

COMMUNITIES journal of cooperation

no. 55

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BUILDING ECONOMIC DEMOCRACY

Toward a Cooperative America

FROM: Worker and Consumer Co-ops, socially and environmentally responsible businesses, progressive non-profit organizations

TO: You

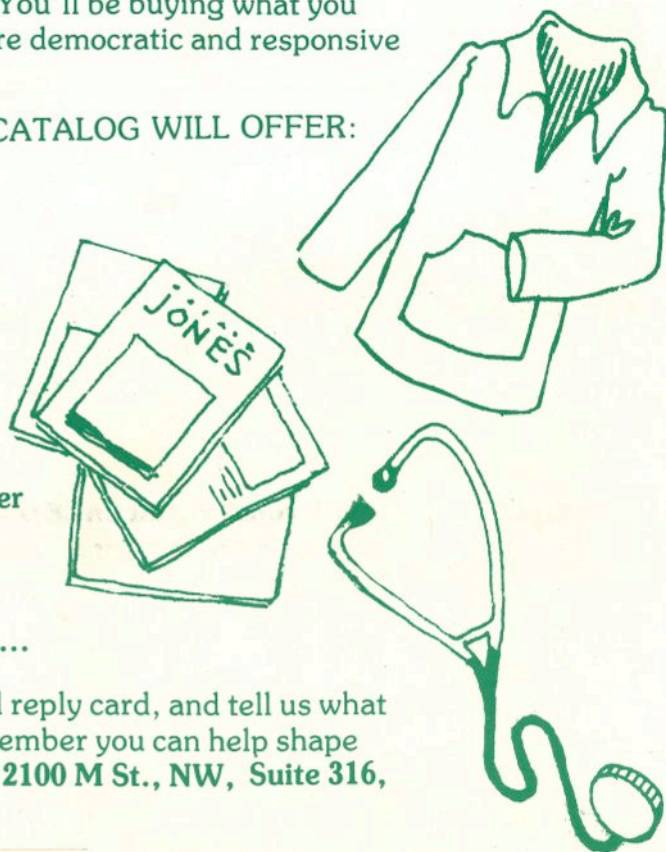
SUBJECT: Announcing a new kind of co-op, coming soon

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- natural cotton clothing
- a book club
- information and discounts for centers of education, healing and self-reliance
- listings in Community Jobs
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Consumers United Group
Consumer Co-op of Berkeley
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Industrial Cooperative Association
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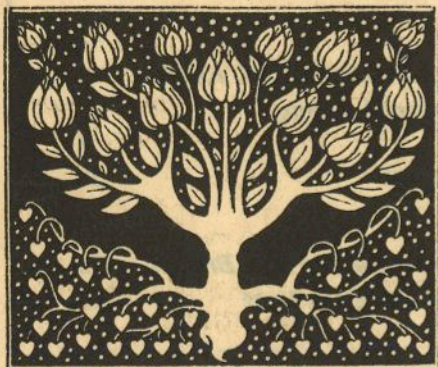
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Kaplan's is a wonderful army/navy store in Minneapolis. Good prices, basic quality clothes, rooted in its community, clerks who seem to enjoy the customers and their work. It's not a co-op, and it probably wouldn't identify itself as either *socially or environmentally responsible*. If Kaplan's were an example, rather than the exception to the American economic system, the need for alternatives would hardly seem so pressing.

WHAT TO DO?

Given an American economic system which is corporate, capitalistic, competitive, managerial, technological, patriarchal, rich — what is there to do? Attempting to develop an alternative often seems like a choice between irrelevance, co-optation and confrontation.

So the task we've almost grasped includes the danger of irrelevance, co-optation, confrontation, and hopefully a few more positive options.

We know how we'd like the economy to be: human and community scale; cooperation between producers and consumers, as well as among workers and management; respect for the environment, women and minorities; a worklife that is interesting, purposeful and productive. We know that those considerations should be extended into production and service industries, housing, food, healthcare, investment, education.

Big job. No wonder that in the 60's

and 70's, barter and simple living caught people's imagination. But the need for jobs, money and a reasonable set of books have not disappeared for most folks. In fact, in a tightened economy, dealing with those issues is even more critical.

Sometimes that means meeting needs the economic system doesn't recognize or understand. A dozen years ago, that was true about natural foods and bulk packaging. The response was the new wave of food co-op buying clubs and storefronts. More recently, conference centers and institutes of healing, self-reliance, spiritual and personal growth have filled an unmet need for new approaches to continuing education.

Sometimes that means responding to an American economic system which is failing to deliver on its promises of progress and productivity. Plant closings and job dissatisfaction have fueled a wider exploration of the value of worker participation and ownership, and community involvement.

Sometimes that means conceiving of a bewildering mix of worker and consumer co-ops, new age entrepreneurs, small partnerships, community and public agencies; for-profits, not-

for-profits, non-profits; wholesale and retail...conceiving of this network as a system. Then taking that system and figuring out the gaps in management, capitalization, marketing, product development and technical assistance, which if bridged, could strengthen and complete an alternative system.

These three approaches are critical whether we are talking about surviving in the midst of the present system, proposing serious modifications, or creating an alternative.

THIS ISSUE

There are several movements capable of responding to these challenges which are represented in this issue:

- The FORC (Federation of Ohio River Co-ops) truck rumbling across our cover announces the intentions of the consumer cooperative movement. Some recent concerns and observations appear in a section coordinated by the new Consumer Cooperative Alliance Press Service, and its editor, Craig Cox.
- The workplace democracy movement is presented in a section prepared by Steve Sachs and Kitty Axelson of the Association for Workplace Democracy.
- The organizations which are devel-



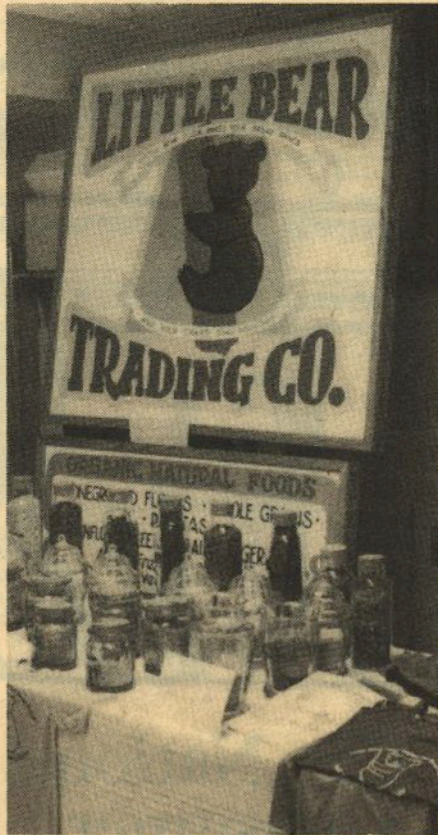
oping an infrastructure to support those networks include in this issue: grassroots, local networks (USA/Riptide); insurance (Workers Trust and Consumers United Group); loans and technical assistance (NCCB and a redefined version of the Self-Help Development Fund); legal (Co-op Legal Network); computers (DISC); marketing (Co-op America) — as well as NASCO, CCA and AWD.

That's my attempt to make sense of what you'll be reading. When you consider that many of the AWD businesses are worker cooperatives, and that CCA is a national support network, it's a reminder that these are just concepts. Enjoy the reality, it's an interesting one.

SPEAKING PERSONALLY

I buy my gasoline from multi-nationals. We don't own our house. Taxes go mostly to the arms race.

And yet... On a good day I might be wearing a Good Things Collective shirt and my Leprachaun Sheepskin Co. hat. My salary from Co-op America occasionally covers my share of expenses in our cooperative house. We buy our food at the New Haven Food Coop. I vacation at Another Place Farm and Rowe Conference Center. My work for "Communities" takes care of my health insurance through Workers Trust. My social life is mostly built around our house,



community parties and our wonderful cooperative dances in New England. This past summer I flew to the CCA Institute on People's Express, an innovator in employee participation and low fares. Whatever corporate money we have is about to be shifted into the Calvert Group's Social Investment fund.

That's a long way from twelve years ago when I moved to new Haven. The lifestyle was great, but there was no long term means to sustain it. If the process we go through sometimes feels like founding a banana republic in the shadow of a colonialist neighbor, at least we've been less exploited and oppressed than our Central American friends. And if it's been time consuming and difficult, it sure hasn't been dull. Onwards!

WELCOME CO-OP MAGAZINE SUBSCRIBERS

If those of you who subscribed to Co-op Magazine wonder why you're getting this issue of Communities, you can thank NASCO and New Roots for making a one-time use of your names part of the deal which turned you over to New Roots; the NCCB for providing a small grant to defray our mailing costs — and you can demonstrate your enthusiasm for this issue on cooperative development by subscribing to the longest-running national magazine concerned with the whole range of cooperation. That's "Communities" [also one of the longest sentences I've ever written].

*in cooperation,
Paul*

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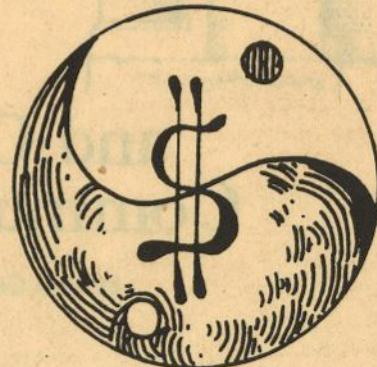
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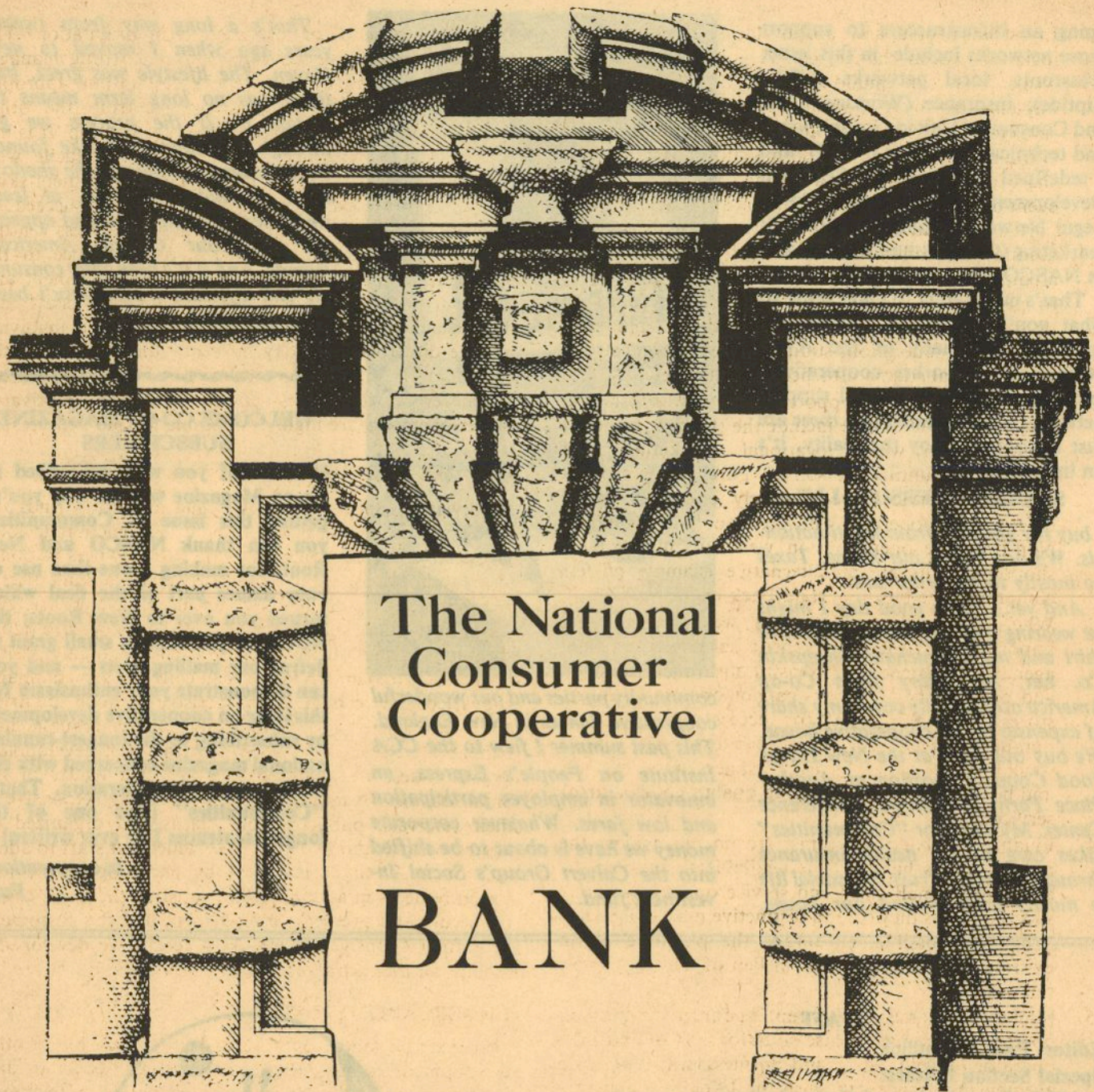
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CONTINUITY

Community Publications Cooperative: Paul Freundlich and Chris Collins in New Haven; Melissa Wenig at Twin Oaks.



The National
Consumer
Cooperative

BANK

and Opportunities in Community Development

by Ron Grzywinski, South Shore National Bank

The National Consumer Cooperative Bank is in the process of defining the "mission, goals and objectives" of its Consumer Cooperative Development Corporation (originally known as the Office of Self-Help and Development). These edited remarks were originally made as one of several presentations solicited by the Bank at its June, 1982 Development and Assistance Briefing.

Economic Development is a difficult, hand-crafted business that does not travel well and about which relatively little is known for certain. The lessons that we have learned are few, of unequal importance, and not absolute. They serve as guidelines against which specific opportunities are evaluated. Some appear to be inconsistent with cooperative enterprise. Those lessons are:

1. Invest in people and not in ideas, dreams, good locations, social change, etc. A good person with a weak idea can muddle through; the best idea implemented by a person without sound business judgement offers a high probability of failure. The entrepreneur should have both a substantial personal share of the venture and pecuniary liability in the event of failure. The most common approach is full of partial personal liability for borrowed funds, but the amount of liability in relation to the amount of the credit is less important than that the ratio of liability to personal assets be substantial. Other forms of personal risk are loss of higher than replaceable personal remuneration, status, and/or power; strong psychological stigma attached to failure, etc.
2. Seek and/or create opportunities with substantial back-up-systems. These include the stronger franchise operations in which locational, marketing, cost control, accounting, personnel, purchasing, product and other services are routinely and consistently offered to the operator with predictably high quality. Non-franchise operations in well run, high-volume shopping malls are an alternative example of less comprehensive but important back-up.
3. When the back-up system is weak, it is more important that the entrepreneur have relevant management experience, (successful insurance salesman and community organizers cannot operate hardware stores), enough capital (or access to capital on non-debt service terms) to absorb losses and survive weak business cycles, have a good accounting service, and be committed to delivering quality goods and/or services.
4. Finance reality, not dreams. Do not go against the market unless hard data is available to support the adventure. Small retail and service operations rarely succeed unless they offer a distinctive marketing edge. Whenever possible, encourage the purchase of an existing profitable business in lieu of starting a new one.
5. Management assistance cannot be forced on business operators in non-franchise situations. If the business operator understands sound business practices, management assistance can raise the level of sophistication, but cannot substitute for a basic understanding and practice of the fundamentals.
6. Larger scale production and wholesaling opportunities are rare. Except possibly in large, capital intense, mature industries competition generally is keen for profitable opportunities and market niches do not long remain unfilled.

WHAT WE LOOK FOR

Our direct experience in financing community-based ventures (i.e. businesses owned and operated by a group of persons whose affinity is a common area of residency) is relatively limited. However, we have financed some of these ventures and have observed many more. My general impression is that the failures far outnumber the successes

due to the absence of a strong profit orientation. The common strengths in the successes are a strong manager with a strong conservative financial orientation, appropriate experience, and who is divorced from the other organizing or advocacy goals of the organization. It is not enough for the manager to be smart and facile with numbers; he/she must possess business management skills and a conservative financial attitude. To succeed in enterprise development the success of the business venture must be of paramount or exclusive importance to the organization. Deficiencies in experienced judgement and technical knowledge on the part of the staff are compensated for by attracting, motivating, and involving outside directors who may have no connection with the venture other than a general desire to help it to succeed. Whenever possible, joint ventures with profit-motivated owner-operators are highly preferable to solo ventures.

HOW WE FIND DEALS

One way or another, the individual or group finds us. However, we help them to find us. To encourage local prospective business operators and some owners in South Shore to apply for credit at the South Shore Bank after it had developed a well-deserved reputation in the early 70's for not extending such credit, we initiated extensive public speaking and publicity programs, made highly visible investments in our own facilities to convey a growth image, counseled staff to be highly responsive to credit inquiries, and worked hard to expeditiously convert requests into bankable credits. To reach out further for development opportunities, we qualified as a certified lender of the Small Business Administration, were highly responsive to their referrals, publicized our status and organized an aggressive solicitation effort. We trained our staff to adopt a problem-solving orientation by encouraging them to structure deals in a manner that satisfied the bank's need for secure and predictable repayment and the customer's need for responsive service. As a result, we developed a reputation that attracts the kind of business we desire.

UNDERCAPITALIZATION

There are no 'quick fixes' to undercapitalization or other development resource deficiencies. It has become fairly generally accepted that in most economic development environments, capital infusion without the addition of appropriate skills will result mostly in the loss of capital with no development result. Equity capital is a critical element in enterprise development, but it must be combined with affordable credit and a broad array of experienced talent. The role of equity is to enable a venture to survive during periods of adversity and to provide a margin of safety to lenders. Credit has a place in the financial structure of a venture only when it can produce a return, after tax considerations, that exceeds its cost and can be repaid from future earnings. The current cost of credit thus establishes a hurdle so high that it can be utilized effectively only by the most profitable enterprises, a situation that will grow more severe as the spread between inflation and interest rates expand. In a conventional business setting, technical assistance is a highly

specialized service in such technical areas as law, accounting, marketing, production, distribution, etc. that is provided to management that is well versed and experienced in routine business operations. In community economic development, technical assistance has become a general management service, generally provided to inexperienced business managers by well-intentioned and supportive generalists who are inadequately skilled to compete successfully for consulting assignments with more demanding prudent businesses that pay for such services out of their own resources. As a result the cost of technical assistance to community-based enterprises appears often to outstrip the benefits to either the recipient or the lender/grantor that requires it. Technical assistance is effective when it improves the competency of generally competent managers, is desired by them, provides highly specialized knowledge, or is recast in the form of longer-term and highly structured training designed to impart basic management skills.

RECOUPING DEVELOPMENT COSTS

Patiently and hopefully. Economic development, especially for low-income people, does not lend itself to large returns on the early risk capital. On the contrary, it has been argued that the nation lags in new enterprise development in part because venture capital managers have

become increasingly risk-adverse, seeking only those situations that hold high potential for public ownership with a high price multiplier on the initial investment.

All recent economic development for low-income persons has been subsidized in some form. Local community economic development was subsidized during the past fifteen years through grants and contracts from the federal government and/or private foundations. Minority entrepreneurship is subsidized through the SBA; housing rehabilitation is subsidized by HUD; urban infrastructure development is subsidized through EDA; etc. At the South Shore Bank neighborhood development is subsidized by the shareholders who have deferred financial returns on their invested equity, and by a self-selected group of depositors who accept reduced convenience to support neighborhood development.

The development costs of South Shore's non-bank affiliates are recovered in diverse but fairly traditional ways. The venture capital affiliate, a MESBIC, obtains funds from the SBA at below market rates and invests in minority-owned firms on terms that defer repayment for several years, but earn competitive market rates. The real estate affiliate realizes profits either by selling its product for more than the cost, or by syndicating the tax benefits associated with HUD subsidized projects. The not-for-profit affiliate raises approximately \$900,000 per year from government and foundations sources to conduct its development program.

STAFF DEVELOPMENT

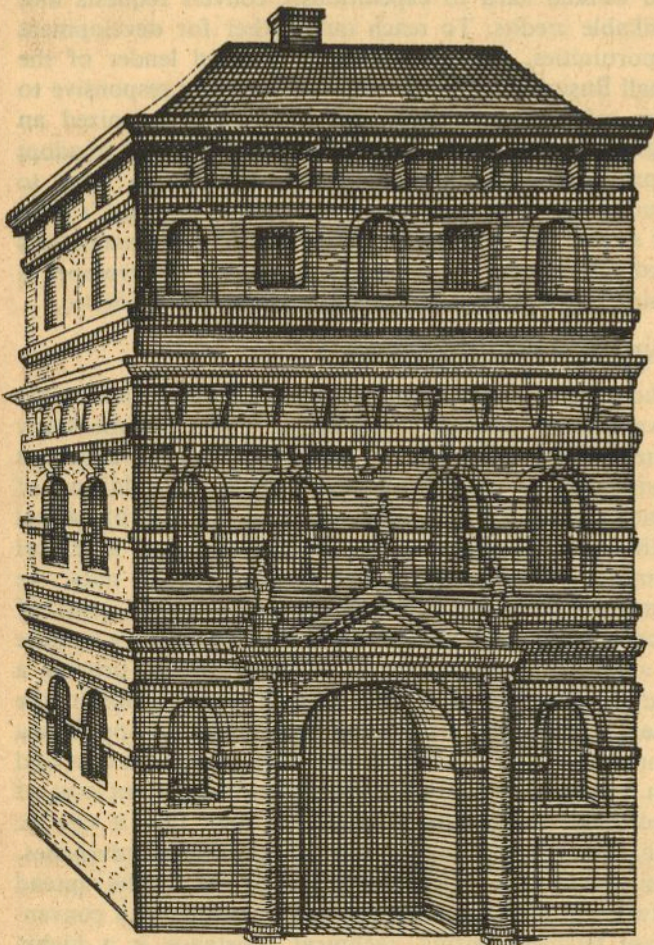
With rare exception, the typical South Shore development finance officer is a person with a liberal arts education who has done some graduate work in a liberal arts field. At the time of employment the person has had several years of non-finance work experience, expresses a strong interest in a career change, and appears to possess a problem-solving orientation that is tempered with prudence, maturity, and caution. We invest twelve to twenty-four months teaching development finance techniques to the new employee. We seek to develop skill in making character judgements, analyzing business opportunities and recasting them into bankable deals, preparing loan submissions, maintaining credit files, using government guarantees, and securing the bank's position.

