the road towards outsourcing public services, but sweetened by the undoubted rightness of the shift from institutional exclusion to community inclusion, and by the government's encouragement of third sector provision, rather than the private sector. This perspective will be revisited later, as it remains a lively issue for co-operative social care.

Building on a platform of long-term government-funded service development, and aided for a while at least by an almost monopolistic position in its rural and valley areas of focus (and with due acknowledgement of a lot of people's skill and hard work), Cartrefi quickly became one of the biggest providers of support for people with learning disabilities in Wales. By the mid 1990s we had over 800 staff working in small house-based teams in every region of Wales. Growth then slowed as the hospitals closed, the new funding stopped, and a semi-monopoly situation turned into a highly competitive marketplace. The Community Care Act 1990 took a few years to make its impact, but by 1997 Cartrefi's contracts began to be re-tendered, and a whole new ethos dominated the environment. The focus was less and less about creating inclusive communities, and more and more about business survival and market share. Cartrefi had to learn to play the game, and we survived and even continued to grow. We have today 1,200 staff, supporting over 600 people in 14 of Wales' 22 local authority areas.

Thankfully, however, we never fully bought into the competitive business ethos, and for the past ten years at least, Cartrefi has been at the forefront of efforts to challenge the marketisation of care in Wales, and has striven to be an ethical player in all areas of our work: putting the people we support first; meeting and exceeding legal obligations towards our employees; and being transparent and collaborative with our local authorities.

We could probably have carried on for many more years without worrying about our top-down governance structure and traditional, charitable values: doing good to others. We were well-regarded and successful. Why bother to overhaul our governing documents and start playing about with the distribution of power and status within the organisation? Why bother to become a co-operative?

The fundamental reason is that we actually want to deliver on our purpose, and becoming a co-operative creates a whole range of new ways for us to do that.

Cartrefi Cymru's purpose is to enable the people we support (mainly but not exclusively people with learning disabilities) to live a good life. A good life is broadly assumed to include those things that any of us would see as essential (a decent home, loving relationships, valued roles, freedom, etc.) but we also believe each person should be able to shape their good life to suit their individuality and choice. Until we became a co-operative, we sought to fulfil this purpose through the traditional methods of good support practice and quality management. But such methods did little or nothing in terms of offering valued social roles, status, voice and control. By becoming a multistakeholder co-operative it is now possible for the people we support to choose to be members with full voting rights and the opportunity to become elected representatives with the power to appoint or dismiss our Board.

This elevation of status and voice, and access to power, also offers reasonable grounds for believing that the quality of our support will now always be strongly shaped by the vital perspective of the people who receive that support, and not simply reliant on the variable values and insights of senior officers and trustees. Their perspective is now hard-wired into our governance, and future-proofed against changes of leadership.

Another reason for becoming a multistakeholder co-operative is that the low status and marginalised voice of social care workers is both unjust and counter-productive. The terms and conditions of staff in social care services are generally poor, motivation levels are variable, and a deep well of talent, insight and capacity is too often ignored. Now that we are a multistakeholder co-operative, all our employees have the opportunity to become full members with voting rights and responsibilities, and elect representatives to the highest level of power and information access. We may not be able to increase wages beyond the funding we receive from local authority commissioners, but the elevation of status and voice of employee members offers a new defence of terms and conditions of employment.

Our co-operative offers the people we support, and our employees, something else as well. We have designed our initial membership offer so as to strongly emphasise Principle 7 (Concern for Community) and to interpret Principle 3 (Member Economic Contribution) innovatively. As well as paying £1, members pledge to build their co-operative and their community. Members meet not only to have their say and express their Democratic Member Control (Principle 2), they meet to pool their ideas, talents and spare time to organise activities which help their neighbours and communities. These can be social or environmental activities, from checking on an elderly neighbour to having a litter-pick and picnic; from making a local allotment wheelchair accessible to supporting a food bank. This creates all sorts of new opportunities for the people we support: to have visible, valued roles within their communities; to have a wider network of relationships; and to have a sense of well-being from being contributors rather than recipients. Employee members can also enjoy participating in collective efforts that make their communities better, along with recognition of the unpaid work they already do of their own volition, as active citizens, family members and good neighbours.

The innovative interpretation of Principle 4 is to consider Economic Member Contribution in terms of this "core economy" of unpaid activity, without which the whole fabric of decent human society (and paid-for economic activity) would collapse. It is an approach that dovetails Co-operation with the principles and goals of Co-production. In co-production, public services are based on an equal partnership between those who provide and those who use them, and are co-designed and co-delivered by both parties. This is partly to ensure that the services delivered are actually what the end-user wants, and that the public servant is not wasting public money delivering the wrong things. It is also about valuing and mobilising the capacity of the "core economy" and, in co-operative terms, the human potential for self-help and self-responsibility.

To reinforce our co-operative's community-building capacity, and strengthen the co-productive nature of our work, we have opened up our multistakeholder co-operative to a third category of membership: community supporters. Of course we are committed to Principle 1 (Open and Voluntary Membership) and will not reject applications on discriminatory grounds, but given the vulnerability of the people we support, the community supporter category of membership is not being offered to simply anyone who might be interested. We are particularly welcoming people that user and employee members know and trust, such as family, friends, and associates.

Another reason for becoming a co-operative is because the very idea of co-operation flies in the face of the idea of competition. If you feel that behaving like rats in a sack is a deeply inappropriate and resource-wasting way for social care providers to act, and you see no evidence that charitable status is any guard against rat-like behaviour, then Co-operative Principle 6 (Co-operation amongst Co-operatives) calls to your soul.

The marketisation of care services may have begun (in Wales) with the encouragement of the third sector, but as in other parts of the UK, it has resulted in a massive growth of the for-profit sector, extracting resources for shareholder benefit and doing as little as possible, beyond the contract, for the added benefit of users, workers, communities or public services as a whole.

Competitive tendering, as currently undertaken, not only encourages the private sector, it also fundamentally denies the users of services any meaningful say in who provides their care and support. There is little or no co-production (no co-design and co-delivery) in the current market-place approach to care commissioning. Whilst Cartrefi was deciding to transform into a co-operative, an interesting question arose: might it be possible for the users of a care service that they democratically control to powerfully resist attempts to put their own care out to tender? It is too early to answer yet. Besides, a better scenario would be for competitive commissioning to be replaced with co-productive commissioning. There are grounds for hope in that regard in Wales.

The Social Services and Well-Being (Wales) Act 2014 is the Welsh equivalent of the Care Act in England. There are a lot of similarities, and they both encourage co-production, but arguably the Welsh Act goes further, and only the Welsh Act promotes co-operatives. It places a duty on local authorities to promote "user-led services, co-operatives, social enterprises, and the third sector", whereas the English Act requires the promotion of "a diverse marketplace". It is a very notable difference. The Welsh Codes explain why they explicitly promote a restricted set of organisational models. The reasons are that they "lend themselves well to applying co-production principles because they are often democratic membership organisations" and "often conduct activities which are deemed to add value to society". Cartrefi Cymru Co-operative is proudly doing its utmost to comply with our Welsh laws, and to assist our local authorities in their duties. Of course, that's not the reason we have become a co-operative, but it undoubtedly has helped us, to be operating in a country that is not in thrall to market ideology, and champions democracy and society.

We opened up our membership offer in June 2017. By the end of July we had 204 members and rising. We have member forums forming in every region, and we are working with members to prepare the way for elections to a new National Council later in the year. All sorts of community-building activities are being voted on and actioned. There's a new buzz about the place, and a feeling that we are playing an important part in the history of our country and co-operative movement.