THE NCCB AND THE CONSUMER COOPERATIVE DEVELOPMENT CORPORATION [CCDC]

There is no single, clear, unequivocal way in which the resources of CCDC can or should be organized. I have thought about the question for a long time, first as a director of NCCB, occasionally afterwards as various people questioned or discussed the Bank's work, and most recently in preparation for this paper.

The suggestions presented are based on the following assumptions:

1. The purpose of the Bank is to provide financial and technical assistance to cooperative self-help endeavors as a means to broadening ownerships and control of



economic organizations, increasing the number of market participants, narrowing price spreads, and raising the quality of goods and services for cooperative members, especially the elderly, the poor, and the inner city resident. The purpose of CCDC is to assist NCCB in achieving the above purposes by providing capital investments and interest supplements, organizational assistance, investigative services, financial analysis, market surveys and management training to prospective cooperative associations.

2. The large scale financing of cooperatively owned housing is both effectively prohibited by the legislation and could quickly deplete the resources of the Bank if secondary market sources are not developed for a substantial portion of the new volume. Accordingly, this memo assumes that cooperative housing per se is not viewed as a permanent, major opportunity area.
3. The Bank desires to increase the number of cooperatively owned enterprises in the national economy and views itself as the primary agent to accomplish that objective.
4. For a variety of reasons, including possibly ignorance, apathy, high interest rates, and an absence of cooperative experience, there presently are few well-conceived proposals for the creation of new cooperative enterprises. The proposals that do exist generally are characterized by weak business plans, untested and untrained management, and undercapitalization.
5. Although far greater than any other potential source, the financial resources of CCDC are both modest for a national program and are unlikely to be increased soon from federal government sources.

In any economic endeavor, three major resources must be assembled into a coherent activity: capital, credit, and know-how. A venture can succeed without credit, but will perish without an adequate capital base and relevant know-how. Therefore, any discussion of CCDC resources must include talent and capital resources as well as credit. In fact, the type, depth and form of talent resources that CCDC organizes probably will more determine the effectiveness of CCDC in developing cooperative enterprises than the quantity or terms of the other resources.

As a development corporation CCDC must organize itself and be prepared to initiate action, to a far greater degree than NCCB. Banks, including development credit facilities, are essentially reactive institutions that respond to requests for credit from others. Conversely, a development organization must be an initiator, vigorously searching for opportunities, constantly testing fresh schemes of resource organization and creative output to find a niche within the discipline of the marketplace. The primary skill of a good banker should be risk assessment: the careful weighing of the objective and subjective factors that contribute to the timely repayment of debt. The primary skill of a good developer should be opportunity realization: the capacity to sense an opening in the market and then to assemble the financial and talent resources needed to convert the opportunity into a self-sustaining enterprise. The challenge facing NCCB (and by inference the cooperative movement) is that the personal style,

motivation, and dispositions needed to practice prudent banking may be diametrically opposed to the attributes found in successful developers and needed in the public entrepreneurs that will be required to advance cooperative enterprise.

To achieve its objectives of co-op development, CCDC might organize its opportunities into four broad categories of endeavor, each of which is disdistinctly different from the other and probably would require experienced, discreet business management skills. The four opportunity areas are:

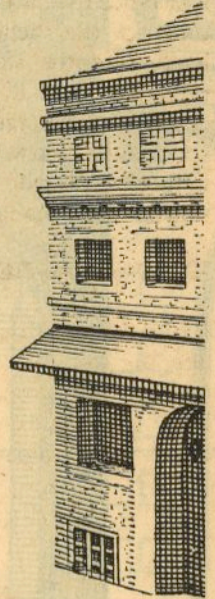
Broad Consumer Market Deficiencies
Cooperative Community Formation
Mass-Market Consumer Products
Cooperative Targets of Opportunity

CONSUMER MARKET DEFICIENCIES

Throughout the nation, especially in the large metropolitan areas, the basic necessities of food and clothing generally are available in wide variety at competitive prices, with modest profit margins. Conversely, there are some goods and services which generally still are provided at high mark-ups, by independent operators, from whom consumers are unable to obtain enough information to make a wise choice. Among the product and service categories that might present opportunities for improved market efficiency are: used car sales; generic prescription drug merchandising; urban health services (remedial and preventive); life and casualty insurance; mortuary service; real estate brokerage; appliance, home and automobile repair; and legal services. With relatively minor expectations, the above services are provided in a disjointed manner, with uneven quality standards, at prices that vary widely in relation to cost.

In each of these categories CCDC might investigate the feasibility of developing a uniform service that could be offered at relatively standard prices by local cooperative corporations franchised by CCDC. Implementation would require that CCDC develop and launch a solidly profitable and franchisable model enterprise in which personnel selection and training, facility equipping, site selection, pricing, marketing, quality control, work flow organization, accounting, and other routines would be developed.

To determine the feasibility of this approach to co-op development CCDC should conduct an investigation at a level of business acumen comparable to the legal and accounting competency of the Bank's counsel in those professional fields. The investigation should integrate cost, financial return, managerial availability, cooperative development potential, market perception, and other relevant factors. As it pursued its investigation (and possible implementation) CCDC would find a number of diverse models to inform and guide its actions, including Century 21 Real Estate, Mr. Fix-it Home Repairs (now being



started by the founder of Century 21), McDonald's, and various insurance sales, auto lubrication, and other franchise operations.

CCDC's role in each instance would be initial investigation and feasibility determination, selection of an enterprise manager, equity investment (alone and/or with others), development of the franchise package (including credit arrangements through Title I), implementation, cooperative organization, licensing, and on-going management.

COOPERATIVE COMMUNITY FORMATION

During the past decade there has been a general increase and qualitative improvement in the economic development capacities of neighborhood oriented individuals and organizations. A growing number of these groups have learned to combine public and private resources effectively, negotiate with bankers, attract foundation grants, and operate in a disciplined, business-like manner. Almost without exception they possess community organizing skills and have applied them to improve housing and launch other economic ventures.

The CCDC could advance the process of cooperative development by allocating a portion of its available funds, perhaps matched with resources that it raises (LISC like) from other foundation, church, and corporate sources, to cooperative community development. In UDAG fashion, community-based organizations (loosely defined, including new ones in forma-

tion) would be publicly invited to enter an annual bid and proposal competition for multi-year CCDC financial assistance. The proposal would take the form of a business plan, expressing in considerable detail the specific, quantifiable economic development and co-op formation goals of the local organization and the means through which it intended to achieve its objectives including access to management skills, other public and private equity and debt financing commitments, etc. While CCDC might make conditional funding commitments for a four to seven year period, receipt of funding in second and all subsequent years would require achievement of interim annual goals articulated in the original proposal.

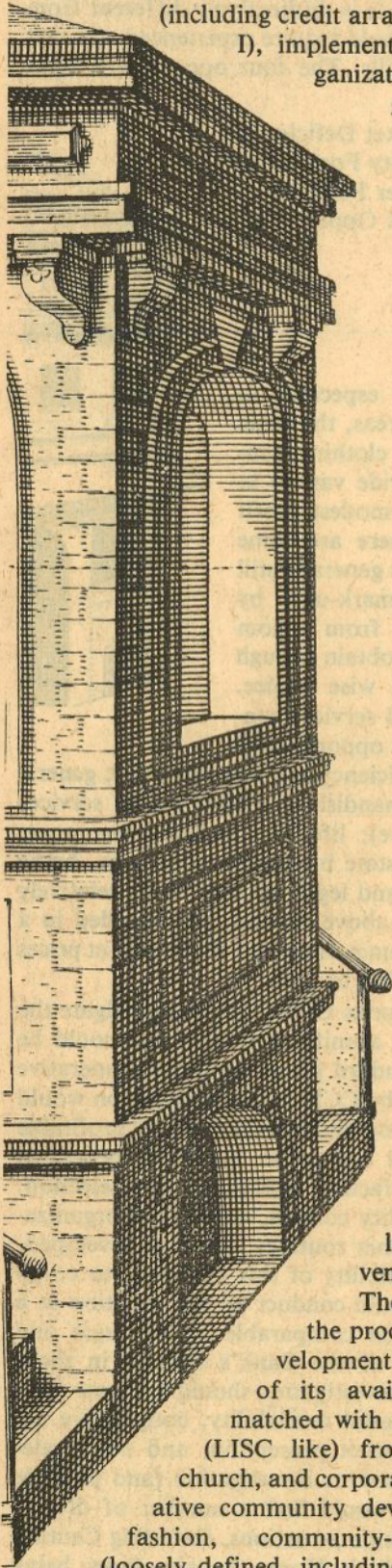
Through this process CCDC would attempt to release and channel the energies and desires for community improvement into cooperative structures. It would more broadly establish consumer cooperatives, including housing, as a legitimate form of economic organization, help to attract larger, local economic resources into cooperative enterprises, and generally foster a pluralistic cooperative process that might especially benefit low-income, elderly, and inner-city residents.

The role of CCDC would be to supply 'patient capital' through the annual grants, help beneficiary cooperative organizations to obtain MCCB Title I financing for specific projects, and lightly aid the local cooperatives in achieving their objectives. The program would carry no requirement of mandatory technical assistance. Instead, in its proposal, an applicant would need to show how it intended to obtain the requisite technical and managerial skills to implement its development plan.

MASS MARKET CONSUMER PRODUCTS

Each year large and small food product manufacturers bring new products to market. In the case of large corporations they usually are the result of extensive market research, product development, marketing and field testing. Many fail in the test sequence while some few become permanent consumer products in the nation's supermarkets. In recent years many of these new products have boasted nutritional qualities that long have been promoted by food cooperatives; eg: Quaker Oats (and many others) with natural cereals and other 'natural' products; Mr. Pepper course ground black pepper with a trace of cayenne pepper marketed as a salt substitute, etc. In all of these cases major food companies are searching for distinctively different and appealing food products that command premium mark-ups.

Another, and probably smaller group of new, high mark-up food products originates with a small, local operator who develops a local or regional reputation for a distinctive product. The operator then builds on that reputation and goes into larger scale distribution, usually after taking on additional investors and developing packaging, marketing, and distribution capabilities. Some examples of this approach are Famous Amos Cookies, Dressels Whipped Cream Cakes, Oregon Farms Carrot Cake, Orville Redenbacher Gourmet Popcorn, etc. Even-



tually, the most successful brands are bought out by food conglomerates.

The CCDC might capitalize, both financially and organizationally, on the growing awareness of the importance of good nutrition and the public perception that cooperatives have a long association with the issue by developing a commercially attractive, proprietary label (like Indian River, Sunkist, etc.) that would be used to bring new, but more diverse, prestige type, consumer food products to market. The objectives would be to increase the public awareness of cooperative enterprise through nationally available, high status products, and to develop a stream of revenues that could finance other CCDC activities. The role of CCDC would be to find distinctively different products that are popularly accepted in single unit outlets, package them for broad distribution, test their market appeal, and finance their national marketing and distribution. The function lends itself to diverse arrangements, including financial and technical assistance to cooperative producers, and/or cooperative marketing and distribution companies (for products manufactured by others) as well as joint ventures with private entrepreneurs, brand name licensing, etc.

COOPERATIVE TARGETS OF OPPORTUNITY

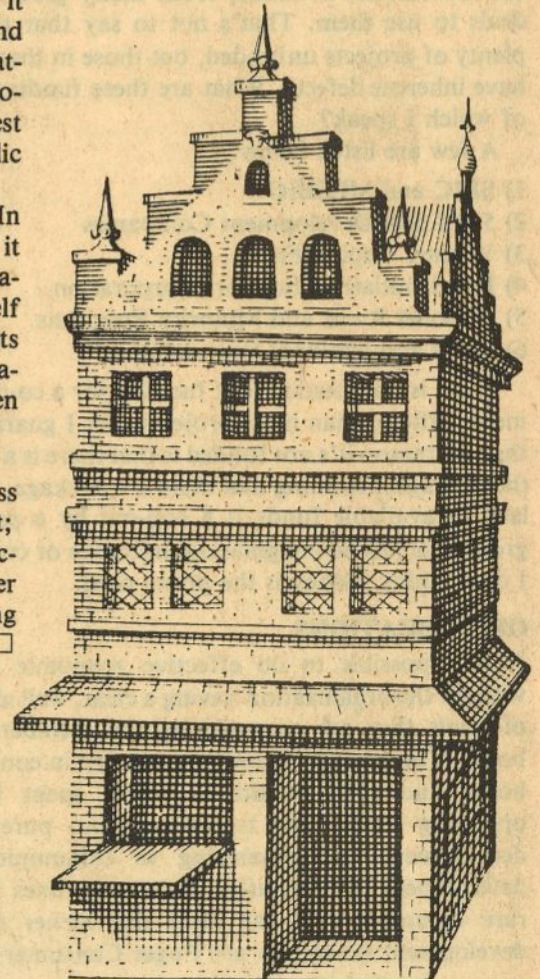
NCCB, and by extension the Office of Self-Help Development, have focused their financing activity to date on cooperative targets of opportunity: new or existing cooperatives that need financing to commence or expand operations. This activity should not stop. Groups of people will continue to organize themselves around an idea for a cooperatively owned economic enterprise. In fulfillment of its congressionally mandated purpose, CCDC should continue to provide the financial and technical assistance that new associations need to become viable, self-sustaining businesses.

It seems, however, that the major impediment to the prudent expansion of this activity is the need to teach well-intentioned, highly motivated, but inexperienced business managers how to run a cooperatively owned business enterprise. It seems further that much can be learned from the training programs of larger corporations, successful franchisors, the military and others about how to effectively communicate general business management skills: those most needed to insure a successful business enterprise.

CCDC should develop both a multi-phase in-house resident/internship training program for senior cooperative enterprise management personnel and a multi-media self-taught extension training program for junior management and board members. While experienced, professionally qualified consultants probably should develop the program, it would seem that the senior management program should consist of several phases in which the prospective manager alternates CCDC conducted management training sessions with relevant work experience in a cooperating, existing cooperative business. The extension program should be developed around audio tape and paper materials for use inside of individual co-ops with easy

telephone assistance and remote evaluation by a CCDC training specialist.

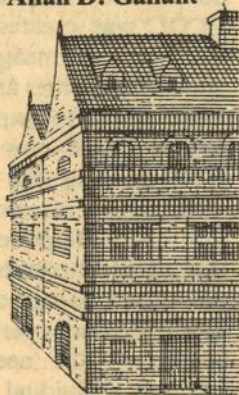
The ideas presented in the second half of this paper are just that: untested ideas. They are based, however, on much personal observation and the success of others. These approaches may not work; they may be deemed to be too expensive, too uncertain, and too far removed from the current work of NCCB. However, the fact remains that many people: poor, elderly, inner city residents and others, do not share fully in the goods and services of the nation. CCDC was created to help remedy that situation. Its resources are meager for such a monumental task, but political priorities are never static, and the opportunity will come again to expand those resources. CCDC should position itself now to attract those future resources by demonstrating that it can generate large social returns on small public investments. To do so it needs to recognize that new enterprises are increasingly difficult to create; that people increasingly expect services to be provided for them, and do not desire to invest their personally scarce time in activities perceived as being of marginal community benefit. CCDC needs to reconcile the inherent conflict between individual expectations of personal reward in return for successful management of an enterprise, and the cooperative principles of equality and democratic decision making: it must find ways to attract and motivate the best of the public entrepreneurs. In the process it needs to examine itself and decide its proper balance between cooperative principles of equality and democratic decision making: it must find ways to attract and motivate the best of the public entrepreneurs. In the process it needs to examine itself and decide its proper balance between cooperative organizing and business development; between reactive lender and initiating developer. □



Community-based Economic Development as viewed by a seasoned practitioner

by Allan D. Gallant

*adapted from a presentation to
The Consumer Cooperative
Development Corporation
at its June 24, 1982
Development and Lending
Association Briefing*



IT'S NOT MONEY

You are looking at a packager who has had every worthwhile deal he has put together funded. A good concept can find the funds. Community economic development was not and is now not being held up by lack of funds. In today's perceived hostile environment there are more funds available from many groups than good deals to use them. That's not to say that there are not plenty of projects unfunded, but those in that category all have inherent defects. What are these funding institutions of which I speak?

A few are listed below:

- 1) SBIC and MESBIC
- 2) 503 Local Development Companies
- 3) Venture Capital Firms
- 4) Local Initiatives Support Corporation
- 5) National Rural and Minority Programs
- 6) Local and National Foundations

There is no question that funding for a co-op start-up is more difficult than most projects, but I guarantee you all that the reason it's not funded is that there is a basic flaw in the package, assuming that there is a package. The claim of lack of available funds is a cop-out by a packager or a group that has no imagination, initiative or creativity — so I don't think money is the prime need.

ORGANIZATIONS

It is impossible to do effective economic development without the organization having a clear, well articulated set of goals that are accepted by the members, staff and board. The amount of energy expended in conflict between board and staff would be better spent building the operating entity. The transition from pure community development and organizing to community economic development is devastating and many times fatal. It is a rare organizer that can turn the corner to economic development (examples are Puget Consumer Co-ops and

Delta Foundation). I am a firm believer that none of us have the time, energy and money to take a group through the agony of start up to operation.

We do have the time, energy and hopefully the money to do training of board people so they can understand their role and act as the needed catalysts. Boards must be trained in basic financial analysis, management organization, and resource development. The clear differences between ownership and management must be defined and its importance stressed. I have found that this lack of understanding is a key element in failures of many co-ops. The training and development of boards can be accomplished, it just takes time and persistence.

The last item to discuss in this section is the importance to an organization of developing a resource base. The resource base I refer to is not for funding, but for professional support in developing a venture or program. It is of great help to a project if the board has on it or available to it knowledgeable people who can help with legal, accounting, real estate, etc.

THE RIGHT DEAL

I have found that many ideas and projects that groups and co-ops embrace and promote have basic flaws in them that should have been identified early in the deal flow. Unfortunately, there is no one involved in the process to recognize the flaw and accordingly the group organizes, works and finally gives up in dejection over a business that could never be. This is a terrible waste of resources. It can be avoided if a clearly defined process is followed. The first step is to clearly define the needs and goals of the group. Then the decision should be made whether an acquisition would fill these needs. It is unequivocally my opinion that acquisitions are faster, cheaper and easier to accomplish than any start-up. In any urban center today there exists dozens of attractive opportunities. That resource base that I have referred to will be a great help in identifying these opportunities.

The two key needs in this area are that of opportunity identification and professional negotiation. These two talents are very rarely found at the local organizational level, whether it be a CDC or a struggling start-up co-op. These early involvements can quickly separate the prospects from the suspects and save untold dollars and human resources.

THE RIGHT MANAGEMENT

The best developed idea or identified opportunity cannot succeed without the early provision of capable management and backup support for that management. Community owned businesses and co-ops face astronomical difficulties in attracting and keeping top management. It is a rare experience to find a social entrepreneur who is willing to deal with all the normal business problems and

then have to address the inherent political and philosophical problems of community ownership. Solutions to these hurdles are joint ventures between groups and private sector businesses, extremely liberal profit-sharing plans, and other innovative ideas.

Even with good management, a reporting system must be in place before the project is started. This system must provide management with needed data on a timely basis and provide the board with summaries and ratios in an intelligent and understandable manner. I have seen this above need overlooked time and time again and in most cases it proves fatal to the venture. It is easily provided and when it works it is a joy to behold because all levels of involved partners feel they are a part of a functioning, productive endeavor.

It is possible to start a project with less than perfect management, but the trick is to face reality, define the shortcomings, and compensate for them by using outside resources such as suppliers, accountants, marketing consultants, etc. The identification of the weaknesses before start-up will save a great deal of grief and money later on.

RIGHT FINANCING

The first area that has an impact on the successful financing of a deal is a careful analysis of what the financial needs really are and then matching the right type of financing to those needs. Funds are not all created equal. There are various types of money for various types of needs. A venture will have difficulty succeeding if short term borrowing is being used for long term needs. Another important and usually overlooked desire is to lay off on all involved parties as much of the funding as possible. Landlords and suppliers are in many cases good sources of funds. They all have a vested interest in the success of the project and if a detailed package is prepared, they will help with the funding.

The real need in the area of financing is equity. A great deal of effort must go into any endeavor to raise equity capital. It is one of the areas I am weak in, as much of my work has been done with well-funded CDCs and established co-ops. It is obvious though just through tangential involvement that equity is a major issue. This is true not just for the dollars themselves, but for the commitment that they represent. Everybody is watching and waiting to see if the group is really sincere and then, unfortunately, the sincerity is measured in dollars raised and the number of investors.

The National Consumer Cooperative Bank's Consumer Cooperative Development Corporation (CCDC) has a major role to play here. There must be equity in any given concept and if the group is a low-income one the member commitment may well be more significant than the dollars raised. CCDC must establish some guidelines and be prepared to loan monies that are structured so they represent near equity. Terms as to interest, payback and subordination can be written so that other potential members will consider these dollars as equity in doing their analysis.

COMPLETE PACKAGE

The backbone of economic development is the business package. This is true in rural, urban, co-op, community, low income and middle income deals. There is no way to do economic development without the preparation of a detailed, well thought through plan. It is an absolutely essential step so as to make sure all involved people and groups understand the questions to be asked and the answers that are evolved. Many times in the early evolution of the business plan gaps are discovered and either resolved or the package is abandoned. The preparation of the plan tests the patience, skill and knowledge of the management, board and staff. It cannot really be prepared by a consultant. A consultant can help, but if an outsider prepares it, management can easily wash its hands of any responsibility.

In addition to the importance of the plan in the development stage to sort out all the problems, the completed package represents the road map for the future. It is a goal that management in its preparation is critical if we are to hold them accountable for its implementation.

I close this section with the caveat: packaging isn't cheap, but it simply cannot be overlooked. A complete business plan must be done, and it must be done in a prescribed way. Money spent on a good package is money well spent.

MONITORING

All the planning and packaging finally go down the drain in the end unless a monitoring function has been built into the concept. The package sets down the guidelines; it has delineated reporting functions and lines of authority. Now the question is, does it get followed? There are no excuses for not getting timely, accurate reports. The venture cannot be effectively managed without them. The worse the performance the greater the need for information. Past experience has shown time and again that if there are problems, there are no accounting statements.

Someone or some institution must be responsible for seeing that the venture is performing as per budget. Third party resource support can perform this service well and normally can exact a higher degree of influence on the timeliness and accuracy of the reporting if it has CCDC backing.

SUMMARY

That is a quick summary of 14 years of experience. Now what does it all mean to CCDC? You've all got a great challenge in front of you. I perceive that you are the last line of a near-extinct breed: a funding and support mechanism for low income community economic development. All the other programs are dead or dying. CSA/OEO is drawing its last breath at the Department of Health and Human Services. The old B.D.O.s are just about finished at Commerce. The torch has been shoved into your hands. Don't make the same mistakes. Realize that you have limited resources and carefully use them. You can only do so much. It is presumptuous of me, but here's what you should do and should not do. □

USA/Riptide

USA/Riptide is a Santa Cruz, California based tax-exempt, non-profit corporation made up of 15 services and businesses. USA has been making use of for-profit businesses to underwrite its non-profit aims for more than a decade and is now in the process of creating new services and businesses. USA has been very successful over the last 12 years. Of the 29 businesses, services and projects created, 87% continue today. The USA Board of Directors is elected by the workers and volunteers of the Affiliates and is dedicated to democratic management at all levels of operation. As part of our evaluation process we are compiling histories of our Affiliates to identify and celebrate the why and how of our success. These histories are called *The Riptide Chronicles*, and are taped interviews with workers at the Affiliates. The following reprints are edited from the transcripts of two of the interviews by Paul Brindel, who works for the corporation's Central Collective.

by Paul Brindel



The Central Collective — Paul, Maxine, and Jeff.

Community Printers and Graphics



FY	Gross Income	Gross Profit	Net Profit
1978	\$ 14,000	\$ 7,000	\$ 396.00
1979	45,000	24,814	6,433.00
1980	85,000	49,335	169.88
1981	127,199	70,770	663.00
1982	194,000	120,000	16,500.00

(Pro-
jected)

Gross Profit = Gross Income - Cost of Sales
Net Profit = Gross Profit - Opr. Expenses

Laurie — The Print Shop began in the Spring of 1977. Steve Wiley, who helped start the shop, was at that time teaching a class in printing at the old Socialist School. He used a little table-top A.B. Dick press and a little plate maker that they used to print mostly line copy. It didn't do photographs very well — the quality was pretty bad. They began to do printing for different community groups like the YWCA, the Grey Panthers, the Grey Bears, NAACP, the tenants' rights group, different student groups — maybe 25 in all. They would do printing for them at cost — 100 copies, 8½ by 11, charging \$2.70. That's how we got started.

About a month after I got there, in the fall of 1977, we filed for a business license and began keeping track of our books and keeping regular hours. At that time Steve and Philip were working on rebuilding an old press that had been donated to us by C.A.B. It had been unused and sitting out in the rain, and they said if we could get it

Laurie Talcott: Board Member, USA/Riptide, and member/worker/bookkeeper of the Community Printers and Graphics Collective.

working we could have it. We moved that press in the winter of 1978 and that was a big step forward. We didn't have the money to buy a press at that point and only because Steve and Philip took the initiative were we able to get it. They really didn't know a lot about it, but because Steve was something of a mechanical wizard, and because they had the contacts in the community, and because they didn't allow themselves to be mystified by the complexity of it and assumed that they could do it . . . they did it.

We did a big job for the Methodist Church about then. We changed all the references to Lord to non-gender — it was a huge project. We took out a loan from the Credit Union and bought another Multi 1250, a small duplicator press, which was very helpful.

It was very low budget at that time . . . I remember we would go down to Last Chance Pants to get scraps for rags. A good friend of ours helped us build some cabinets for free; of course, we were all working for nothing then.

Paul — For how long were volunteers the main source of labor?

Laurie — Well, a couple of months after I got there, we got a CETA grant and hired Philip at \$400 per month. We were paid very little at that point. I was working two days a week and getting paid \$20. That Methodist Church job was a turning point for us though. It seemed like we all began working full time then. Alexis joined us in the spring of 1978. She had been involved in a training apprenticeship up at U.C.S.C., and so she came in and developed the graphics end of the business. Then Marty and Ross joined in the fall of 1978.

We bought our camera in the summer of 1978 and that was a big step forward, because at that point we could do enlargements, reductions and half tones, and the quality of our work jumped. The person who sold us the camera really liked us, so he sold it to us for \$700 instead of \$1,500. We got breaks like that in the beginning because we were working incredibly hard — people could see that we were working incredibly hard. We were doing a lot of good work and people really wanted to put their energy behind us.

It was a fun place to work. There were a lot of young people who lived around where the shop was and they would come in after school; we would give them paper and pencils and they would draw.

When Ross came in the fall of 1978 he began doing our sales, which increased our volume a lot. We began to work 10, 12, 14 hours a day. It was very intense. We worked so unbelievably hard . . . Ross put a lot of energy into learning the camera and that increased the quality of our work again.

We began to do more and more commercial work and put out a price list, and charged 25% less to all non-profits. Doing the commercial work we got to be able to do more and more interesting things, and it pushed us to really improve our quality.

So there was a real feeling of "All for one and one for all." We were all in the same boat, working very hard. There was a group feeling then, really trying to take care of each other, because it was so difficult, and in times of great difficulty people take care of each other. We're still very

thoughtful of each other and we try to be aware of each other's needs, but it's not so intense or hard anymore.

In the spring of 1980 we moved the shop. Where we were crawling all over each other in the old shop with only 800 square feet, we now have 2300 square feet. We did \$11,000 worth of remodeling. We took out another loan from the credit union, plus we had saved up a lot, so that we could move. You see, we didn't use the money we were making to raise our wages; we put it toward a new location — because we saw that in order to really improve and make the shop get to the point where it could pay us a fair wage, we would have to set it up first with the right equipment and the right work space.

There were a lot of sound decisions made like that all along. Our decision-making process was one of the reasons we were able to make this shop work so well. We had meetings every week and Steve and Philip really made an effort to include me and all the other newcomers, as they came, in the decision-making process — even though I really knew nothing about printing and was just being trained. Everyone was involved in the process. For me, being involved in that way, being included . . . I just threw myself into it 100% and it released a tremendous amount of creative energy within me, and I felt that I functioned a lot better. Also, that process counteracted a lot of stuff that happens with women, where they are not included in mechanical work. They put a lot of energy into training me in doing mechanical things. Now I'm a journey-person level printer.

Paul — You've talked about some of the reasons the shop has worked so well as a business; the strong, supportive relationship to the community, a real integrity around your work, volunteering. What else contributed to the success of Community Printers?

Laurie — Planning, being real thoughtful about each decision, respectful brainstorming . . . An atmosphere conducive to people working together and thinking together.

Another thing was the role of USA/Riptide. We joined USA in the spring of 1978. The USA Board and Central



Steve, Ross, Laurie (author of the article), Paul, Peggy, Rachael.

Staff consistently asked us questions, mainly about the business aspects, and got us thinking along the lines we needed to be thinking. When we first joined, we were working about 60 hours a week each and were really getting burned out, and I remember coming to a Board of Directors meeting, and we were somewhat suspicious of them and thought they were going to be making all these demands on us, and I remember sitting in this meeting and people were encouraging us to get our books together. The people on the Board were really good and didn't react to our being suspicious — they just said, "Look, we really appreciate the work that you are doing — you're working incredibly hard, and we just want to figure out a way to maybe set things up — you know, thinking about what kind of equipment you need or whatever, so you're not having to work quite so hard and you'll be able to pay yourselves better." So there is a real sense of trying to help us out, just in the way that we needed to be helped, which was great. And I remember that at that point we really put a lot of effort into getting our books together.

Tom Plumb worked at USA/Central then and he spent a lot of time with us putting our books right. He trained Philip and then he trained me how to do the books. That was a big thing, because then we could start planning and thinking about what kind of equipment do we want, how much money we could put toward wages, really to begin to have financial goals and do financial planning which is really important. This organized us more than we had been, and if we hadn't done that we would have become more burned out; your relationships with each other fall apart, the quality of your work goes down, and that is all reflected in sales.

Paul — How has democratic management affected your shop?

Laurie — Well, I guess it's made sure that everybody was involved. It means that we have the benefit of everyone's perspective, that's the main thing. We play devil's advocate with each other and brainstorm with each other, just throw out all the ideas — what are our goals, what do we really want to do — and then out of that we will hammer out more concrete plans, tied to particular people, and check up on it at the next meeting . . . and that way we are able to move systematically towards where we are going.

I think often times, at least in this society, that people begin to think of leaders as people who are the thinkers who come up with the ideas and pass the work down to the people who carry it out. In our shop we always put a lot of emphasis on operating from the standpoint that we are one hundred percent responsible for the shop and you've got to have at least one person who does that or it just won't work, but if you have more than one that's all the better, and at the shop all of us have taken on that attitude and are coming from that space.

And I think really in that kind of situation, the role of the leader, or coordinator, becomes (and I think we have all taken on this role at different times) to seek out other people's thinking and kind of bring that together, and from that work out some kind of an overall proposal and

kind of feedback to us for whatever it is we want to happen, and then get people's feedback on it and change it the way we want to change and get agreement on it, and then have someone take responsibility for it and check if it got done at the next meeting.

I think at different times we've all done that, taken on that kind of role. It's a very satisfying kind of thing — you start to see that you really can get things done, and that people really can work cooperatively with each other. It's a very enjoyable process.

Paul — What kind of recommendations would you make to someone who is trying to start up a low budget business?

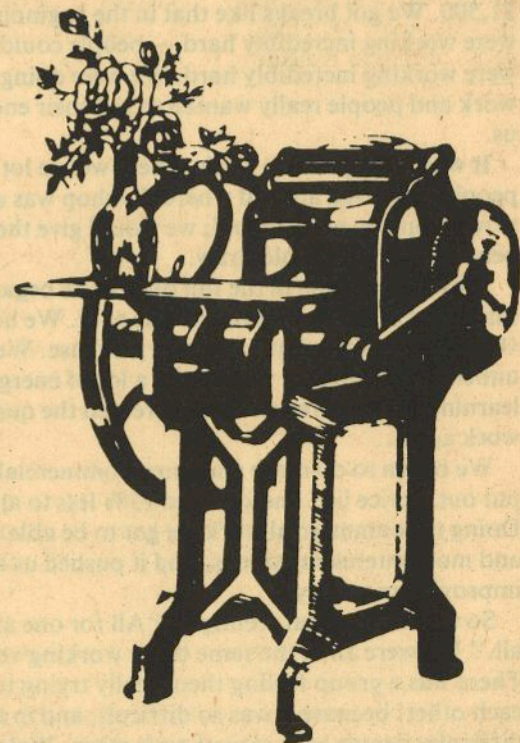
Laurie — Well, first thing I want to say is that it has to be something that you really want to do. It has to be meaningful to you beyond being a job. We did this, obviously not because it was a job or we were getting paid for it, but because we were really committed to it and wanted to see it happen . . . and we put it even before our own personal interests. It's a lot of sacrifice. A lot of people can't do that. In that situation you're exploiting yourself. I don't see any way around that really, the first few years.

As problems come up, try and figure out structural things that can be changed rather than getting into personalities; things can get harder that way.

As much as possible, respect each other and have fun together. Work on taking care of your relationships with each other — I think that's important.

Paul — The last question is, how long will it be before you have a union scale wage benefits package?

Laurie — Maybe two years. □



The Way of Life — an herb store



FY	Total Sales	Gross Profit	Net Profit
1977	\$ 94,794	\$ 26,810	\$ (2,753)
1978	103,963	35,881	6,350
1979	144,494	42,774	6,415
1980	207,198	53,880	(240)
1981	423,766	140,490	28,678
1982	500,000	180,000	60,000

(Projected)

Beth Baugh — (Board Member, USA/Riptide, and member/worker, bookkeeper of the Way of Life Collective.)

Robin London — (Worker/member of the Way of Life Collective.)

Both have worked at the store for ten years.

The Way of Life has been growing with the Santa Cruz Holistic Health community for 10 years, and its growth has been spectacular. At this time, the store generates \$500 per month toward USA/Riptide non-profit aims. It is anticipated that in the next fiscal year that figure will increase to \$700 per month, or about 5% of the store's gross profit, as measured by subtracting cost of sales from gross sales.

Paul Brindel — Tell us the reason it has been so successful.

Robin London — Being at the right place at the right time.

Beth Baugh — Exactly what I was going to say. The store was there when herbs really became a big part of healing in this community. Part of it was the people who work there. People like to work there and shop there. The people who worked there shared whatever knowledge they had about alternative healing, and there's a big alternative healing following in this community.

Another reason that it's become what it has is because some of us liked it enough to stay and just by virtue of being here for a long time we have gotten better at what we do, and have become familiar with it. People have come to trust us and appreciate us. Also, in the ten years that we've been here the store has become a part of us and there's love in it. For a long time there was a lot of selfless and unpaid work that was done. That's the way you did it in those days. To become a part of it you volunteered and then if someone left you would be the one who came on next.

Robin — Not only that, when you volunteered you got to do the real servile stuff. You really wanted to work there. It was like — you cleaned up all the lotion bottles five hours a day; you filled herb jars; you did the very boring, but very important, things that kept it running, and actually the store couldn't have afforded to pay us to do it, and it kept the store running because it was very 'iffy' then; you know, it was just a break-even business.

People know too that when they ask a question we'll take the responsibility to find out for them because we've done it before. We really have consistency and efficiency that has built up over the years. I think our slow growth has been very good for us, and although it doesn't appeal to a lot of businesses, it has given us a lot of time to see things that work and don't work, and you kind of get a sense of what our business is.

Beth — Another thing, we've molded the direction we were going according to what people wanted; many items that we began to carry have been by popular demand. Like vitamins — we felt that you could get what you needed if you ate the right herbs. We gradually began to see that people wanted vitamins. We did a lot of research about what we thought were the best sources of vitamins and began to carry them. Now they are a big part of our business. And other things too — we didn't carry plastic



Clancy, Francine, and Beth

bottles, and although we have a tremendous amount of lotions and shampoos and other items in bulk we only carried glass. The fact is that glass bottles break in the shower and people wanted plastic. Once we began to carry those plastic bottles, our body products sales went up by one-third in an incredibly short time, and so we've listened to what people wanted and that's been a guide for the direction we've grown.

Another policy people really appreciate is if there's something that we don't carry, we very often get it for them. We order it, and there are not many stores that will do that.

Robin — It's also our low prices. If you are buying \$10 worth of spices, and spoons for your kitchen, and you're buying some toys for your kid, you're saving a good 25% on every purchase you're making because the mark-up is lower. That has become attractive, and increased our volume tremendously because our mark-up hasn't changed in 11 years.

Paul — How do you manage to keep your prices so low?

Robin — Volume — people love us. The more that they love us the more that we can keep our prices so low. If you sell 10 items that you pay \$1 for, for \$2, you make \$10. If you mark it up one-half and you sell more than twice as many, you're making more money than if you doubled it and had less volume. Our volume has greatly increased. Every day we get phone calls about how to get to our store, which means that new people are hearing about us. We see faces we've never seen before.

I think another saving grace for us has been that those principles that are really important to us we do not bend on, and we don't just carry what will make money. We could make a lot of money selling cigarettes; we could make a lot of money selling non-organic coffee. Whatever we do we try to research it — that's the service part of this store. We spend time educating ourselves and educating the customers. To the best of our knowledge we sell the best in its field and we try not to sell things that are unhealthy. We research when we hear rumors about something being dangerous — we follow through. So I think we have a morality which is not rigid but which people respect.

Paul — What about the fiscal side of the business? How did that evolve?

Beth — Well, at first I had no interest in money at all. I didn't even care if they didn't pay me and I was just into the healing aspect of it and that was the principal thing, but I couldn't be a part of it unless I understood all workings of it. Now it's like a gigantic ongoing challenge. It's big business now.

Paul — How big is it?

Beth — Well, we're averaging \$5-6,000 a month in net profit right now which is a pretty remarkable statistic, and about 4 years ago the profit for the whole year was \$1,031. The gross sales figures for December season show how we've grown. In 1977 we grossed \$18,000; in 1978 — \$25,000; in 1979 — \$48,000; and then we moved to the new

store, and last year's December Christmas grossed \$64,000, and this year, \$84,000.

Paul — And do you anticipate that kind of growth continuing?

Beth — Yes and no. We could continue to grow but we are now limited because of our inventory space. We have \$91,000 on the floor and it's too crowded. It's not right, not working; it's too hard to shop, so we're cutting back. We need a bigger space you know.

Paul — You were just audited by the State Board of Equalization and passed with flying colors. They liked your system. Would you briefly describe your accounting systems.

Beth — It seems like a simple system, but nothing is left out. We have a daily cash sheet which comes right off each of the registers, so at the end of each day there is a day report done for each register. We have five departments: body products, herbs, wares, books, vitamins; and all that is broken down to get total sales, how much from each department, and this is kept up to date so that everyone in the store can see how we're doing day to day. Then at the end of the month all I have to do to get a correct operating statement is to add up the totals from the daily records. Our cash disbursement systems is similar.

Paul — What kind of skills would you say someone would need to do what you are doing?

Robin — I think it would help if they were a Virgo.

Beth — You've got to have a good attention-to-detail; that's really a must.

Robin — And concentration . . .

Beth — Yes, and fast on the calculator.

Maybe interest is the most important thing. I'm getting pretty good at doing books now, and at the end of the month I'm just on pins and needles to see how it comes out and it's fascinating to me — it's my *blood* you know — and to see how we did, I'm just fascinated by it. And now I can't wait until I get those books balanced to see what the net profit was. It's very interesting to me. It's really important to me to stay with the books, to have them right and ready so that I can just look at them and with a glance know where we are and how much we can spend.

Robin — Another thing that I want to say about Beth is that besides love and interest for the books she is extraordinarily accurate. She has a real radar for fine tuning for errors and she catches them. It's a must to have someone like that involved in any business or service.

Beth — Most important is to love what you do because you're going to be doing it a lot. It will be much of your life so love it.

Robin — And have fun. □

Computer use for retail and wholesale coops:

An introduction

by Jack Harrick

DISC (Dogwood Information Services Cooperative, Atlanta, Georgia)

Computers are a big area, and many feel we are now in the information age. This is shown by television, radio, magazines, newspapers, computers, books, letters, telephones, etc. being ever so prevalent. Look around and you may notice someone with the "I must be consuming/transmitting some information" syndrome. And then realize your coop has the same syndrome.

Some feel that unless coops adopt computers as another necessary business tool, they will not survive. We feel this is unquestionably true for the coop warehouses. And about two years from now, it will be true for all coops with over \$500,000 in sales per year.

Rather than tackle the entire computer area, we are focusing on computer uses.

Benefits Computers Can Provide

Time savings is usually the biggest cost reduction encountered when switching from a manual to computer administrative system. Time savings are biggest when calculations, double entries, text editing, etc. are involved. Note that in some areas, such as warehouse order entry or retail point-of-sale entry, you may not have any time savings at all. This is because no matter how you do it, data must be entered to a computer system — just like a manual system. Thus data entry type functions often don't involve time savings, but subsequent functions which use this data may have huge savings. Examples would be invoice confirmation, financial statement generation, and sales analysis reports.

Future time savings are hard to calculate. Here are two real life examples: When Sevananda, a \$1,000,000 per year food coop storefront, started doing price surveys regularly, they switched to computer. They achieved no time savings on surveying prices but saved about two thirds of their time on results calculation. As an added benefit, the final computer printed report is highly legible, well organized, and very timely.

Another example is NEFCO's future produce system. Based on two days of staff interviews and knowledge of Magnolia Coop Warehouse and Frontier Coop Herb's time savings, this table was prepared:



Area	Estimated % savings	Current Hrs/Wk	Estimated Hrs saved
Taking orders	0	16	0
Invoicing	60	20	12
Buying sheet preparation	80	5	4
Gross margin report preparation	100	2	2
Receivables — produce	75	20	15
Receivables — NEFCO	50	50	25
System manager	—	0	(5)
Daily backup	—	0	(2)
Totals		113	51

This is a 45 percent time savings. At \$1,000 per month per staff member, 51 hours per week saved amounts to \$1,275 per month saved. This is after the installation phase is over.

The above approach to time savings is highly dependent on comparing your situation to someone else who's already gone computer. It also involves a high amount of educated guesswork. For the latter reason NEFCO's estimates for percent savings are padded.

Improve Quality of Management Decisions

One of the bigger surprises about using a computer for administrative purposes is that quality impact can be very large. In some cases it may make the difference in cost justification.

"Quality of management" is a phrase bandied around quite a bit these days, as some coops around the continent struggle for existence. The phrase usually boils down to meaning organizational structure, skills, and decision making quality. Computers really help out on decision making, due to their perfect memory, flawless math, and timely printout of that crucial report. Here is a list of generalized management decision quality improvement areas:

1. Reduction of out-of-stocks
2. Reduction of average inventory
3. General tightening of entire administrative system
4. More control over Balance Sheet in general
5. More control over Operating Statement in general
6. More complete and timely financial information
7. More complete and timely other information
8. Ease of using budget variance management and complex financial planning
9. Easy, quick, and flexible access to lots of information
10. Frees your mind up from the 'clerical' to focus on the 'managerial'
11. Less skill required to do the same task. This means the same level of skill often equals *better* task results.

Examples are:

- General Ledger and Statements
- Accurate invoices
- Recommended Purchase Order Calculation
- Checking supplier invoices
- Pricing, especially variable markups
- Taking customer orders
- Accounts receivable management and posting
- Payroll calculations
- Checkbook entries and calculations

Improve Quality of Service

The reason coops exist is the 'quality' of their services to their members. Without getting into the social aspects, the technical aspects can be improved through computer use. Retail coops are still experimenting here, though some of the older and bigger ones have a few service improvements due to computer. The wholesalers, due to their size, are getting computers first but mostly only 'standard' applications have been implemented. Here is a list of standard and exotic ways a computer could improve the quality of

services. Note that some might apply only to retailers or wholesalers.