But what of public service outsourcing? Are new care co-operatives just providing an ethical cover for marketisation and the relentless intrusion of private interests into public domains? Well, we don't have to be. In-house public service monopolies are not the only alternative to privatisation. Nor are they the only way to support democracy and public benefit. The biggest requirement is for public authorities to have better tools in their commissioning bag than just arms-length competitive tendering. They should work collaboratively with user-empowered, co-operative organisations to co-produce services for maximum public benefit. Co-operatising

in-house services is an option, but not if such services are to be simply dropped into a market rat-sack. Why not start by promoting the transformation into co-operatives of already outsourced providers? If Cartrefi can do it, why not many more?

## **The Author**

Adrian Roper has 31 years experience of social care in the statutory and voluntary sectors. He started his career as a volunteer resident in Wales' first "group home" for people with learning disabilities. He is CEO of Cartrefi Cymru Co-operative, a Wales-wide provider of community-based support that reconstituted itself as a multistakeholder co-operative in 2016.

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# **Making Co-operative Promoters — 40 Years ICDC: Report on the degree course in Co-operative Economics and the Institute for Co-operation in Developing Countries (ICDC), University of Marburg, Germany**

**Edited by Hans-H. Münkner**  
**LIT Verlag Münster, 2015.**

As the title of the book states, it is very much a report on the degree course offered at the University of Marburg. It includes a variety of supporting documentation, with about half of the book devoted to interviews and additional papers from former students. It offers the reader an introduction to the Institute for Co-operation in Developing Countries (ICDC) and the course and touches on a range of issues of relevance to co-operative education.

Münkner was closely involved in the activities of ICDC at the University of Marburg, from 1963 to 2000. He started as a lecturer and ended up the managing director of the Institute. The ICDC's activities during those years included co-ordinating a degree course in co-operative economics along with co-operative options for economics and business administration students, delivery of specialist programmes, and research and development work. The co-operative economics degree course ran from 1963 until 2002. This book provides a description and evaluation of the research and education work undertaken by the ICDC during the time that the course was running.

The introduction and chapter two provide a brief overview of the ICDC and the degree course. Chapter two starts by setting out the Institute's mission and tasks, goes on to outline the degree course, its structure and content, funding and support, and sets out the resulting achievements of students, academics and institute staff. The degree course incorporated subjects from business administration and economics as well as co-operative specific content on "the theory of co-operation and co-operative science" (p. 9). There is also a focus on areas of interest to students working in developing economies.

This first part of the book is relatively brief and, while providing a lot of information in just a few pages, it would have been interesting to read more about the co-operative specific course content and its fit with the other more mainstream business content. This could potentially have been developed further in subsequent chapters.

Chapter three, which makes up more than half of the book, is devoted to interviews with former students. There are twenty interviews with former students from various parts of the world including Africa, Asia, and Latin America. The interviews are in the form of written responses to questionnaires disseminated by the editor. Some information on the interviewees is included in the chapter along with the questions and interviewees' responses. A short summary at the end of the chapter picks out respondents' comments on several topics including: what impressed them, what they learnt, whether there is sufficient teaching and research on co-operative subjects, and what is needed. Chapter four provides further insights from two of

the interviewees in the form of short papers which, in different ways, consider aspects of the influence of the course on their own areas of interest. There is a lack of developed analysis of the interview quotes, although on the whole the students who responded had positive experiences.

Chapter five is based on an interview with Münkner. The interview explores, among other things: motives for offering the course, level of demand, the role of scholarships, the initial focus on students from Africa and the subsequent broadening out to incorporate other regions of the world, why the degree ended, the impact of the course, networking, and continuing collaborations. There are some interesting questions here which remain relevant to co-operative education. Issues concerning, for example, student demographics, the extent to which courses should be or are aligned with developing new co-operatives, enabling career development within the co-operative sector, enhancing and retaining skills in the sector, and ensuring course content stays relevant.

Chapter six is a paper by Münkner which provides examples of three different programmes: training for co-operative advisors for developing countries, the degree course in co-operative economics (also discussed in most of the rest of this book), and training for rural volunteers of an agricultural co-operative federation. The paper suggests a tension between the importance of long term investment in resources to deliver comprehensive training programmes to underpin sustainable development and the apparent reluctance of policy makers and planners to provide anything other than short term project funding. The suggestion is that increasingly funders are tending to limit strategic thinking and planning to no more than one budget cycle. The problem of short term, project based funding is something referred to across a range of literature. With organisations negotiating various pressures to achieve what are often very long term outcomes, within much shorter time scales and with limited and often narrowly focused funding.