Standard Services

Quality Improvements

1. Accurate, readable invoices
2. Itemized register tapes
3. Out-of-stock list on invoices with 'why'
4. Item availability information at time of order entry
5. Price lookup cash registers, so members or volunteer workers don't have to hassle with changing prices
6. Current price lists any time
7. Price change list since . . . any time
8. Member deposit, hours, and A/R info on each invoice

Exotic Services

Quality Improvements

1. Pre-priced item labels, per member markup by item department or even per item
2. Computerized pre-order groups, using their wholesaler's main or portable computer
3. Financial planning and General Ledger services by retailers using their wholesaler's computer occasionally
4. Messages from other members, special interest group announcements, general announcements, etc. on a member's invoice or register tape

Random Tidbits of Hard Earned Wisdom: Choose Software Before Hardware

Perhaps the golden rule these days when selecting a computer system for business purposes is *choose your software before your hardware*. Now it's quite true that the hardware accounts for most of the startup costs. But the software accounts for nearly all the benefits!!! There are far too many cases of well meaning people who are new to computers going on and on about hardware reliability, down time horror stories, response time problems, being locked into one manufacturer's hardware, the latest technological advances, etc. . . . with software being selected almost as an afterthought.

Haven't you heard people say "We just got an IBM system," or "Hey, take a look at our new Altos computer system"? Well, this is a psychological carryover from the days when most hardware manufacturers provided the software as well with their systems. Times have changed. For any good software on the market, you can now assume it runs on at least five different brands of hardware for mini-computers and at least ten for micro-computers. This is because all professionals writing serious applications packages these days pick a portable operating system and/or language.

Occasionally you will have to pick or consider your hardware before software. However, this will be in only rare cases, such as if it must operate below 40 degrees, in a highly dusty atmosphere, you are in the boonies and only one hardware maintenance organization is available, you need 126 terminals on line for a point of sales system, etc.

Always Consider the Life Cycle Cost

Hardware will account for one half to two thirds of the startup cost of most computer systems. For that reason you may focus on controlling hardware purchase and maintenance costs. But beware!!! Several studies have shown that over the five to ten or more years of a computer system life cycle that software dominates the cost. In fact, these studies have shown software to account for 70 to 80 percent of the life cycle costs.

This is because once you are past the installation and digestion stages, you will begin making changes to your software. In fact, as your business changes so will your administrative system needs, and therefore your software must be changed. Eventually you will actually have a backlog of software changes wanted, and must carefully plan and budget your software maintenance schedule.

The moral of all this is to spend an exorbitant amount of time in selecting your software. You will never be sorry you spent too much time.

How to Spot a Bad System a Mile Away

A sixth sense can be developed to warn you that a system is not only not for you, but is just plain awful. A close study of these signs of a lousy system should suffice:

1. The sales rep goes on and on about the hardware and prefers not to say much about software
2. The sales rep goes on and on about one or two features of the software, without a comprehensive approach
3. When asked for references, you discover that they have sold hardly any. You will be a guinea pig.
4. When you ask a penetrating question the sales rep adroitly steers you quickly away to another issue.
5. No extensive hardware specifications are available.
6. You cannot quickly find someone to maintain the hardware in your area.
7. The software supplier will not give you the source code.
8. The software documentation is either skimpy, difficult reading, or out of date.
9. Every time you talk about the total system price again, it seems to have gone up.
10. The software or hardware supplier is rather young and may not be around 3 years from now.
11. During the demo, the systems fails a few times.
12. During the demo, the system seems awkward and despite quite a long session, you feel uncomfortable with it.
14. Upon studying the software documentation, you test it by trying to answer typical questions and have trouble locating the answer or finding it at all.

Software Personality

No software is plain vanilla. Each package has a personality of its own. Some may have rigid sequence requirements, others may have weird control key uses, and others might be fairly inflexible. One package might have a fast, loaded with features order entry function but then have a simple and awkward invoice confirmation function.



DISC providing computer support at CCA registration.

You should study and demo your leading software candidates enough to taste their personality, as well as to see if they meet your specifications. Do not be bashful about rejecting a package that meets your specs but fails to have a charming personality.

Deep down behind everything else lie a few computer problems. They are not exactly 'appropriate' technology, and coops are adopting them only to compete successfully. Plus, computer terminals are like television when it first came out — stories of x-rays, eye fatigue, glaucoma, etc. still abound and no one really knows exactly how safe terminals are. In fact the labor unions of Sweden have financed a long, expensive study of the health problems of terminals. Note — to our knowledge, terminals are safe unless used too much. If overuse symptoms appear, either cut down on usage time, improve the lighting which may be causing glare, or change something else to solve the problem. Overuse symptoms are identical to excessive reading or watching television too much.

Then there's an assortment of fears . . . Job displacement, a general phobia of computer like equipment, feeling foolish if the rest of the staff catches on and you don't, dependency on one more machine, etc. All these fears and questions must be resolved before you get a computer or you may have complications.

Cost Justification

Your final acquisition decision will depend on a variety of factors, but costs versus benefits will dominate. Most of the difficulty will come in trying to quantify future factors (time savings, lower average inventory, etc.) or in how to weigh various quality improvements. Many coops experience extreme difficulty in computer selection by bogging down either in the cost justification step or some of the other 'traps to avoid.'

Cost justification can be immensely simplified by defining your cost justification rules before the long computer acquisition process begins. Most of these rules can be used for other capital investments as well. For further details, see an expert. □



co-op legal network

by Nancy J. Moore and Richard L. Slaback

There is a tendency among co-op members to restrict their view of the co-op movement to their own local cooperative. This narrow vision, however, keeps many people from realizing that most co-ops have a number of things in common and that they can learn from each other. Fortunately, as people become more involved with co-ops, they begin to identify issues and problems which are common to all co-ops.

The Co-op Legal Network is a nationwide organization which has grown out of the realization that there are a number of common legal problems for co-ops. Some of the areas include: (1) legal structure and decision-making; (2) capitalization; (3) problems with volunteer labor systems; (4) business failures; and (5) state, local and federal regulation of business.

Even though state laws may differ, most co-ops will find the experience of persons in other places very relevant to their situation. The Network is being designed to give co-ops and their lawyers access to information about other groups' experiences.

Co-ops have generally relied on two sources for legal advice: the member lawyer who would work for free (or at cost) or the professional business lawyer with little or no co-op experience. Most volunteer member lawyers are unaware that other co-ops have successfully dealt with similar issues in the past; they also tend to have little experience in business law. While a good business lawyer may be useful, he or she often treats a co-op as just another small business.

The Co-op Legal Network proposes to change that situation by educating both the co-ops and the lawyers who serve them. Our most important form of education will be in developing lines of communication, not just between CLN and its members, but among co-op lawyers and legal workers, and among the co-ops and legal professionals.

The Network will receive information from and provide information for the use of others. Services being planned include: lawyer referrals, legal research, model forms, a newsletter, and training workshops.

By examining some of the legal issues mentioned above in some detail, we can see what the common problems are: why it is important for co-ops to use co-op lawyers; how we think those lawyers should be used; what CLN can do to help.

A prime example is in the area of legal structure. Most co-ops need to be incorporated. This involves complying with certain state laws and writing articles of incorporation and bylaws. Since many states do not have a specific law for cooperatives, the co-op may have to bend another law to fit its circumstances.

Many people have taken the attitude that these documents are not of great importance, and have copied form articles to meet the state requirements. Bylaws are sometimes more carefully written by a committee. However, the committee often does not consider the legal requirements, nor is it always aware of the legal effect of the wording. This is not a major problem — until a conflict occurs.

If there is a conflict about how an organization should be run, the controlling authority is the state law. If the point in issue is not covered by state law, the articles of incorporation are looked to, then the bylaws, and finally the policies adopted by the co-op's governing body, usually in the form of resolutions.

A single person can provoke a crisis. A disgruntled member or employee, an unhappy supplier or a state agency can create any number of problems. If the matter goes to court, the co-op may find that the decision made totally disregards the intentions and understanding of the members. Some examples:

1. A co-op is incorporated under a law requiring an elected board of directors, and giving that board certain powers. However, the co-op has decided that all decision-making will be done in monthly membership

meetings, and does not elect the board. Since decisions sometimes have to be made quickly, some things that legally must be done by the board are decided by the staff.

The state brings an action for back sales taxes. A court could find that this co-op is acting outside the law and declare that it is not a corporation. Individual members could be liable for the taxes.

2. A co-op, incorporated under a for-profit business statute, copies from articles of incorporation from a legal form book and provides in its articles of incorporation that voting will be based on the number of shares of stock owned. However, in its bylaws and in common practice, it always uses one-member, one-vote. A minority of members holding a large amount of stock decide to take over the co-op. Legally they can do so.

Not only is it useful to have good legal advice when setting up a co-op's legal structure, it's good to have advice from someone who knows co-ops. A good co-op lawyer will know the different forms of organization and operation used by various co-ops — direct change systems, consensus voting plans, limited equity housing co-ops, etc. He or she will know the good and bad side to the various systems, what has worked for other co-ops, what has not, and how to plug all that into the articles of incorporation and bylaws. The co-op can use the lawyer as a resource to develop the best structure for itself.

“Resource” is a key word. A good lawyer will advise the co-op on the effects of various courses of action; he or she will not decide what the co-op will do. The co-op members will make that decision, based on that advice. Co-ops don't need lawyers to write their bylaws for them; they need lawyers to help them write their bylaws.

Another area where competent co-op lawyers can help advance the cooperative movement is capitalization. Co-ops have a serious need to find creative ways to capitalize and build stable businesses. Good lawyers can develop the necessary structures, while still retaining cooperative principles.

One example being dealt with in several states is the development of cooperative securities laws. Most of the agricultural co-op laws passed in the 1930's had an exemption from securities laws. However, exemptions are more difficult to get today, and may not even be desirable.

Large member investment in the co-op can be a good way to build a business, but members should be fully aware of the risks. There is a good chance they'll never see their money again. It is reasonable to expect co-ops to prepare some form of prospectus to give the members that information.

Obviously, small co-ops do not need the burden of complying with all details of most state securities laws. A good compromise can be found. The state of Michigan is developing a plan to exempt certain sizes of co-ops from these laws, and to provide a simplified process for others. This sort of plan needs to be developed in every state, and lawyers versed in the co-op movement can have a major impact.

There are several legal issues currently reaching a crisis

level which have to do with the issue of required and voluntary member labor, and the discounts connected to that labor. The most universal issue is worker's compensation.

Many states, and insurers, are requiring that any member who works in the store or around the housing co-op, and receives any kind of benefit (discount, right to shop, right to live there, etc.) be considered a worker who must be covered under workers' compensation. There is an obvious reason for this: people can be injured in these situations.

Workers' compensation laws, like minimum wage laws, child labor laws and the like, are designed to protect workers in an unequal bargaining position. Were these things not required, many managers and owners would force workers to give up some of these rights in order to take a job.

There is a substantial question as to whether this is the best solution for co-ops. Certainly people should be protected when doing their labor, but they may not really be the workers contemplated by the statute. Furthermore, if they are workers for compensation purposes, they may also need to be considered workers for minimum wage, social security and withholding tax purposes, perhaps even for unemployment. This would be a major expense.

There has not been a consistent response within the co-op movement to this problem. Some co-ops are paying workers' compensation; some have arranged with their insurance companies to cover their member labor under a liability policy. Some have responded by doing away with such labor, pointing out that so-called 'free labor' is sometimes much more expensive than paid work.

All of these responses are legally reasonable, though paying workers compensation may set a bad precedent in other areas. (If the amount of a discount had to be the minimum wage, it would probably be unprofitable to use member labor and would do away with that aspect of consumer co-ops.) A unified stand by the movement would be preferable, and the development of resources to fight for that stand wherever the issue arose. Again, we need lawyers who understand the legal issue; understand why it is key in cooperatives, and what changes it will force in the movement.

The Co-op Legal Network will identify those lawyers who have already attained a certain level of competence in co-op law. (One of our initial planning areas is to develop standards for lawyers.) It will find those lawyers who are interested in learning more about co-op law and offer them resources and training so that they can reach a higher level of competence. It will also provide a forum to discuss the legal effect of new issues so that a unified approach may be taken.

In these ways, the Network will strengthen a resource of the cooperative movement. In time, we hope to have lawyers who are skilled enough to handle some of the new and complex businesses in the cooperative movement, without forgetting the essential specialty of the cooperative form.

If interested, contact: *Co-op Legal Network, 220 19th St. no. 605, Washington, D.C. 20009* □

Consumers United Group

by Roger Neece

CUG philosophy is one of growth of the individual through self-managed control of the workplace. CUG's express purpose is to create a lasting economic institution which maximizes the freedom and humanness of those involved, thereby creating an alternative model for the business community."

Consumers United Group is one of the largest and most successful worker cooperatives in the United States. It has been in business 18 years and has gross revenues of about \$40 million, with over 250 members.

Some of the relevant characteristics of the CUG economic community are: 75% women, 69% minority, 58% management positions held by minority and women community members.

We have a long history of support and leadership in the movement for worker-ownership and control in the U.S. We have a strong commitment to the Washington, D.C. community at large.

CUG is the umbrella corporation for five companies that compose the Consumers United economic community. The first company organized in 1964, was International Group Plans (IGP). We believe that IGP developed more insurance premium in its first ten years of business than has any other life insurance organization in the country, through the use of computer based direct mail marketing to members of national non-profit organizations.

In 1969, CUG President, Jim Gibbons bought out his partners and began the process of changing the operating procedures and goals of CUG from a conventional business venture to a model for the society of the future. Since 1972 we have undergone continuous organizational development, with the goal of creating a more democratic, humane workplace.

In 1970 consumers United Group (CUG) was formed to own IGP and Consumers United Insurance Company (CUIC); a subsidiary organized to underwrite life and accident and health insurance. CUIC now has 16 million dollars of annual premium from the market in which it specializes, non-profit national organizations.

In 1972, CUG founded Group Plans Marketing, Ltd. (GPM) in London, England. GPM, like IGP, is a broker-administrator of group insurance for national organizations.

In 1978, CUG formed two more subsidiaries, Consumer Computer Services, Inc. (Dial-Tyme), and Consumers United Financial Corporation (CUFC).

Dial-Tyme, a computer company selling time-sharing services, naturally evolved from the large data processing facilities Cug had maintained to administer its insurance business.

CUFC manages investments for CUIC, and develops financial products and services. The first of these is a money market fund, the Fund for Ready Income.



In 1979, Capital Marketing International Company, (CMIC) was founded. This newest member of the CUG economic community was formed from the nucleus of former IGP and CUIC marketing department. CMIC is providing direct mail and other mass marketing expertise to cooperatives and other non-profit organizations.

Democratic Decision Making at CUG

CUG has a federated decision making structure. Overall responsibility for the CUG community is held by a democratically elected Board of Directors, composed of four representatives from each of the five operating companies. Each company democratically elects its own board, which must include one member to represent the interests of the public and our clients.

Participation is the basis of economic democracy. To insure every member's voice is heard, we have set up a sophisticated committee system for the management of day-to-day operations of each company. This bottom-up committee structure begins with work teams, and then to representative department operating committees and company operating committees. Teams are functional work groups of 10-20 members which elect a team leader; hire, train and discipline members; and implement work procedures. Department operating committees initiate and implement corporate policy and administrative processes by coordinating and communicating with teams and department representatives. Company Operating Com-

mittees focus on financial and operational planning and evaluation. Separate from this committee structure is a judicial body that acts to settle disputes on personal matters.

CUG and the Cooperative Movement

CUG maintains current membership in the Association for Workplace Democracy, the Industrial Cooperative Association, Consumer Cooperative Alliance, Cooperative League of the USA and Co-op America. Jim Gibbons, CUG's founder, was a keynote speaker on economic democracy at the Consumer Co-op Alliance's 1979 and 1980 institutes.

In addition to the support activities on a national level, CUG has always undertaken to provide opportunities for its members to join or organize consumer cooperatives to meet members personal needs. In this area, we have sponsored the establishment of a credit union for community members and a small scale food buying club. On a local level, CUG has provided technical assistance and limited financial support to the Ivy City Corporation in their efforts to establish and expand a printing business. In the past year, Consumers United Insurance Company (CUIC) has committed itself to a \$5 million program underwriting low and moderate income cooperative housing in the DC area through below-market rate mortgages. The first loan was made in the spring of 1982 for \$490,000.

In 1979, CUG gathered a panel of representatives from democratic enterprises. The panel surveyed past CUG leadership activities, and current requests for information and monetary support of democratic enterprises.

One outgrowth of that work has been Co-op America, a national marketing service for cooperatives, non-profits and socially responsible businesses. CUG has provided consistent development support as a founding member, and along with Workers Trust of Eugene, Oregon has developed a unique health and term life insurance package for workers in Co-op America member organizations.

Toward a Cooperative Economy

Both new and old wave cooperatives have come under criticism as mainly affecting only a small section of middle-class U.S. society, and providing no overall guidance for the formulation of a cooperative economy. CUG stands as an example that cooperatives and worker-controlled enterprises can survive and achieve success in highly competitive and technical industries; while developing a membership broadly representative of minorities, women, and non-college educated persons.

CUG believes that now is the time for existing cooperatives; old and new wave, producer and consumer, to band together to form a viable cooperative sector of the U.S. and world economy. Working with Co-op America, AWD, CCA, ICA and other national organizations we are committed to the formation of a cooperative trade association to coordinate this development. The continued successful operation of member organizations would be a

major focus of activity, including:

- seeking a commitment from its members to maximize the amount of goods and services that are purchased from other businesses in the association;
- exploring means of using common services to increase efficiency;
- providing a priority system of inter-company employment to increase job security for individual members of association businesses;
- establishing a Banking and Finance Institution;
- start up non-profit insurance trusts to provide coverage for all member cooperatives' workers. The investment of of premiums would be used to finance the development of new democratic businesses, as much as possible, and would be controlled by the member groups.

Consumers United Group believes strongly that cooperatives must establish a banking and finance organization that remains solely under the control of the cooperatives which utilize its services. We cannot look for any agency under government or other outside control to meet our needs. We must have this means of providing the cooperative movement with the financing needed to expand established coops and to meet the needs of low income, minority and other constituencies which will become the cutting edge of cooperative development.

For further information on Consumers United Group, our insurance and money marketing products, and our visions of the development of a cooperative economy, contact: *Roger Neece, Director of Democratic Enterprise Development, Consumers United Group, 2100 M Street, N.W., Washington, D.C. 20063, (202) 785-6641.* □

A few asides by Jim Gibbons, CUG founder

"There has to be an enormous amount of voluntary commitment to the purpose of community, and not to the purpose of individuals. But once you have a democratic community, you see, you cannot use the democratic principles to exclude the people who don't believe in the system.

There wasn't much change until a self-management conference up in Ithica in the mid-70's. I was invited to speak, and we decided, no, I shouldn't go, other people should.

We put out an announcement, and lo and behold, 85 or 90 people were going to go. We sent two or three busloads to Ithica, and they apparently blew the minds of the whole conference. On the second day, these academic types stopped giving their papers, and all our people stood up and told about different things, some good, some bad. Our people came back with this enormous sense of identity about, *I didn't realize... You mean we're that...?*

I think it's necessary for people to feel they're part of a larger movement. To me, it's a little like washing dishes: if I wash dishes as a bachelor, it's a dirty, grungy job. But if I wash dishes as a married person, it's a contribution to family solidarity."

WORKERS TRUST

by Rick Koven

The Workers Trust has its origins in the forest worker coop movement of the Northwest. In order to understand WT, therefore, it is helpful to know a little bit about the history of the forest worker coops.

The first reforestation coop started in Eugene in 1971. In 1976, a loose association of forest workers was formed and called itself Northwest Forest Workers Association. Over the years the coops have prospered and today NFWFA has 17 cooperatives and 800 individuals as members. NFWFA opened an office in Eugene, Oregon, and hired a staff in January of 1980.

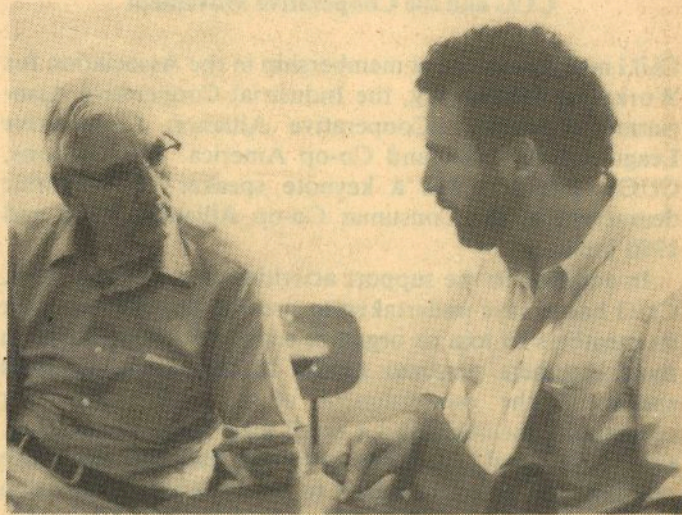
There are many reasons why NFWFA was able to spawn a successful health insurance plan such as WT:

- 1) The forest worker coops are probably the largest, most successful, and most organized cooperative workers movement in the Western United States.
- 2) NFWFA coops control a 25% share of the reforestation industry.
- 3) NFWFA itself is a strong and active cooperative association. NFWFA has been successful in effecting changes in the reforestation industry involving labor issues and working conditions.
- 4) Insurance coverage on the job has always been an important issue to the forest worker coops and they had demanded from NFWFA some action on this issue.
- 5) Because of the laws in the state of Oregon, which allow for the incorporation of workers coops but do not mandate workers compensation coverage for those coops, a unique situation exists in Oregon. Here, a large group of coop workers were in the market for a good health plan which would cover them on the job (not workers compensation) at reasonable rates.

Therefore, in early 1980 NFWFA entered into discussions with Harbor Administrators of Fresno, California, to explore the possibility of procuring a partially self-funded group health plan. At this time, self-funding was gaining popularity in the industry, however, the concept had never been applied to workers coops. Because of this, before NFWFA could sign a contract with Harbor several major revisions of the standard contract had to be implemented.

First of all, in a standard self-funded program returns of unused premiums are made to the employer. In the coop situation, we wanted to return these funds directly to the worker. By effecting this change, we essentially transformed the program into a true consumer cooperative. In doing so, we also established the situation where a self-funded program was no longer simply a funding mechanism but in actuality a distinct organization controlled and owned by its members (workers).

Secondly, the standard insurance contract, which provides for the conditions of traditional employment, had to be amended to accommodate the worker coop condition.



At the CCA Institute, Rick Koven (r) talking about health insurance to Jack McLanahan

Thirdly, and perhaps most importantly, in the standard self-funded program, the entire self-funded contributions were held for a period of one year in a trust fund administered by the Bank of America in California. Because significant sums of money would be held in reserve, we felt it was important that that reserve be controlled by our members and invested locally. Therefore, we negotiated a condition to the contract that only monies currently needed to pay claims would be sent to California and that the reserves would be held and invested locally at the discretion of the membership.

With these significant changes accomplished, a non-profit corporation named Northwest Forest Workers' Health Trust Inc. was formed in July, 1980, and a contract was signed with Harbor Administrators.

From July, 1980, until October 1, 1981, NFWFA Health Trust served the health insurance needs of the forest worker coops. During the first calendar year, the Trust was quite successful and was able to pay a 33% dividend to its member. Membership grew from an initial enrollment of about 250 to a high of 450 members. In these 18 months, NFWFA Health Trust proved that self-funded health insurance was a viable option for workers coops.

Contract renewal negotiations with Harbor Administrators in the summer of 1981 essentially broke down. The carrier was asking for dramatic rate increases which we felt were unjustified considering our excellent experience. This breakdown proved to be fortunate. In seeking a new carrier, the Trust contacted Consumers United Group in Washington, D.C. Since Consumers United Group was itself a workers cooperative, the Trust had not only found a willing carrier but also a partner who shared the same vision for the future of coops and their insurance programs. While we felt that a continued relationship with

Harbor would stifle our development, our relationship with CUG seemed to be an enhancement to our development. On October 1, 1981, we signed a contract with Consumers United Insurance Company which further refined the concept of self-funding for workers cooperatives.

Coincident with the signing of a contract with CUIIC was another significant decision. The Board of Directors decided to expand membership to include in the Trust other democratically-managed companies not necessarily involved in reforestation. The corporation was re-named Workers Trust and extended membership eligibility to all workers coepratives, collectives, partnerships, associations, non-profit groups, and sole proprietorships. The intent is to serve democratically owned and managed companies. We defined our marketing area as the Northwest, including Northern California, Oregon, Washington, Idaho, Montana, and Alaska.

The Board made the decision to expand for several reasons. Because forestry is seasonal by nature, the Trust had been experiencing dramatic swings in enrollment. These fluctuations damaged the stability of the Trust. By diversifying the membership, we felt we could stabilize the Trust and ensure its viability into the future. In a more political sense, we understood from our own experience in the forest worker coops that insurance tends to be an excellent organizing tool. We perceived that there were many democratically-managed businesses scattered throughout the Northwest which were in no way associated with each other. It was our opinion that by affiliating these groups through an insurance program we were taking the first step toward an association of democratically-managed businesses in the Northwest. WT is also a powerful concept in and of itself. WT is the only insurance plan in the United States that is truly owned and controlled by its consumer-members. The prospect that WT would grow substantially in the size of its membership as well as in the controlling portion of the members' insurance capital investment is certainly exciting. It is precisely the above objectives that WT is pursuing.

As of March 1, 1982, WT had 417 enrolled members. We were serving 34 groups in Oregon, Washington, and Montana.

What were WT's next goals? To expand into a national marketing effort that will make it possible for many new democratically-managed companies to share in the benefits of WT's member-controlled self-insurance.

Recently we have added a new, exciting element to our marketing. Co-op America is a national marketing service. Initially, it is serving the needs of its organizational membrs (co-ops, non-profits and socially responsible businesses). Later, it will take the products and services of its organizational members and market them to consumers who share similar values of environmental and social responsibility.

In August, Workers Trust concluded an agreement which allows us to market our health and term life insurance plan through Co-op America. The response has been very positive. Dozens of co-ops nationally have expressed interest, and 150 new insureds have joined the Trust through Co-op America already.

This expansion will stabilize the Trust, provide a secure workplace for its staff, and help establish a practical cohesion among cooperatives around the country, a unity begun in Oregon's forest worker cooperatives. □



Forest worker planting

What It Means to Own Your Insurance Plan

Workers Trust is a new approach to health insurance. Our members, the consumers, own and control the plan. Owning a 'piece of the rock' in our case really doesn't have some meaning. And you should be comfortable with the concept of shared ownership in an economic enterprise. All our members are already owners and operators of democratically managed businesses themselves.

Participation in the Trust brings with it both responsibilities and benefits. Of you, we ask only that you participate fully as a coop member, and claim benefits conscientiously as a coop member.

From us, you get this promise: Workers Trust will be your plan; the premiums you pay will reflect as closely as possible only the cost of meeting your medical needs; the benefits you receive will be secure,

and appropriate for the kinds of medical attention you require.

The economics of the Workers Trust health plan are *not* stacked against you. In fact, the economics of our cooperatively owned business are very much in your favor. Your premiums *won't* be jacked up so we can build a new skyscraper, your premiums *won't* be jacked up because we need more profits, your premiums *won't* be jacked up just because you file a claim.

The only way premiums go up is if after any calendar year the medical needs of the entire membership or the operational needs of our coop require increased contributions to the Trust. *And you help make that decision.*

For more information write: WT, 795 Willamette, Rm 314, Eugene, OR 97401; or call, (593) 683-8176.

CO-OP AMERICA

by Paul Freundlich

With more than 125 Organizational Members; with many of their workers being served through our Workers Trust Group Health Insurance plan; with our consumer products and services almost ready for testing, Co-op America is launched. But there is a national economic tide in our affairs, which if taken at its ebb can make starting a business very difficult.

Co-op America is still a long way from being the critical marketing service which ties together thousands of organizations and millions of people. The fruits of that service — support for an economic system in which we can work and live our values — are only beginning to be tangible.

I'd like to tell you some of why I think Co-op America will succeed. There are three critical themes to our success: 1) a growing market; 2) an increasingly competent network of progressive businesses and organizations; 3) the necessity of support services.

GROWING MARKET

A year ago we commissioned a market study which identified 27 million names on lists running the gamut from political to new age to environmental. The names were of people who subscribe to publications, belong to associations, contribute to causes and buy products. There are about 5 million people who read local alternative weeklies; several million in consumer co-ops (not counting credit unions or rural electrics). Allowing for a 1/3 to 1/2 overlap, and even with a history of downward mobility, that's a lot of economic power.

Co-op America is hardly the first operation which has sought to organize this market. REI, specializing in outdoor gear, is the most successful example which has followed a cooperative path.

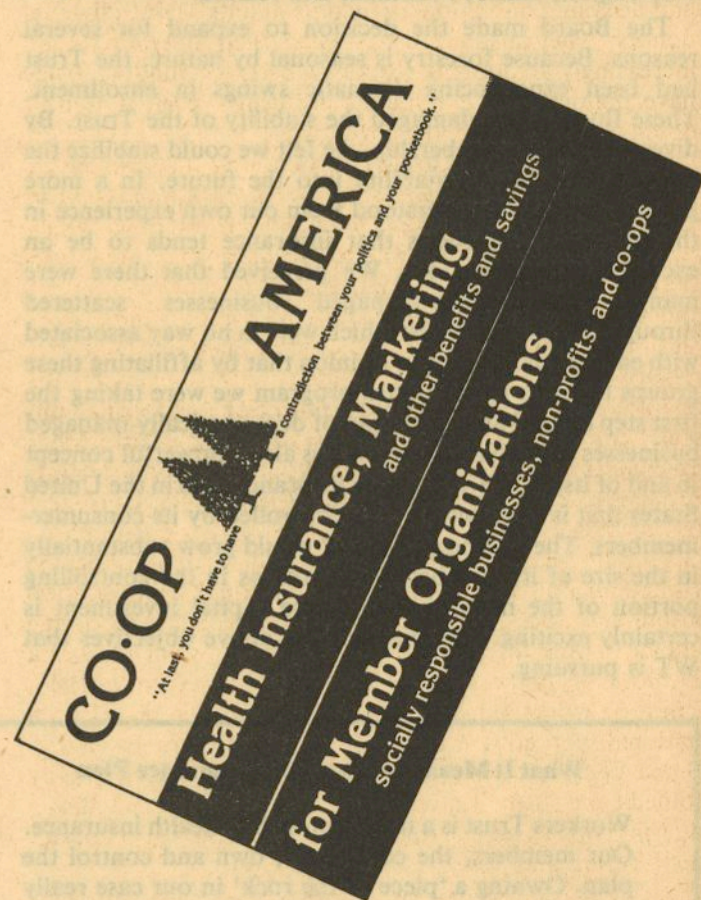
But how many of those people care about more than the label (Celestial Seasonings, for example)? How much of the values and politics which it takes to achieve an harmonious, peaceful world is translatable into practical economic choices people are willing (anxious?) to make? More questions: Beyond a few hundred thousand activists; a few million who would define themselves as politically progressive" or "environmentalists" or "new age" or "cooperators"; beyond even the 20 million or so who have managed to make it onto one list or another — what is the potential involvement of the balance of the largest generation in American history, some of which is increasingly upwardly mobile? Finally, what level of intervention is possible which could positively affect the interest of the public at large?

And that's what Co-op America is set to find out. We believe that "quality, reasonable cost, social and environmental responsibility and extending the range of consumer choice" are the basis for reaching and organizing a significant market. We believe that success will be

incremental: that if we can bring in the businesses, co-ops and public interest groups, their constituencies will follow; that if a core of Americans become involved in a significant economic venture toward a more cooperative America, we'll have the resources and media attention necessary to attract much larger populations.

NETWORKS

While many businesses, including co-ops have been struggling with national recession, others are demonstrating extraordinary vitality. Good Things Collective, a retail



storefront and mail order cotton clothing business, noticed recently they were the largest employer on Main Street in Northampton, Massachusetts. While Main Street isn't Madison Avenue, Good Things Collective, Renaissance Greeting Cards, North Coast Co-op and Workers Trust (for just a few examples among our members) have had great success in the last few years by being competent businesses (knowing their market, good management, efficiently presenting an appropriate product or service) while maintaining their inward spirit and outward social commitment.

It's become clear that the businesses and organizations which haven't defined themselves, their market/constit-

ucency and haven't been willing to plan and manage within these limits, have limped along and increasingly failed. That doesn't mean you have to become a multi-national conglomerate to be successful. USA/Riptide provides the corporate structure for more than a dozen small businesses in Santa Cruz; Communities has opted to stay small and specialized and outlasted many larger publications; neighborhood stores can serve neighborhoods.

What it does add up to is thousands of businesses and organizations, many of them quite local, most cooperative in spirit and practice (if not in structure) spread around the country. Many of their needs cannot adequately be filled by themselves or locally, and they provide the central organizational membership pool for Co-op America.

There are two other networks which we also take seriously. First, the non-profit, public and community interest groups and agencies. They are hurting badly, with severe cutbacks in governmental and foundation funding, and declining discretionary income among their individual donors. They also have tightened their operations and increasingly are looking for a new basis for funding. They have political and community influence, even if it isn't doing them much good right now.

Second, there is the workplace democracy movement. It connects concepts of *quality of worklife, participation in decision-making, and ownership* with traditional industries, management, labor and government on many levels. With most of America caught in an economic crisis, and a productivity squeeze, hundreds of millions of dollars and thousands of jobs are involved in plant closings. The economic heart of America is involved in the search for alternatives. A few successful examples of small to medium scale corporate experiments already exist (Rath Meat Packing, Peoples Express and Consumers United Group). A breakthrough such as might develop with National Steel could change national perceptions of what is possible.

Both these networks have the potential to alter the climate of opinion in America. They could make cooperation and social responsibility a respectable economic choice in time for both local and state government, and a Democratic party seeking an economic policy in 1984. These networks are also the obvious allies and friends to a national marketing effort built around congruent values. Some representatives of these networks have already joined Co-op America for the benefits, the political ideals, and perhaps as an eventual medium for their promotion, distribution and even income generation.

SUPPORT SERVICES

Many of the networks have already been organized to provide identity and outreach (CCA, National Center for Employee Ownership, AWD for example). Services to support those networks have been developed locally (USA/Riptide, PACE) regionally (New England Cooperative Training Institute) and nationally (National Consumer Co-op Bank). If you look at the organizational members of Co-op America already providing services to other organizational members, you find insurance (workers Trust) and Consumers United Insurance Company); investment (Calvert Group); computers (DISC); Co-op Legal Network; marketing, business and organizational

consulting (Gary Ranker, ICA, PACE, NECTI); job listing service (Community Jobs).

What will that look like if we reach our membership projections? That would involve some decentralization and regionalization for sure, but it would also mean economies of scale and new services, including cash management of a large capital flow.

At present, even most progressive organizations depend on a wide range of *middlemen* whose values and performance are geared to generating maximum profit from both consumers and producers. Co-op America is part of an attempt to organize our networks and services efficiently, while respecting our values. We can honorably collect a reasonable commission to run our business, but with the control and ownership of a necessary *middle-person* service on the basis of participation, not profit.

CONCLUSION FOR NOW

We have a good staff (Debby Shacter, Fred Zepernick and Denise Hamler) in our Washington office. Roger Neece, Jack Litewka, Kathy Kinsella and Craig Cox continue as our most frequent consultants. I'm mostly working on the consumer development, mostly out of New Haven. Continued support from CUG, Calvert and our many members and friends keep our spirits up.

By the end of December we should have some basis for evaluating our first six months of operations. There are choices to be made down the line about regional/thematic/national development, scale of operation — and a lot of product and fulfillment systems development to get that far. We remain, in the finest tradition of alternative business, significantly undercapitalized.

But it looks good. If we can show strong test results, we'll get the funding. Even if the consumer operation takes longer to develop than we hope, the organizational services seem solid. And if some idiot doesn't blow us off the face of the planet, we might even be part of the tide turning. □

[for more information on the consumer program, see the inside front cover of this magazine, and the attached card]

AN INVITATION TO ORGANIZATIONS

Mail to: CO-OP AMERICA, 2100 M St., NW, Suite 316, Washington, DC 20063 or call [202] 872-5307

We are interested in joining Co-op America as an organizational member. Please send us information.

Organization _____

Contact Person _____

Address _____

City _____ County _____

State _____ Zip _____ Phone [_____] _____

you can help by telling us what most interests you

- the concept; health and term life insurance;
- social investment; directors & officer liability insurance; discounts on publications;
- job service; property & casualty insurance;
- consulting; computer software and hardware;
- discounts on office and consumer items;
- marketing your products and services

ALLY OR ADVERSARY: WHO ARE WE FIGHTING?



by Craig Cox

A dozen years have passed since 'new wave' co-ops began to emerge from the womb of sixties activism. Some have flourished, others have survived by miracles alone. They have, for the most part, done it on their own.

Unity has not been a strong point in the U.S. cooperative movement. There have been few alliances formed between these new co-ops and the larger, more politically conservative co-ops of the older generation. Factions abound and stereotypes dominate, stifling constructive dialogue. But the times, they are a-changin' and the current political, social and economic realities are beginning to force these parochial enterprises to gather some allies.

Outside the movement, adversaries clearly outnumber current allies, but there is potential for some new courtships. The problem is that cooperatives — new and old — are not used to looking outside of themselves for help. They have their reasons. Lending institutions have not been kind, nor has the private sector generally been very friendly. And with a few notable exceptions, government has not looked favorably upon the idea of economic democracy.

But co-ops do have friends in powerful places and many movement leaders believe it's about time to cash in on those friendships.

Labor, for example, was a strong supporter for cooperative development until its post-war agenda subordinated political and social issues to wages and benefits. From the twenties through the war years unions made various attempts to organize consumer cooperatives around the country. Unfortunately, many were less than successful. A statewide effort in Illinois flopped miserably in the twenties, and a 1946 union organized project in Detroit — the Motor City Co-op — was a 'disaster,' according to Virginia Thornthwaite.

A veteran co-op activist, Thornthwaite says the labor unions 'need to have something that would work economically' in order to venture into co-op organizing again. "The unions tried, lost money, and withdrew," she says.

Labor offers the co-op movement a couple of important assets: a large membership base and access to capital through pension funds. "There's a tremendous potential in labor unions," says Steward Kohl, Vice President for Domestic Development at the Cooperative League (CLUSA). But he cautions that the largest pension funds are controlled by the most conservative labor bosses and says access may prove difficult.

Kohl is more excited about the prospect of co-ops

working more closely with local government, drafting and lobbying for legislation, and generally displaying the political clout he thinks co-ops can wield. "Co-ops need to better understand and make clear to local government their inherent political power."

In California politics, the co-op voice has been heard on a number of occasions. Berkeley Co-op's 90,000 members, for instance, form the state's largest consumer group and they have been instrumental in pushing legislation dealing with direct marketing, sales from bulk containers, and tax codes. Co-ops have a special place within Governor Brown's administration, as well. Ann Evans facilitates co-op development as part of the Department of Consumer Services. "We've done a lot for educating the co-ops in terms of the larger regulatory picture at the state level," says Evans.

But much more needs to be done. Cooperators, especially from the new wave, tend to eschew the political process for fear of soiling their ideals. Evans says it's time to "roll up our sleeves" and plunge in. True to her words, she recently campaigned and won election to the Davis City Council.

The distastefulness of the political process, in the eyes of this movement, only slightly exceeds the distrust of private business. While it is true that most co-ops do some business with the private sector there remains in the cooperative mythology a certain longing for the co-op commonwealth — the democratic utopia in which all economic enterprises are consumer owned and/or worker controlled.

"Until recently we have tended to be stand-offish from regular businesses," says Don Lefever of Universal Cooperatives' Grocery Division. "We need to work with them." Universal acts as a broker for Co-op Label consumer goods, a connection of sorts between producer and consumer co-ops in the U.S. But Lefever has also connected wily private business in order to promote the Co-op brand.

For the past four years, Universal has been supplying the giant Greenbelt Co-op in Washington, D.C. through P.A. & S. Small, a private warehouse in York, Pennsylvania. It may not be ideologically pure, but the strategy has been effective. According to Lefever, Greenbelt would not be carrying Co-op label goods without this arrangement. Together, cooperative and private businesses are "strengthening the co-op system in Washington," he says.

Closer to the cooperative model are credit unions, which, given the proper circumstances, could provide some of the development money consumer co-ops traditionally lack. The credit union-cooperative connection has been a major force in Canadian cooperative development, but has been frustrated in this country by regulations and parochialism. In some states, credit unions cannot legally lend to businesses, co-op or otherwise. Still, there are common goals to be pursued, especially in terms of community-based development, says Ann Evans. "We have to personally start making those contacts."

The U.S. Central Credit Union might be a more powerful ally than the local credit union, according to Stewart Kohl. It is a credit union for credit unions and has assets of \$6 billion. "We shouldn't exaggerate the amount

local credit unions can do," warns Kohl.

We should likewise temper our expectations of the Consumer Co-op Bank, Kohl says. "CLUSA thought the bank would do for consumer co-ops what the Farm Credit System did for farm co-ops," he explains. "But I tend to take a limited view of what the bank can do."

Four years ago, nearly everyone but the most skeptical in the movement had high hopes for the new bank. Some thought it would be a financial savior; others believed its



technical assistance programs would help them operate more effectively. Neither vision has exactly panned out. Technical assistance was cut back for financial and personnel reasons. And many poorly organized co-ops found "their" bank as hesitant as any other bank to risk money on what seemed to be a losing proposition.

Indeed, the short history of the Co-op Bank is but one reflection on the curious mixture of friend and foes which exists within this movement. Conceived as an ally, the bank has become an adversary in the minds of those frustrated by its inability to carry the movement ahead. But the bank is not to blame. It's like Pogo said: "We have met the enemy and he is us."

"Most cooperatives have not developed as an organization to the point where the Co-op Bank can be of assistance," writes agricultural economist Ron Cotterill in the June/July issue of *Moving Food*. Money is not the main problem, Cotterill argues, management is.

There have been, in these past dozen years, ample opportunities for the co-op generation gap to narrow in response to the need for skill sharing. Unfortunately, this has only begun to happen recently.

The Consumer Cooperative Alliance, has, since about 1978, fostered a new dialogue between new and old wavers

at its annual institute. More recently, the Consumer Cooperative Managers' Association, championed by what seems to be a revived Co-op League, has brought together cooperative workers and directors of every stripe for specialized management workshops.

"The new wave has really mellowed," explains Ann Evans. The "conservative" faction of the new co-ops remains tied to "Sixties lifestyle and political values," she says, but adds that, by and large, the generation gap is closing. That seems to be the case in California. Associated Co-ops, the giant wholesaler based in Richmond, boasts a board of directors composed of both new and old wavers. Associated is also a member of the California Co-op Federation, an organization founded and largely directed by new wave co-ops. "We've stopped looking at each other as the common enemy," says Evans.

There is similar optimism coming out of Michigan, where a federation of federations seeks to unite the new and old of every sector of that state's cooperative development.

Created from government task force recommendations in 1980, the Michigan Alliance of Co-ops enjoys the support of all but one of the state's major co-op federations. The alliance represents food co-ops, housing co-ops, credit unions, rural electric co-ops and pre-school co-op nurseries. Still outside the fold, however, is the giant Michigan Association of Farm Cooperatives.

"They really don't need consumer co-op services," staffperson Jody Spitz says of the farm co-ops. But beyond the familiar producer-consumer conflict, the farm co-ops seem to be protecting territory. "The producer co-ops are afraid of losing what they have," Spitz explains. "It's a real power thing." To throw its considerable weight behind an organization of divergent interests is a risky proposition for the farmers, a possible drain of resources as well as influence.

Though lacking its strongest ally, the alliance plugs away. Committees work on legislative issues and membership promotion while the small staff, operating out of the Ann Arbor People's Warehouse, continues to develop a package of services for its members. Jody Spitz doesn't sound concerned about this uncemented alliance, just a bit wistful.

The producer-consumer split in the movement has much to do with the mixed reviews CLUSA has received since last year, when it created a domestic development division and proclaimed a new commitment to consumer co-ops. This was welcome news to those who believe the League is the key component of a unified cooperative movement in America. Others had some doubts. Virginia Thornthwaite simply doesn't trust CLUSA's "producer mentality" and questions its courtship of the consumer side of the movement. "The Consumer Cooperative Alliance must speak with a separate voice," she says.

CLUSA has always been an advocate for consumer co-ops, says Stewart Kohl. The League spent half a billion dollars lobbying for the passage of the Co-op Bank Act, he argues, and created the CLUSA Assembly to encourage the participation of new wave consumer co-ops in the League's decision-making. He also notes CLUSA's longstanding relationship with the National Association of Housing Co-ops and its recent support of the Co-op Manager's Association.