Arguably there is more that could have been said on the nature of the co-operative specific course content, but perhaps that requires another book and possibly one that looks at a range of co-operative courses, their characteristics, successes, failures, lessons and so on. Those with a keen interest in co-operative education linked to economic development issues may find this a useful addition, offering a window on a university co-operative course that ran for nearly forty years.

## **The Reviewer**

John Maddocks is a trustee of the UK Society for Co-operative Studies and is involved in research on co-operative accounting and reporting.

## Notes for Contributors to the Journal

The *Journal of Co-operative Studies* is a peer reviewed international academic journal which aims to promote research, knowledge and innovation within the co-operative sector. The *Journal* is published by the UK Society for Co-operative Studies in Manchester, England, a city strongly associated with the co-operative movement since the days of the Rochdale Pioneers. It is distributed in Canada in partnership with the Canadian Association of Studies in Co-operation and in Ireland in co-operation with the Irish Society for Co-operative Studies.

The editors welcome contributions on most aspects of co-operation, co-operative management, governance and leadership and related subject areas in relation to a range of co-operative sectors. This includes worker, consumer, retail, housing, credit, insurance, information technology, environmental and other forms of co-operative endeavour; international co-operation; and other sectors within the social economy including mutual businesses, co-operative banks and building societies, community businesses, and member-based non-profits. The Journal also accepts submissions on agricultural co-operation, but is conscious that there are other co-operative journals more relevant to this sector.

While one role of the *Journal* is the dissemination of the results of research, we are keen to ensure that its contents should also reflect the role of the UK Society for Co-operative Studies in acting as a bridge between academics and practitioners in advancing knowledge and understanding of co-operation. There are four ways of contributing:

1. **Articles of 4,000-7,000 words** which, either by reporting the results of empirical research or through developing theoretical perspectives will contribute to knowledge about co-operation and related subject areas. These articles will be subject to anonymous peer review by two specialist referees. They should be preceded by a title page with name(s) of the author(s). Authors are invited to submit an outline proposal for discussion. They should be submitted electronically in MS Word format to the editors.
2. **Shorter articles, generally of around 2,000 words** which are assessed on the basis of their general interest and readability. Such articles are not subject to formal peer review although the editor may seek comments and suggestions from members of the Editorial Advisory Board which would be discussed with the author as part of the editing process. They should be submitted electronically in MS Word format.
3. **Think Pieces:** as a new feature of the Journal, we invite prospective contributors to submit very short (maximum 1,000 word) articles which may be controversial or somewhat speculative in character. Their purpose should be to stimulate discussion and possible future new directions for co-operative research.
4. **Reviews and review articles;** the former should be no more than 600 words, the latter 2,000 words.

### Submission Guidelines

An abstract of up to 200 words must be submitted with each paper. The abstract must be written in plain English and written in a way that is understandable by academic readers and non-academic readers alike. This together with the name of the author(s) and a one paragraph biographical note should be included as a separate page before the main document or attached as a separate accompanying document to the main manuscripts. Submissions should be emailed to: [editor@ukscs.coop](mailto:editor@ukscs.coop)

Titles and main headings should be in sentence case in bold eg **Partnering to Build a Social Co-operative**. Sub-headings should be used sparingly and in sentence case in italics (a lower level of sub-sub heading should be avoided). Quotations of less than 20 words should be put in the text with double quotation marks. Quotes of more than 20 words should be indented and delineated by a space at top and bottom, but without quotation marks. References and citations should use APA Style (author/year) — see the Style Guide at <http://www.apastyle.org/> Authors of refereed articles reviews can receive one complimentary copy of the Journal and/or a PDF of their article by sending their postal and email addresses to the [editor@ukscs.coop](mailto:editor@ukscs.coop).

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