The conflicts here are polite ones, really — questions of degrees and measures, variations on favorite themes. This movement and its followers clearly tread some swath of common ground, however narrow it may seem. But there is a nagging durability to this factionalism. In more comfortable times it might seem like nothing more than a charming curiosity, a silly old family feud. Trouble is, those years of comfort have passed and the co-ops which continue to go it alone are simply not going to go very far.

THE LONG PATTERN OF RACISM IN THE CONSUMER COOPERATIVE MOVEMENT

by Stanley Straughter

Stanley Straughter, former acting director of the Office of Self-Help at the National Consumer Cooperative Bank, now manages the minority CPA firm, Leevy, Redcross and Company in Philadelphia and Washington, D.C.

When the Press Service asked me to voice my opinion on whether the low percentage of blacks in the cooperative movement was due to racism or not, I agreed to write a

guest column on the subject. But after reflecting on my nearly 15 years in this movement, I thought "Why should I do an article on racism in our movement when everyone knows our movement is both racist and sexist?"

Every year since 1968, I have attended at least one cooperative workshop, institute, conference or seminar. And every year, dutifully, each event has had an agenda item dealing with low-income co-ops, emerging co-ops or

urban co-op development (these terms are used interchangeably by cooperators to describe minorities in our movement, primarily black people). While I believe these annual efforts of white cooperators to introduce blacks and other minorities to the cooperative movement are well-intended, after the event takes place, very few substantive steps are taken to resolve the issues of racism or sexism during the year.

One cooperative writer once observed that the cooperative movement was long on theory and short on practice. This statement is still true today, particularly in regard to racism in our movement. White cooperators have failed in their practice of cooperation with minorities. This is not an indictment of white cooperators — it's a simple fact. It's exactly the reason why the movement goes through its annual cleansing process. The situation can be compared to America's annual ritual of giving baskets of food to the poor and needy at Thanksgiving, but letting them suffer from malnutrition all during the year.

One cooperative writer once observed that the cooperative movement was long on theory and short on practice.

The cooperative movement can be no more than a reflection of American society. As long as racism and sexism are practiced in our society at large, it will continue to be practiced in our movement. I will admit that we can all point to instances where blacks and whites have worked together on a specific co-op venture. These instances are too few. What we need to do is add a new co-op principle that states explicitly: all cooperative members and cooperatives will not practice racism and sexism.

Black people, on the other hand, have taken a rather pragmatic approach to the problem of racism in the movement. At these annual cooperative gatherings, if there are two or more black people in attendance, you can bet there will be a black caucus meeting. The message is usually very clear at that caucus — let's learn what we can and go back home and teach our own. As a consequence, we black people have had a long tradition of organizing or being involved in cooperatives. This involvement goes back to many years before the turn of the century.

Julian Ellison, in his *Communities Magazine* article **Cooperation and Struggle: The Afro-American Cooperative Tradition**, traces the involvement of blacks in the cooperative movement back to the 1840s and 1850s (June, 1980). The historical data suggests that while white consumers were organizing cooperatives, a viable black movement was also being organized, by blacks themselves. As with white co-op efforts, some black cooperatives succeeded, while others failed.

A number of black scholars and leaders advocated cooperative business enterprises as the key to black economic independence. Most notable of this group was Dr. W.E.B. DuBois. He argued for a Negro Cooperative

Commonwealth in the 1930s. Cautioning blacks against joining with whites until their own cooperatives were strong, Dr. DuBois, in **Dusk of Dawn**, along with W.C. Matney in **Exploitation or Cooperation**, believed that it would be as organized consumers that blacks would control their economic destiny.

The period between the struggle for civil rights for black Americans and the demise of the War on Poverty ushered in a new era of cooperative activity in the United States. Black consumers and white cooperators joined forces to organize co-ops in the ghettos of New York City, Philadelphia, Washington, D.C. and Oakland, and a host of other cities. Unfortunately, most of these efforts failed.

This period also brought with it a renewed interest in cooperatives by whites, particularly young whites. The old cooperative movement then had to contend with three diverse groups — the old-wave cooperators representing the old, white established co-ops; the emerging cooperatives, representing blacks and other minorities and other low-income people; and the new-wave cooperators, representing primarily young whites and middle class people seeking alternative life styles.

But even with this new influx of enlightened people into our movement, the issues of racism and sexism were never dealt with. The occurrence of blacks and whites getting together to organize cooperatives was so rare that at the Wind Through The Pines symposium held in Austin in April, 1977, Philip Kreitner observed: "Because of the new generation initiating Wind Through the Pines, I had hoped that this imbalance would not be present. But it was. Six of eight programmed speakers or panelists were old-generation veterans, and the only woman of the eight was of the new generation. Third World representation was slight, with no black people present — a situation not so much the fault of the organizers as it is symptomatic of the cooperative movement in general."

As long as racism and sexism are practiced in our society at large, it will continue to be practiced in our movement.

Yes, racism and sexism are symptomatic of the cooperative movement in general. While I believed 15 years ago that our movement had the fortitude to deal with racism, I now believe that the leadership will not deal forthrightly with it. As white cooperators continue to meet in their annual institutes and conferences, they will continue to have some chosen blacks and Hispanics present. The chosen blacks and Hispanics will continue to hold their caucuses. Once in a while, of course, these staid annual gatherings will be disrupted by a few loud and unruly cooperators charging that the cooperative movement should purge itself of all '-isms.' This call, I believe, will continue to fall on deaf ears, as it has so many times in the past. And we will move into the year 2000 content to argue cooperative theory, with very little practice in practicing cooperation. □

Tuesday, August 3

Driving an invalid van smack into an August sunrise somehow clears the mind, massages senses dulled from a full night on the road. Columbus lies somewhere beyond the Ohio horizon, Granville and CCA's 53rd Institute a yawn and a stretch beyond that.

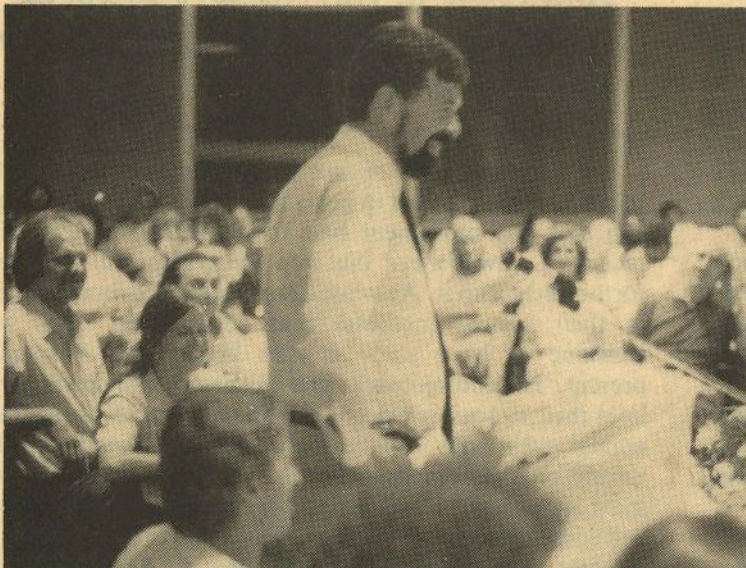
We roll in, wet rags in the midday heat, and set about the task of registration and settling in for the week. There are computers in the registration area, terminals, keyboards and a bulky printer which spits out our registration sheets with occasional vigor. A giant fan cools this collection of hardware and the incredulous cooperators who file resolutely into the 20th century. It is a queer sign of the times, these t-shirted refugees of the 60's awash in the computer age. Progress with a human face.

Growth must be *the* issue this year. This evening Paul Mohn delivers what seems like a lecture on the subject as part of his keynote address. We need to get bigger, he says, in order to have any economic and social impact. Despite the computers and 'creeping professionalism' in this movement (we seem noticeably better coiffed this year) the traditional notion of progress remains tough for a lot of folks to swallow.

Wednesday, August 4

The proceedings are really in gear now, most travellers having enjoyed a night's sleep. Energy is high, people are geared up. Connections are being made. Names we've heard, people we've read about, become real here and, wedged between workshops and caucuses, over lunch and under Buckeye trees, we snatch moments with one another, comparing notes on a vision. This alone keeps me coming back. The diversity of experience gives me the wider view I need in my own work; the strength of common purpose shakes the cynicism right out of my bones.

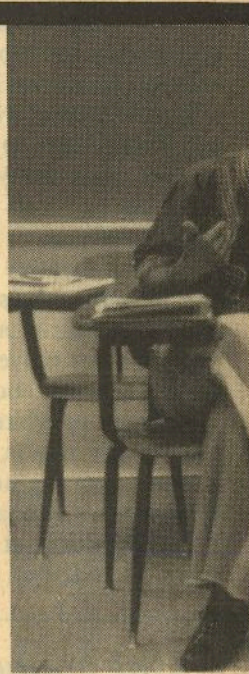
We're beginning at long last to appreciate our history. A panel discussion this evening featuring old-timers Art Danforth and Jack McLanahan, together with Ann Hoyt, a child of the 60's, lays bare some of our movement's



David Thompson

CCA AN INSTITUTE JOURNAL

by Craig Cox



Workshop leader,

roots. It is a delight. McLanahan and Danforth display such wisdom and wit. How patient they have been with us newcomers as we doggedly ignore the lessons they've learned. There's a touch of the elder statesman in the two of them, though they remain as unpretentious as ever. People here seek them out; some, like myself, a bit timidly, hoping some of their experience and enthusiasm might rub off.

Thursday, August 5

We're becoming familiar with one another. We nod greetings as we pass people who were strangers only a day ago. It's hard to explain the reaffirmation everywhere present here, the incredible feeling of support for what we are trying to do.



co-op choir





Turner of ICA (l) and two interested participants

This evening's banquet is billed as a dress-up affair, attraction enough to attend, but it is also to feature the insights and wit of David Thompson. He doesn't disappoint in his usual charming and instructive way, Thompson brings a taste of Rochdale to Ohio, relating a fictional interview he conducted with Charles Howarth, one of the original Rochdale pioneers, during Thompson's recent visit to England. A marvelous history lesson with an inspiring conclusion: "We're up against a lot, but when you know it can be done, you know it can be done again."

Later, at a square dance we prove what a little collective action is capable of doing. The band is taking a break when Co-op Director Ann Hoyt strides briskly to the middle of the dance floor to announce that representatives of Wheatsville Food Co-op in Austin, Texas had notified her

that the Co-op Bank is about to foreclose on them. Folks in Austin had already raised \$5,000, but another \$3,000 is needed immediately to catch up on delinquent payments. One clamorous hour later, the money is raised, enabling Wheatsville to stop the foreclosure and keep the doors open for business Friday morning. It is an inspiring scene, filled with stirring exhortations and dramatic response, and couldn't have been more exciting had it been scripted for a movie.

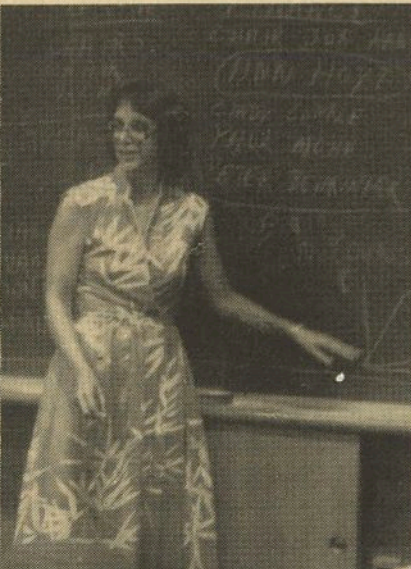
Friday, August 6

Our last full day at Institute '83. Thinking about farewells so soon after our first hellos. People are buzzing about the Wheatsville scene the night before. Walden Swanson, a member of the threatened co-op, can be seen beaming gratitude from across the room. "They said it couldn't be done," he gasps between hugs and thankful grins.

Tonight the progressive Mayor of Santa Monica, Ruth Goldway, speaks on community development to institute participants. She's certainly a dynamic person, small and wiry and proud, and gives the impression this evening that she could go on talking for a good long time about the brightness of her city's future. I don't think anyone in the crowd would mind, either. She's not only fun to listen to, but these days it is downright euphoric to bask for a moment in the successes of a socially responsible government like Santa Monica's under the influence of Ms. Goldway and her coalition. We leave a little higher than when we came.

Saturday, August 7

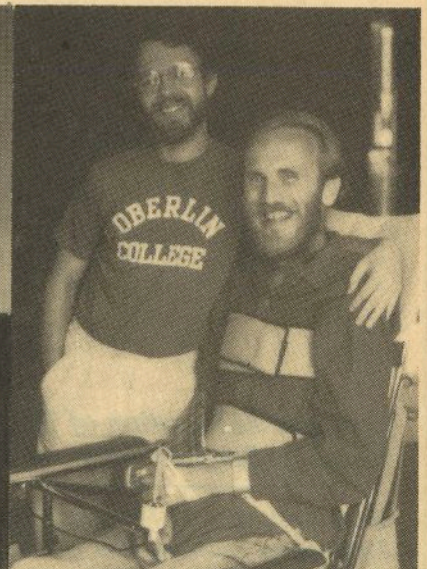
Departure day, but the energy is still crackling in the air. Talk of California and the next Institute fills final conversations with friends and we leave, refreshed, invigorated, directed toward our own projects and small dreams. And we take the movement where it belongs, back home. □



NCCB Board Member,
Ann Hoyt



Ruth Goldway



Craig Cox (l) with a friend,
Kris Olsen

BUILDING WORKPLACE DEMOCRACY IN THE U.S.

A movement for workplace democracy is building in the United States. The economic difficulties of the last few years have spurred its growth, as more and more people recognize that worker participation in management makes working life more meaningful, improves productivity, and increases the social responsibility of business. This is not a monolithic movement. It is a diverse and multifaceted development — perhaps more a series of related trends.

One of the most significant occurrences of recent years has been the increasing number of employee buyouts to counter the skyrocketing incidence of plant shutdowns. Most of the early attempts at worker takeovers were undertaken through employee stock ownership plans (ESOPs). The immediate concern of workers in becoming partial or total owners was to save jobs. As owners, workers hoped to be treated better by managers — but neither employees nor their unions had any idea of workplace democracy beyond collective bargaining. As a result, most early ESOPs provided for little or no employee participation in decision-making.

*At firms like the **Library Bureau**, described in this section, and **South Bend Lathe**, workers were initially enthusiastic about the new arrangements and the firms performed very well. At **South Bend Lathe** productivity increased 30 percent in the first year. Before long, however, employees discovered that they were treated no better by managers than before becoming owners. Employees began to be upset by what they felt were bad company decisions with 'our money' and 'our plant.'*

*Workers got angry. Sometimes they became disillusioned with employee ownership. More often they demanded a say in the running of the firm. In some cases, such as **Vermont Asbestos** and the **Library Bureau**, employees lost the battle as outside interests bought out sizeable portions of the company stock. At **South Bend Lathe** the struggle continues and it seems likely that employees will win a substantial say in the running of the enterprise.*

The lessons of the early ESOPs have been learned

*from the Association of Workplace Democracy
edited by Stephen Sachs and Cathy Axelson*

*Kitty Axelson is the Managing Editor of Workplace
Democracy and a member of the staff of the Valley
Advocate in Amherst, MA.*

an overview of the field and an introduction to the articles

Overview by Stephen Sachs

by workers purchasing many plants more recently. Either employee participation has been included in the ESOP arrangement, as with **Rath Packing Company**, or a cooperative form of ownership has been established, such as with **Pettitt Mop and Broom of Miami, Oklahoma**. Pettitt was set up with assistance from Industrial Cooperative Association, a Boston democratic management consulting firm.

Meanwhile, a growing number of U.S. firms concerned about increased productivity have been initiating various forms of shop floor democracy, in which employees participate in decision-making in their production unit or office. Most of these programs organize work on the basis of democratic teams similar to Japanese-style quality circles and most quality of working life arrangements.

At first, unions were skeptical of such programs. They feared that worker participation might undermine the union contract and collective bargaining — even putting the union in the position of disciplining workers.

In fact, some quality of worklife programs were put in place by management to prevent unionization or to undermine existing unions. Yet others were valid programs. As the economy has worsened, more and more labor leaders have come to see that in the interests of preserving jobs and wage levels, unions have a joint interest with management in increasing productivity. They are recognizing that if care is taken to avoid the danger of management manipulation, shopfloor democracy can be established which is consistent with the contract and the role of the union. Worker participation can be expanded into areas of traditional management prerogatives. Several recent union quality of worklife programs are described in this section.

The question of worker control is closely related to the problem of community control. An increasing number of community organizations are insisting upon the democratization of community development. This means both democratic input by the community in local institutions and the

democratization of work as part of the process of community economic development. Self-help is the current emphasis as shown by several of our articles.

Consumer cooperation is directly connected to workplace democratization. As one would expect, the cooperative movement is an important element in the U.S. movement for workplace democracy. Unfortunately, however, as described workplace democracy is on the decline in many consumer co-ops.

The workplace democratization movement has both required and inspired governmental support. There are a variety of legislative and administrative initiatives that can be immensely helpful, some of which are discussed in this issue of **Communities**. Similarly the growth of the movement has been marked by the rise of a spectrum of essential supporting organizations. The National Consumer Cooperative Bank has had a major impact, although it funnels only a small percentage of its limited resources to producer cooperatives in loans and grants for technical assistance. Consulting groups like Industrial Cooperative Association and the Center for Community Self-Help provide invaluable technical assistance to democratizing businesses. Organizations such as the Association for Workplace Democracy and the National Center for Employee ownership are encouraging research, disseminating information through publication and conferences, and enhancing the movement through public education. University programs such as the New Systems of Work and Participation and the Program on Participation and Labor Managed Systems at Cornell University, The Program on Kibbutz Studies, and the Harmon Program at Harvard University, and the Boston College Program on Social Economy have been contributing important research, expertise, and education.

The development of workplace democracy in the United States has not been easy. There are many dangers and pitfalls to be avoided. Even now the movement is small. Yet it is growing rapidly, offering much promise for the future.

Worker buyouts

by Bill Mares and John Simmons

Morning in Herkimer, New York, begins at the Chat and Chew Restaurant on Main Street. Outside, the street belongs to the wind-blown newspapers and the street sweepers. Inside, clumps of workers gather for banter, gossip and flapjacks. The Chat and Chew is a favored hang-out for city workers and a half dozen employees of the Mohawk Valley Community Corporation, formerly the Library Bureau or the 'LB,' and MVCC workers clearly remember the community's battle to save the firm.

It was in 1976 that Sperry Rand Company announced its intentions to close its Library Bureau Division, which employed 330 persons, including 270 workers in Herkimer. Although it had turned a profit in 19 of the previous 20 years, the 100-year old firm (which had been founded by Melville Dewey of the Dewey Decimal library coding system) did not 'fit' with Sperry's overall corporation product mix (of sophisticated military equipment, Univac computers and other high-tech products). This perhaps perfectly sensible corporate decision, however, seemed anything but reasonable to the employees who would be out of work, or to the community that had loyally supported the company for more than three generations.

Spurred by rumors of Sperry's divestiture, two different groups of people explored the possibility of buying the company. The first group consisted of a number of salaried employees led by marketing manager Robert May. The group included people with the technical expertise and experience to keep the plant running — but they had no access to the millions of dollars that Sperry would certainly demand.

The other group was led by a well-known local entrepreneur named Robert Rifenburg. His management-consulting firm in Herkimer conducted an extensive analysis of the factory's long-term viability and concluded that it could sustain a 5% annual growth rate and retain at least its 15% share of the \$80 million library furniture market. With Richard Karpen, another former Mohawk employee, and others, Rifenburg offered to buy Library Bureau for \$6.2 million in the early part of 1976.

Sperry's answer came as an announcement at the end of March that it planned to liquidate the division and end its operations within one year. Sperry officials said they expected to get \$7 million from the sale of the equipment, inventories and facilities.

While the possibility of a Sperry closing had been discussed freely in the local financial community, the announcement came as a shock to the employees at Library Bureau. For a community with unemployment already over 12%, it was a body blow. Not only would it close a \$3

million payroll, but, at conservative estimates, a multiplier of another \$3-million would no longer flow through the community.

Politicians, local development leaders and business people pleaded with Sperry to relent, but to no avail. But the community did not give up. John Ladd, director of the Mohawk Valley Economic Development District (the local agency for the federal Economic Development Administration), saw an opportunity for the community to buy Library Bureau — if the two groups who had tried to purchase the firm separately could be united. He called a meeting of the employee group led by May and the investor group led by Rifenburg. Out of that came the formation of a non-profit Mohawk Valley Community Corporation to pursue the purchase idea.

Working furiously against time, the new group won a modified reprieve when Sperry agreed to negotiate. They pushed ahead with a three-pronged financial scheme: \$2 million on loan from EDA; \$2 million on loan from local banks; \$1.8 million from the sale of stock to local investors. Hourly employees at the company were not involved in any of these discussions. The plan was presented to a packed community audience at the Herkimer Community College. A Concerned Citizens Committee formed, which raised \$16,000 in three weeks to cover the expenses of the subscription drive. Meanwhile, Ladd went after the local bankers who had a skeptical sense of *deja vu*:

"Not that these people were angry at us. They had heard the same story so many times, and of so many innovative ways to do this thing which had never come to pass, that we had now to go in and really pound on their heads and say, 'Really, this time it is going to work'."

Shortly afterwards, Sperry officials told MVCC leaders that they would require a \$250,000 non-refundable down payment.

They were fighting to save the building, not discussing whether to paint the bathroom.

Less than three weeks later, MVCC officials went directly to the Library Bureau employees to raise the down payment. In an emotional meeting June 2, they appealed for help. Karl Vogel, a 40-year veteran and president of the

where money is involved you can't have too much democracy

Local International Union of Electrical Radio and Machine Workers Local #344 recalled later:

“This was kind of a spot to be put in, but I said ‘If we don’t (raise the down payment) we’re sunk; we’re losing our jobs and the area is going to suffer. Just give me a few hours and I’ll get the ball rolling.’ So immediately I went right through the plant and got everyone enthused and in two days we came with \$193,000.”

It was an extraordinary performance for a union leader nurtured by four decades of adversary relations with management. It was a testament to Vogel’s longer view, and to his ability to take a leap of faith. Understandably, the union was uncertain about its future role under employee ownership. MVCC leaders assured the union members that the union was in no danger under the proposed company. In fact, they offered the union two seats on the board of directors. But, in a step they were later to regret, the union declined. Why? Because of the novelty. In addition, there was suspicion by the international union that seats on the board might create a conflict of interest. There was no discussion about how the union role might change under employee ownership and, indeed, MVCC leaders were so anxious to gain union support that they went out of their way to stress that nothing significant would change.

In retrospect, this too may have been a mistake, but the very survival of the company and its 276 jobs was the issue, not the niceties of representation. They were fighting to save the building, not discussing whether to paint the bathroom.

Although the union was not interested in representation on the board of directors nor in buying stock as an organization, it did not oppose members buying shares as employees.

In return for their loans, the employees received promissory notes from the community corporation, but no certainty it would be repaid. Their instantaneous and successful unbuttoning provided the spark for the community-wide sale.

Again led by Ladd, MVCC volunteers organized hundreds of people to spread out through the community like benevolent locusts, selling stock. The price was \$2 a share (minimum 100 shares, maximum 25,000).

But now came an even larger challenge. Sperry set an August 16th deadline for raising \$1.8 million in private money, necessary to obtain the EDA and commercial bank loans. That gave MVCC 45 days. As John Ladd recalled:

“... if you have never tried to sell \$2 million worth of stock in 45 days in an area like ours, a depressed area, try it sometime. We brought in some experts who had been in sales ... they advised us (to) concentrate on the little guy in the street. What we call street financing.”

It was an extraordinary community effort. The campaign was aimed at every person living or working in the Mohawk Valley, but naturally most directly those in Herkimer and employed at or financially dependent upon the Library Bureau. Volunteers distributed 13,000 copies of the 26-page business prospectus. Nine thousand solicitation letters were sent to librarians and affiliates across the state. Newspaper, radio and television stations added their respective voices of support. Behind the heart-warming image of workers spontaneously rising up to go out and save their jobs was a detailed, sophisticated plan to get money out of the local financial elites, with special promotions aimed at local educators, unions, civic organizations, elected officials, professionals and business people. In addition, there was a large-scale public drive.

Final contributions arrived dramatically on the last day of the deadline — August 16, 1976. In 45 days, an area of 12% unemployment had yielded \$1.8 million to save its oldest and most venerable employer — and 276 jobs.

Of the 900,000 shares, about 3.5% were held by officers and directors of the new company, and another 30% were bought by company employees. Of those, salaried workers held about one third and hourly workers held the other two thirds.

“I don’t know much about worker control, but if you want to talk about community involvement, look at that fundraising effort,” said Henry Gaffey, executive director of the Herkimer County Area Development Corporation.

The assessment of this effort by Stern et al. is worth repeating:

“... the effort to purchase the Library Bureau indicates the massive amounts of energy and coordination which are needed to complete a community-employee purchase. The importance of community leaders and organizational skills are shown repeatedly in the need to raise funds, negotiate between potentially conflicting groups and set up corporate structures. In communities where these skills are unavailable, community employee purchases may not be a viable strategy to meet a plant shutdown threat ... Where leadership does not appear, purchase attempts are not likely to succeed.”

In the first year under the new group of owners, the company made about \$200,000. In the next two years, it lost over \$900,000.

Company management made little effort to increase the involvement of workers in the day-to-day affairs of the company on the principle that, as the sign in Karpen's office stated: "When you are up to you ass in alligators, it is difficult to remember that your primary task is to drain the swamp."

And Tov Hammer and Robert Stern observed:

"Legal ownership, or the actual status change, was not associated with psychological or felt ownership. Management was still seen as the *de facto* owners of the company to a much larger extent than the workers saw themselves as owners, either individually or collectively. Nor did they see themselves as partners with management despite financial investment."

Yet as owners, most workers did become upset with what they considered bad management decisions. Many of them demanded a voice in the operation. Some called for a partnership between workers and management.

Stirring his coffee at the Chat and Chew, Ron Kuzniak, a process inspector at "LB," snorted bitterly, "We read a newspaper article that pointed to us as an example of a successful worker-owned business! How can losses of \$900,000 a year make you successful? What kind of a system is this when packing department workers earn more than wood workers? Management has made some bad decisions and, in a bad market, you can't afford to make bad mistakes."

When we took over this place, the older workers said, 'This is our place now.' There was a special feeling. But then they got stepped on. Management didn't let it grow. Now people are just putting in their time."

At a nearby table, transfer truck operator, George Aitken, said he'd had no illusion about the work atmosphere changing with community ownership. "All we were interested in doing was saving our jobs. Management never consulted us before and they don't do it now. At least we kept our jobs. Where would we go to find work if that place shut down?"

***Management never consulted us
before and they don't do it now.
At least we kept our jobs.***

Kuzniak disagreed; for him a job was not enough: "Where money's involved, you can't have too much democracy." Kuzniak's feelings were not widely shared however. Relatively few workers at the time realized that purchasing the firm was just the first step towards democratizing it and the opportunity to do so dissolved in 1980. After a second stock subscription failed miserably, Richard Karpen and three outside directors bought just



Herkimer, New York, May, 1980

over 50% of the stock and took control of the company through Karpen Systems, Inc. John Ladd of the Mohawk Valley Development Corporation continues to sit on the board representing the community stockholders, employees saved the firm, and the rest is business as usual. □

William Mares is a journalist and author. He is co-author with John Simmons of Working Together — Participation from Shop Floor to Board Room forthcoming from A.A. Knopf. Currently he is writing a volume on home brewing. He is the Vermont Regional Coordinator for AWD.

John Simmons is Coordinator for the Association for Workplace Democracy whose activities he has been helping to expand over the last several years. He works as a consultant for businesses developing democratic management. He is co-author with William Mares of Working Together — Participation from Shop floor to Board Room soon to be published by A.A. Knopf.

worker ownership and community salvation: the rath packing company

by Ain Haas

In recent years, many communities in Northern states have been devastated by shutdowns and relocations of industries. Plant closings are especially hard for smaller cities and towns to bear, since a large proportion of the workforce can lose their jobs at a single stroke. In many places, the local economy has slid into a depression overnight, with the unemployment rate soaring, welfare rolls burgeoning, tax revenues plummeting, and local businesses withering. Tied down by community roots, unsaleable houses and unmarketable skills, the residents have often been overwhelmed by their problems. Finding themselves unable to devise personal solutions, they often succumb to despondency or indulge in vain hopes of attracting a new employer to their town.

When the people of Waterloo, Iowa (pop. 80,000) faced an imminent shutdown of the Rath Packing Company, the city's second largest employer, they chose another course: collectively supporting the purchase and operation of the plant by its workers.

Three years ago, the leadership of the local United Food and Commercial Workers Union, representing most of the 2,000 employees at Rath's Waterloo pork-processing plant, proposed a worker buy-out of the failing company. Through \$20-a-week payroll deductions for purchases of previously unissued stock, the workers are accumulating stock in a one-person, one-vote trust, which will control 60 percent of the company's shares by the end of the year. Additional working capital has been made available to the company through the union's agreement to give back some

The company's motto, "We care because we share," expresses a new spirit of cooperation . . .

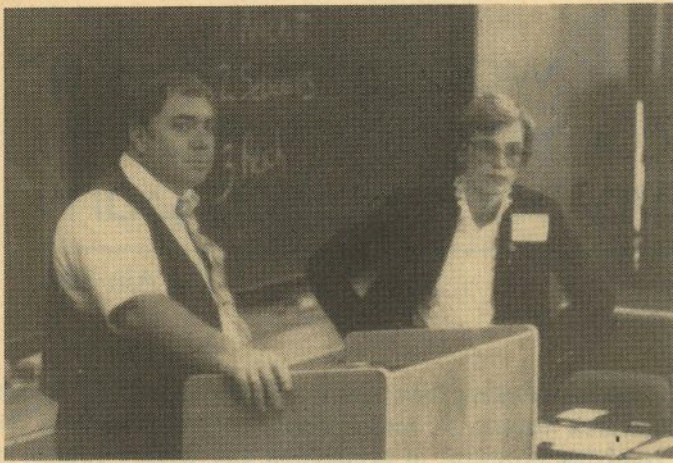
of the benefits won in past contract talks. In return, the union has obtained rights to add ten of its nominees to the company's six-man board of directors, to examine the firm's financial records, and to have access to the company president through an advisory committee. Joint labor-management committees respond to initiatives and suggestions from workers on the shop floor, coordinate various activities, and work out long-range plans. Hun-

dreds of workers have met on their own time in action research teams, to seek information and training for resolving problems in production and quality control in their departments.

Although this radical proposal for worker ownership and worker control of a major industry was made in the heart of the conservative Midwest, the plan won crucial support from the Waterloo community. The 90-year-old Rath company was an important source of income and pride for the city, and people were willing to try almost anything to keep it going. The Black Hawk County Economic Development Committee brought representatives from the union, management, and local organizations together to discuss ways that the plant might be salvaged. The committee secured \$7.5 million in federal grants and loans to prevent bankruptcy during the takeover and to modernize Rath's equipment and facilities. The Black Hawk Committee was also instrumental in hiring consultants to advise the company on ways to increase efficiency and worker participation in management. "The whole town has really backed them from the beginning," explains Warner Woolworth, one of the new consultants.

A dramatic improvement in the company's fortunes resulted. Although the first stage of the experiment was a tense period during which labor and management traded expressions of pent-up hostilities from earlier times, the antagonism subsided with the appointment of a new company president and the establishment of a program to retrain supervisors in participatory techniques. Worker morale has risen, absenteeism declined, and output increased. The company showed a profit of \$3.3 million in 1980, after five straight years of losses totalling \$22.2 million. The company's repayments on the loans it obtained through local officials have been spent on public works and small business loans in Waterloo.

Some problems remain, however. Workers at some of Rath's smaller plants in other states have thus far elected not to share in the new participatory arrangement. A manager at the Indianapolis plant, for example, said that the takeover in Waterloo has not affected his facility or made its operation different from that of neighboring firms: "We're just like the guy down the street." The market is squeezing meatpackers like Rath between farmers' cutbacks in production and rising prices for hogs on the one hand, and consumers' declining demand for meat on the other. In fiscal 1981, Rath lost a record \$9.6



Lyle Taylor and Ain Haas

million and had to lay off the second hog-killing shift.

Some unfavorable publicity followed, with the company 'getting burned in the media,' in one official's words. An article in the *Wall Street Journal* alluded to increasing disillusionment among Rath's workers and a brewing opposition to top-heavy supervision and union contract concessions. These allegations, however, were refuted in a petition signed by some 1,250 Rath workers in two days. The article also aroused Rath workers to express their thanks more openly to union local president Lyle Taylor and board chairman Charles Swisher for making the arrangements that saved their jobs three years ago. Warner Woodworth, a consultant who has studied the company closely, says that 'we have no data that there's solid or vocal opposition.'

Considering Rath's beleaguered status prior to the worker takeover, it is amazing that it has managed to survive at all. The American Meat Institute reports that 10 percent of the nation's slaughterhouses closed in the last two years. If Rath can ride out the storm, the silver lining in the cloud is that the company could get a larger share of the market from its defunct rivals. A hopeful sign is the reversal of last year's losses and a small profit of about \$27,000 in the first quarter of fiscal 1982.

The company's motto, "we care because we share," expresses a new spirit of cooperation that has the plant's workers and their neighbors pulling together to stave off disaster. While the survival of the company and the prosperity of the community are by no means assured, the Rath experiment in Waterloo shows that communities are not helpless against plant closings. They can take action by providing moral and financial support, while workers investigate the possibility of taking over ownership and control of failing firms. □

*Ain Haas teaches Sociology at Indiana University in Indianapolis. He is a member of the editorial staff of *Workplace Democracy* and is Elections Coordinator for the Association for Workplace Democracy. He has engaged in considerable research in workplace democratization in the United States and Sweden and has assisted community development projects in Indianapolis.*

The unions and quality of life:

Somehow the notion has gotten out that unions don't care about the quality of working life; management cares. That is akin to the notion that supply side economics is good for the poor. It's the trickle down theory of caring. And nowadays, newspaper articles and magazines regularly feature doublespeak articles about companies that care about their workers and are experimenting with new ways to improve the quality of working life (QWL). Corporations that 'care' include Hewlett Packard, Texas Instruments, Digital, IBM, Polaroid and the like — almost exclusively non-union.

Let us look for a moment at definitions. Unions were established by workers concerned about improving the quality of their working lives through winning a fair wage. They sought dignity for the working person. Do they do as good a job as they should, or could, in these areas? In many cases, probably not. But they are trying.

Corporations are in business to make money. Many of the 'new breed' corporations are those who are in new, expanding fields of enterprise. They are generally able to make a good return on their investment without adversely affecting workers.

But what happens when the economic squeeze comes and the choice becomes profits or people? The choice almost invariably is for profits. The ultimate yardstick for corporations is profitability. For unions, it is representation of worker interests.

The search for profits and efficiency are not inherently evil. In fact, management has an obligation to pursue those goals vigorously. But there are, by definition, fundamental differences in orientation between labor and management.

Beneficent paternalism is not an answer for mature relations between equal parties.

And, while sound human relations and sound management are not incompatible, one has to wonder why the commitment to worker participation by companies such as Motorola does not extend to the right of union representation.

is cooperation with management a sellout?

by Edward Cohen-Rosenthal

In recent years, with the difficulties of the recession, we have seen massive growth of unionbusting law firms and other organizations which distort and abuse the labor law and which manipulate workers through sophisticated psychological techniques. The opposition to union recognition is a *prima facie* case against management's sincere interest in worker recognition.

Beneficent paternalism is not an answer for mature relations between equal parties. Without the union, workers' interests rely on management good-will, which can wither in the wind; by definition, a unionized approach is the best bet for worker participation and QWL.

A Long History of Union Involvement

Business unionism is a common term, used to describe the philosophy of American unions. It means that American trade unionists are concerned with getting more from the capitalist system and do not threaten its ideological foundations. It is interpreted to mean more money, more benefits and more time off. Yet this truncates history. Samuel Gompers actually said, in expressing that famous dictum of more, "What does labor want? It wants more schoolhouses and less jails; more books and less arsenals; more learning and less vice; more constant work and less crime; more leisure and less greed; more justice and less revenge."

Describing labor's purposes, one of the most conservative labor leaders of this century, Matthew Woll (Vice President of the American Federation of Labor), said in 1926 that organized labor of America is inspired by four great purposes:

First, to obtain compensation for service rendered comparable with that received by any other group or factor in industry;

second, security of employment, freedom from discharge from work and unemployment;

third, democratic participation in all the forces, all the factors and powers that influence or affect their direct means of livelihood;

fourth, to improve upon the processes and manufacture of production in which they are engaged, for we realize that markets for the products of labor must be safeguarded and must be advanced if labor itself is to protect itself.

In fact, there were many excellent union-management programs during the 1920's on the railroads and in textiles and manufacturing. These built on the experiences of joint shop committees set up during World War I under the protection of the National War Labor Board. But management answered with their own versions of participation, much like the ones we see today. These were often rigged employee representation plans which espoused liberal participation of workers on one hand, while engaging in brutal anti-union activity on the other. The organizers of the CIO recognized that the company-dominated versions of participation held no hope for workers and exposed the failings of these plans. Leaders of the CIO, Phillip Murray, Harold Ruttenberg and Clint Golden, proposed that workers be more involved in decision-making from the plant floor to the industry level;

Workers . . . are a virtually untapped natural resource of ingenuity and enthusiasm.

the Murray Plan of the early 1940's went far beyond most of the formulations being discussed by today's work reformers. During World War II thousands of joint union-management committees were established that made a strong contribution to national economic performance. Then after World War II, the labor-management climate returned to an essentially adversarial stance.

So what we are seeing today is not really all that new. Narrow or ahistorical views obscure the fact that unions have sought to participate in management decisions for a long time and that there is a long — and often successful — history of union involvement and support of participative programs. At the same time, there is a long history of unilateral corporate activity which bears a mixed bag of sincere programs and manipulative union avoidance.

Edward Cohen-Rosenthal is a consultant to unions and businesses concerning quality of worklife programs and similar forms of employee participation. Previously, he taught in the labor education program at the University of Massachusetts. He is a member of the Board of Contributing Editors of Workplace Democracy.

The Scene Today

There is a new and rising wave of union-management worker participation programs. In this round, one of the oldest is the 1973 agreement between the United Automobile Workers and the General Motors Corporation. In many instances, the joint QWL programs have had a dramatic impact on the performance of the plants involved and the lives of the workers within them, such as in Tarrytown, New York. Programs have spread to the auto industry (Ford and Chrysler) and to several agricultural implement and supply firms.

The Newspaper Guild has also had a long-standing program at the *Minneapolis Star-Tribune*, based on an international bargaining position that employees should have a voice in the product. Workers in the Minneapolis effort have had substantial input ranging from day to day working conditions to determining the general perspective of the paper and the hiring of editors.

Several new programs hold great promise. The Communications Workers of America, the International Brotherhood of Electrical Workers and the Telecommunications International Union have negotiated an agreement with AT&T to implement quality of working life programs nationwide. There has been a careful development of the procedures and training for these efforts. Similarly, the United Steelworkers of America have entered into an agreement with the major steel producers to set up experimental 'labor-management participation teams' at the local level to work on improving the work environment and bringing the steelworker and his ideas into the production process. Steelworkers recognize that high wages and benefits are necessary but not sufficient for a high quality of working life.

On the railroads, there is a renewal of labor-management cooperation. In terminals scattered through the country, on a regional basis in New England and in individual companies like Milwaukee Road, there is experimentation with new forms of labor-management cooperation and jointly administered quality circles.

The old notion that efficiency derives from systems designed by geniuses and operated by morons should have been abandoned long ago.

And in a small number of cases where employees have bought out their companies and retain a strong union, there is a growing awareness that ownership without effective participation in management is not enough. The action research teams at the Rath Packing Plant in Waterloo, Iowa, in conjunction with Local 46 of the



United Food and Commercial Workers provides an important example of mixing the two.

In 1978, the National Center for Productivity and Quality of Working Life published a directory of labor-management programs in the U.S. It listed over 130 different unions who are participating in joint programs. In the update being prepared this year, the number of unions and the magnitude of their involvement has continued to grow and deepen. There is scarcely an industry without something going on which demonstrates the possibility of mutual collaboration. The breadth of this development, however, is not matching its potential. Many programs are ineffective. The penetration in each industry is generally small. The range of questions dealt with is often restricted. What we have then is a description of real possibility within today's labor movement, rather than a description of dominant reality.

More and more unions like the AFL-CIO are developing policies to address these issues in the future. Whether it will be through the expansion of joint safety and health committees, more quality circle programs or quality of working life efforts, we are likely to see a growth over the next decade in joint union-management programs.

Thomas Donohue, Secretary-Treasurer of the AFL-CIO

recently told an audience in Amherst, Massachusetts:

"the belated discovery that workers are something more than cost-items, that they have brains and talent and experience and imagination, that they can make important and even decisive contributions toward innovation in the production process, is a welcome development.

The strong emergence of worker participation programs . . . is it a sellout, or is it the answer for labor's new agenda for the 80's.

The old notion that efficiency derives from systems designed by geniuses and operated by morons should have been abandoned long ago. Workers care very much about the work they do. They want the company they work for to be strong and profitable, and in the effort of making it so, they are a virtually untapped natural resource of ingenuity and enthusiasm. That ingenuity can be put to work in a directly observable way when they are able to participate in decisions made on the shop floor, in the office, in the hospital, or wherever."

He went on to say that labor will support programs which are properly designed to recognize the importance of collective bargaining and the full and equal role of the union.

Some Questions

The strong emergence of worker participation programs raises several important questions. Is it a sellout, or is it the answer for labor's new agenda for the 80's? Generally it is neither.

Under certain conditions, worker participation programs are not a sellout. When the membership ratifies the agreement and when the program is jointly considered, implemented and evaluated, then it is responsive to the membership and respectful of the union-management relationship. There are those who consider any cooperation with management a sellout. They prefer to wait for some unclear time when workers will be wrenched from management control. This callously ignores the real concerns of workers for improving conditions in the 'here and now' — not waiting for 'by and by in the sky.' The results have shown that the overwhelming number of workers like worker participation programs. They find that increased direct participation does improve their working conditions and adds dignity to their contributions at work. Rather than weakening unions, worker participation programs can actually strengthen them, by providing broader representation of workers' interests; a hard line

approach, which rejects any cooperation, risks alienating the membership and weakening the union ever more seriously.

Attractive as it may sound to some, worker participation is not the answer for labor in the future: it is an important part of that future. While it focuses on micro-level improvements in the workplace, sound macro-economic policies, geared towards full employment, are even more necessary. Worker participation can help national level economic performance but it alone cannot shoulder the burden. This is a lesson learned in the U.S. during the Great Depression, when the worker participation programs of the 20's bit the dust. It is also true for international meccas of participation like Yugoslavia and Israel. The added dimension of worker participation does not replace — in a day of declining real income — the need for solid wage/benefit bargaining or — in a time of job insecurity — the need for employment guarantees. Labor law reform, fair trade policies and organizing the unorganized are still top priorities. As part of labor's future arsenal, it can be a powerful tool to meet traditional goals of enhancing the quality of working life, promoting the dignity of workers and extending participation in the workplace. It can serve as an attraction for new members, improve the problem-solving effectiveness of trade unionists and generate new areas of membership service.

It also can do one other thing: most workplaces are unintentional communities. Often people come there drawn by want ads, hearsay, job searches and luck. Yet the union within a workplace is a kind of intentional community. The workers organize the union, vote it in, elect officers and ratify contracts. They are entitled to make choices within their union. Sadly, by apathy or worse, such democratic franchise is often ignored and the union becomes another distant 'them.' Quality of working life developments present a new opportunity for participation and involvement in the workplace's intentional community. One of the profound results of the programs has been an increased sense of brotherhood and sisterhood

Workers . . . find that increased direct participation does improve their working conditions and adds dignity to their contributions at work.

among those who work together. Although this new solidarity is hard to demonstrate on charts, it provides the backbone for the measurable improvements that take place. With the encouragement of the union, this new sense of workplace community can breathe new breath into American labor in its second century. □

Workplace democracy and community economic development

The Center for Community Self-Help (CCSH) is moving to build a network of worker-owned businesses in North Carolina. From its Durham location the Center has been linking the dozen or so worker-owned businesses in the state through an information exchange. It has held two state-wide conferences of worker-owned firms. The Center offers technical assistance to democratic businesses and is in the process of establishing a worker ownership bank to assist democratically managed, worker-owned enterprises in getting started.

The Center's first major project has been assisting the start-up of the New Bern Bakery, a step towards the establishment of a local federation of worker cooperatives. The project began in response to a plant shutdown; in July 1980, Texfi closed its doors in New Bern laying off 500 workers. To provide new jobs in the town, the Center began working to set up a series of producer co-ops, to be federated in the New Bern Self-Help Council. The Council is an umbrella organization which strives to assist co-ops in starting up and maintaining successful operations.

The establishment of the bakery as the initial cooperative has required a tremendous effort by five former Texfi workers. Co-op member Elnora White says that the biggest problem has been obtaining start-up funding. Banks have been skeptical and government agencies have provided stacks of forms, but no cash. The bakery workers had to raise most of the essential money themselves through a long process of door-to-door sales of liquid cleaner, bakery tickets and preferred (non-voting) stock, combined with weekly yardsales and fund raising dinners. Finally, small grants from CCSH and the Twin Streams Educational Center gave the co-op enough cash to commence operations in December 1981, though the business was still substantially undercapitalized.

Banks have been skeptical and government agencies have provided stacks of forms — but no cash.



Above — Elnora White, Percy White, and Ernestine Patrick of the New Bern Bakery.



Left — Participants of weekend training workshop for worker ownership.

democratizing north carolina: building a network

by Stephen Sachs

Co-op worker Ernestine Patrick says, "We wouldn't have worked so hard for this if we didn't own it. We put more in because we own it. I believe if I had to do it again I would know more than I did when we started. Even if the bakery doesn't make it, we'll start again with another business. It makes a difference when it is something you own."

The New Bern Bakery is organized democratically with each worker having one vote in all major decisions. Profits are shared proportionally to the number of hours that employees work. Democracy is balanced by expertise in the bakery through the participation of Percy White, a commercial baker with 15 years experience. This is extremely important. Democratic management is more efficient than hierarchical management, but only if workers know what they are doing. Numerous co-ops with good team work, egalitarian decision-making and a strong cooperative spirit have failed for lack of adequate expertise, either in their field or in general business skills. The Reza Bakery at the Abode of the Message in New Lebanon, New York, for example, had marketing difficulties until their marketing coordinator took a year off and learned the specialized skills by working in an established firm. Reza ultimately had to close, however, largely because it didn't have the over-all expertise to produce efficiently and it spent too much too quickly for new equipment.

Currently, the New Bern Bakery's sales are expanding. It has a dedicated work force producing a quality product for a potentially substantial market. Its major problem has been the Achilles heel of numerous small businesses, especially in times of high interest rates: it is seriously undercapitalized. So far this has limited the bakery to a small scale operation but does not seem likely to kill the business. Recently the New Bern Self-Help Council, assisted by CCSH, has provided marketing workshops for the co-op, the key to the bakery achieving its potential. □

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the oakhurst community: a developing indigenous model for self-management

by Zan White

Current self-managed models for workplace democracy are usually compared with the state-developed model in Yugoslavia or the indigenous model developed in the Basque region of Spain. But in America, the most widely used model for self-managed decision-making is not workplace based, but community based. I'm referring to the 13,000,000 member Southern Baptist Association.

In a local Baptist congregation, control over all major decisions resides in the entire body. In organizing a community in a predominantly Baptist culture, this background in participatory democracy can be the base for developing self-management.

In Metropolitan Atlanta, the Oakhurst Community of Decatur, Georgia, was a classic case of urban blight. Between 1968 and 1974, the community was devastated by blockbusting, capital flight, HUD foreclosures, and a general deterioration of local government services. Key community institutions which survived this onslaught were two Baptist Churches, a Presbyterian Church, a woman's college, a few locally owned businesses, a small Community Council, and four community service agencies. In 1974 this predominantly black community had almost no political clout, no capital, no control over their educational system, and no health services. The surviving institutions were basically isolated from each other.

Between 1975 and 1981, however, community members initiated a series of community controlled institutions which catalyzed the community rebuilding process. A basic step was re-activating the local newsletter *South Decatur Speaks*. This small newsletter, managed and distributed by volunteers, became a vital communication link for community revival.

A second basic step was re-entering the political process. An organization called the Decatur Neighborhood Alliance provided an alternative to the all white "good old boy" network (which, oddly enough, was run by an energetic woman mayor). Although the Decatur Neighborhood Alliance did not gain control of the city, it provided an open democratic process which linked the southern parts of the city and evolved into an important political voice for that area.

Using participatory decision-making in the early stages of rebuilding a community is not unusual. What distinguishes the Oakhurst Community is that it pushed participatory community control into four other arenas. Community Members developed: a 45,000 square foot community controlled center for housing community-managed social and medical services; a health care service run by a community-elected board; and a local development corporation run by local community businesses and citizen representatives.

They also established supporting services for three self-managed institutions working towards economic justice:

Seeds, a network and a magazine for Southern Baptists which focuses on world hunger issues;

Clergy and Laity Concerned, an interdenominational group which focuses on peace and justice issues;

and *The Georgia Agriculture Marketing Project*, a group which organizes self-managed agricultural marketing efforts for Georgia farmers.

What are the chances of Oakhurst continuing to move toward participatory democracy? I think they are good. Already the community has resisted three major efforts to undercut democratic control. The community board turned down the proposal of a large local foundation that offered to exchange funding for the deed to the Community Center of South Decatur; a traditional medical director who wanted to 'professionalize' the Oakhurst Health Center was forced to resign; a local real estate developer who wanted to control the real estate investments of the Oakhurst Development Corporation was exposed and resigned.

Ahead are new chances for pioneering participatory democracy: first, there is an urgent need for community-based and community-managed adult education; second, community activists must develop the production of community-managed goods and services businesses; finally, the community must extend its control over government-funded education and local economic development.

Each of these efforts can be strengthened by setting up governing structures which are built on both the community's organizing experience and the resident's experiences in the self-governing processes of the Baptist Church. □

Zan White is a Presbyterian minister working in a rural mountain community as a community organizer, teacher, and part-time farmer. He has been actively promoting workplace democracy since studying the workers' control movement in Britain in 1974-75. He has been teaching a course in cooperatives and community development. He is Tennessee Regional Coordinator for AWD and a member of the Workplace Democracy Board of Contributing Editors.

Neighborhoods inhabited by the poor, the elderly and minorities have historically been ignored and abandoned by local governments and financial institutions. Deteriorated housing and boarded up businesses abound. With the growing reluctance of the federal government to assist low income residents of such areas (generally central city neighborhoods), new methods of organizing for decent housing, jobs, and a healthy environment need to be developed. An increasingly common occurrence in these deteriorating, but conveniently located, neighborhoods is gentrification, the renovation by middle class immigrants and the displacement of the current poor or minority residents.

In order to stimulate renewal without this disruptive removal of the poor, some residents in a central city neighborhood in Indianapolis (Herron-Morton Place) banded together to form a unique community organization based on cooperative self-help principles. The basis of the self-help program is a series of worker owned cooperatives under the umbrella of Cooperative Communities, Incorporated (C.C.I.). C.C.I. is itself a cooperatively organized neighborhood group whose main efforts are directed at community improvements such as clean-ups, a series of community gardens, a system of mini-parks on vacant lots, building rehabilitation projects and improvements in the local business community. To finance these projects, C.C.I. has chosen to directly control a small number of businesses: initially, food-producing co-ops and a building reconstruction co-op.

Since a common problem in neighborhoods like this is unemployment and lack of marketable skills, a jobs training program will be a central feature. Along with training, C.C.I. will provide assistance for starting up independently-run cooperative businesses, so as to assure the area of adequate and rewarding employment opportunities in the future.

The organization was legally founded in early 1981 and has experienced the usual kinds of growing pains. Becoming a legal entity is extremely complex and left little time for actual business development during 1980 and much of 1981. Continuing recessionary pressures on the local economy have dampened some of our earlier optimistic forecasts for economic growth, but the desire for cooperative redevelopment persists.

Having endured these problems, two issues stand out

issues in community development: cooperative communities incorporated

by Timothy Maher

most clearly for future self-help programs. First of all, although it may be useful to have a separate 'cooperative' organization to oversee these projects, it is not necessary. Organization building often saps the strengths of those individuals involved and requires both time and resources — most importantly, financial ones. New organizations seldom have the reputation or track record that funding groups require, which makes the initial fund raising more difficult. Another approach is to interest already existing community groups in pursuing cooperative self-help programs. This can save considerable time and energy and can facilitate early fund raising endeavors.

A second issue which has plagued C.C.I. is an unnecessarily narrow vision of what can be accomplished. Believing it best to start small and build later, C.C.I. set the boundaries for its activities in much too restrictive a manner. Its initial boundaries encompassed only an area of approximately 120 acres and fewer than 800 residents. While it seemed useful to begin with only one neighborhood, it soon became apparent that such a focus would be too narrow to support the task of supporting new businesses and creating jobs. The local government and private foundations complained that the area was too restrictive to meet their standards for funding projects.

Organization building often saps the strengths of those involved and requires both time and resources — most importantly financial ones.

A related problem was that the neighborhood had a strong core of newcomers who were interested in Historic Preservation and rising property values. They responded defensively to the idea of assisting the poor residents who had previously dominated the neighborhoods. A move to widen the target area was blocked by the Board of Directors, some of whom worried that it would dilute the positive benefits to Herron-Morton Place. In addition, two

of the five directors were real estate speculators in the area and had a dubious commitment to the cooperative redevelopment approach.

With the stand-off on the issue of expansion, C.C.I. as an organization has come to a temporary impasse. Little action is now being undertaken through C.C.I., although a similar cooperative approach is being pursued by another community organization. The Citizens Neighborhood Coalition may be moving in the same direction as the stalled 'cooperative' group and has a joint focus on housing rehabilitation for low and moderate income residents and employment expansion/training. Indeed, had the energies which were devoted to organization building been directed to influencing the policies of an already existing group like the Citizens Neighborhood Coalition, success may have been more likely.

American cities are undergoing substantial change. If urban neighborhoods are going to avoid wholesale displacement of the poor, black or elderly due to 'historic revitalization,' a viable and constructive economic base must be established to guarantee their continued presence. The housing development corporation approach of another area, the Mt. Auburn neighborhood in Cincinnati, combined with a cooperative business economic base, may prove to be a realistic solution. Individuals involved in cooperative community organizing must, however, stress the importance of integrating the workplace and its issues into the overall fabric of the community. Furthermore, organizers must be open to all potential sources of support for cooperative endeavors. Either through forming new 'cooperative' organizations or influencing existing community groups, the goal of cooperative redevelopment can be pursued.

Organizing in poor or minority communities can be a difficult task. As can be seen in the experiences of the C.C.I., progress can be made regardless of the 'success' or 'failure' of specific organizational attempts at social change. □

Tim Maher teaches at Indiana University in Indianapolis. He has been active in community development and has been a member of the Board of Cooperative Communities Inc.

family homes cooperative: pre-fab housing the cooperative way

by Stephen Sachs

Family Homes Cooperative (F.H.C.) is a community organization with a co-op factory that provides low cost, energy efficient, high quality housing in the mountainous Raleigh County area of West Virginia. An annual membership fee of \$5.00 gives members an opportunity to purchase an F.H.C. house and to participate in its credit union, which provides credit counseling and assistance in obtaining low-cost mortgages for moderate and low income people. Members elect F.H.C.'s board of directors on a one member, one vote basis.

To provide high quality houses at low cost, Family Homes Cooperative has set up a producer cooperative to manufacture pre-cut housing kits. The kits can be assembled by contractors, community organizations, or by skilled residents (at savings of 20%); F.H.C. also provides assembly of housing kits through a local subcontractor. The production co-op is independently incorporated with community control exercised through financing and loan arrangements. In addition, an F.H.C. member serves on the producer co-op's board during its first two years in business and the co-op has agreed to sell at least half its housing kits to low income people.

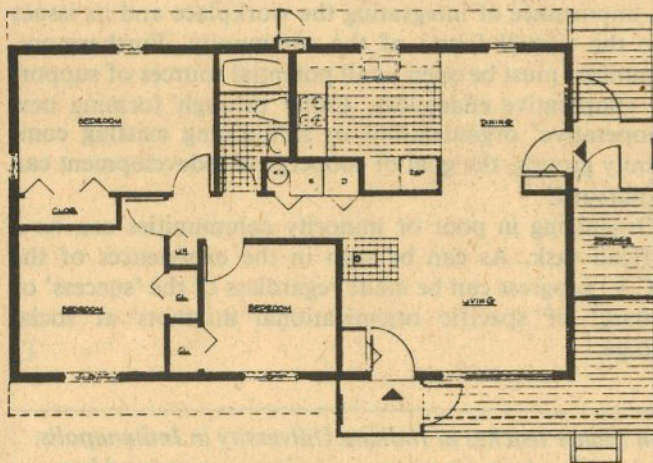
The factory for producing housing kits went into operation in July with a five-person workforce. As production increases, the staff is expected to expand to 15

to 16 workers. The co-op produces eight different kits for houses, ranging from one to four bedrooms, and prices run from \$7,500 (\$14,000 assembled) for their smallest one bedroom, 528 square foot model, to \$22,905 (\$37,350 assembled) for a 1536 square foot, three or four bedroom home. The kits provide all the necessary materials for construction.

The house kits utilize wood from the Raleigh area and use an innovative frame that reduces the cost of construction. To keep winter heating costs down, the homes are equipped with super insulation and south facing windows. F.H.C. estimates that its houses can be kept warm with electric heat for less than \$100 a year (and for even less with gas, coal, or wood heat).

Co-op manager Joe Calderola says that developing a market for the houses has not been a problem and there is a great demand for the housing kits in the local community. F.H.C.'s major problem has been obtaining adequate capital to commence production. The establishment of the F.H.C. co-op was possible because of grants and loans from a number of government and non-profit organizations. Technical assistance has been provided by Industrial Cooperatives Association of Sommerville, Massachusetts, as well as the Human and Economic Appalachian Development Corporation in Berea, Kentucky. □

LOW-COST SUPERINSULATED HOUSES



Superinsulated homes built in Montana have used less than \$10.00 worth of electricity per month for winter heating.

ENERGY COST PER HOUSING TYPE

Electric Resistance Heat	
SHACK	
Space Heating	\$1,000.
Water Heater	\$300.
LOG CABIN	
Space Heating	\$750.
Water Heater	\$300.
LIGHTLY INSULATED (1960-1970)	
Space Heating	\$500.
Water Heater	\$240.
CURRENT HUD STANDARDS	
Space Heating	\$250.
Water Heater	\$240.
SUPERINSULATED**	
Space Heating	\$75.
Water Heater	\$120.

SUPERINSULATION: ENERGY SAVINGS

Heating will cost less than \$100 per year with electric heat, less if gas, coal, or wood are used. These savings result from very high levels of insulation, reduced leakage of air and south facing windows. A mechanical heat exchanger provides necessary ventilation.

Democratic ebb tide for new wave coops

by Ronald M. Mason and Jeffrey L. Gleeson

Our social institutions — and the way that they train us — lead to interactions which are self-centered, competitive, materialistic and even narcissistic. It's easy to recognize that something is missing when social interactions aren't social anymore and we're not at home anywhere, not even in our own homes. We lack friendships of substance and common purpose, mutually supportive relationships, warm human contact. In a word, we lack community. It is that longing for community and the need to establish socially useful activities that has spurred the establishment of large numbers of co-ops in recent years.

The cooperatives of our day, 'new wave' co-ops, were intended to fill a void. Unlike so many of our social institutions, co-ops were directed to accomplish social goods, whether in the form of providing us with wholesome food at reasonable prices or repairing our bicycles. They also exemplified the values of community through democratic decision-making; not to be an active participant was not to be a full-fledged member of the community.

The reality of cooperatives can be something entirely different, especially for the co-ops that have survived. In making those 'necessary' accommodations with the dominant culture in which we live, the original purposes of the co-op are sometimes left behind. The social concerns of new wave co-ops give way to failure, or are supplanted by a concern for profit. Overwhelming concern for the 'bottom line' sometimes leads to dismissing democratic decision-making as too time-consuming and inefficient.

But although the trends in this direction are pronounced, they can be reversed.

The importance of democracy to our discussion demands a more precise look at the term. Democracy pertains to a participatory way of making decisions within a community. Once the boundary of a community is established, it is necessary to ask what range of issues is available for member participation (scope), what proportion of the community members actually participate (extensity), to what degree community members are psychologically involved in their participation (intensity), how direct the form of participation is to decision making (mode), and finally, what bearing participation has upon the decisions that are made (quality). As these five dimensions of participation increase, the community may be said to be more democratic.

We most often associate democracy with government, but it pertains to the decision-making processes of any other organization, including the workplace. Much excitement has been generated in the press over the success in establishing worker ownership and (limited) participation at Rath Packing Company, as well as the failure in establishing those objectives at Youngstown Sheet and Tube.

Yet is it not in the mainstream of our culture, but in the new wave co-ops that the most extensive workplace democracy reforms have occurred. Many of the more than 10,000 co-ops in the United States were — or are — attempts at democratic communities. Let's take a closer

. . . something is missing when social interactions aren't social anymore and we're not at home anywhere, not even in our own homes.

look at the wave of co-ops that have been created since 1970. In a 1980 survey conducted by the Center for Economic Studies, co-ops were distributed according to the type of enterprise in the following manner: bookstores, 7%; printing and publishing, 18%; social services, 10%; non-food sales and production, 20%; food sales and production, 32%; and food distribution, 13%. As can be seen, nearly half of the sample was engaged in food-related business.

Given the prevalence and continued growth of food co-ops, we will concentrate on them. One thing that confounds the discussion is mixing of both 'consumer' and 'producer' co-ops in the category of food co-ops. Does it make any sense at all to address the topic of workplace democracy within a consumer co-op? I think it does, because democracy relates to the decision-making process of a community.

In consumer co-ops, it is the consumer who is defined as the true member of the community and so the degree of democracy that exists is a function of how much

participation there is among the consumers. If the only participation that occurs is for the consumers to annually elect a board of directors (that, in turn, makes all of the decisions), then the co-op is not very democratic. If consumers become involved in a larger number of issues related to the day to day operation of the co-op, however, then it is certainly more democratic.

Yet, a consumer co-op is a workplace for some people. If the workers are not considered members of the co-op community, then the degree of democracy is adversely affected. Whereas in traditional workplaces it is the consumer who is often denied effective membership in the community, in consumer co-ops it is the worker. For whom is the co-op a cooperative venture? The answer should be — for all involved.

The areas where co-ops are created are often the easiest to begin a business but the most difficult to continue.

whereas in the traditional workplaces it is the consumer who is often denied effective membership in the community, in consumer co-ops it is the worker.

There is a widespread perception now that a co-op cannot be run democratically and remain economically viable; participation is seen as too time-consuming, and as an invitation for poorly informed decisions. This sentiment is made worse by the perceived need to achieve a certain size in order to be competitive, although large size and high participation do not usually mix.

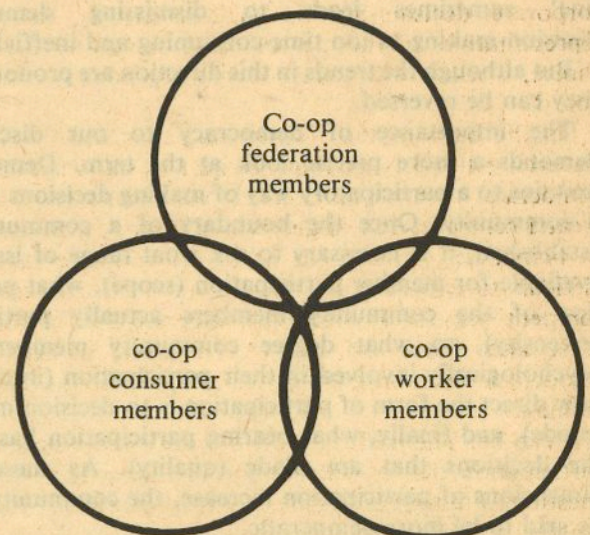
The situation is well-illustrated by food co-ops. Given the need for good food at good prices it is easy to justify creating a food co-op. The problem lies in competing with Krogers, Safeway, Giant and A&P. Food co-ops typically lack adequate start-up capital, prime location and adequate floor space. The intricacies of handling foods that spoil require efficient operation. To make matters worse, co-ops cannot benefit from the best discount prices from distributors if they buy in low volume. The incentives are for food co-ops to become supermarkets, and this makes democratic co-ops more difficult to achieve.

Sacrificing a participatory co-op in the name of economic viability is not something that the new wave co-ops have done lightly. After all, many of the co-ops that blossomed after 1970 were created by people who had been involved in democratic movements in the 1960's. The Common Market co-op, for instance, was created by 'old' members of Students for a Democratic Society. Yet, by the mid-1970's, prospects for continued moderate success forced Common Market to consider larger facilities. At the same time, it was decided that Common Market could

remain efficient and viable only if its administration became more hierarchical. In the name of survival, participation was sacrificed.

The belief that effective co-ops, especially those dealing with food, cannot be democratic is so prevalent that it is hard to find examples of democratic food co-ops that have achieved at least moderate size and success. Dennis McLearn, who is the general manager of the Arcata Cooperative in Arcata, California, indicates that it is doing well economically. Membership is around 5,000 and Arcata has annual sales in the neighborhood of \$6 million. The Arcata Cooperative is a supermarket and connected with it is a specialty store in Eureka. Together the two stores employ 80 full-time people. Organizationally, the successful co-op has a very traditional corporate structure with a personnel director, marketing director, store managers, a general manager and the like. Participation is limited to election of board members. Of the nine-member board that governs the structure, seven are elected by co-op members and two by the workers.

The Puget Consumer Co-op has three stores and employs 85 workers; there are no volunteers. Membership is around 30,000, although not all members have shopped in the last six months. According to Tom Schooley, the Puget Consumer Co-op is operated in a fashion similar to Arcata. Members participate in the election of a board whose members hold two-year terms, with half of the positions open annually. At least two, but up to four board members are employees. However, Puget has been moving away from even this moderate level of participation. For reasons of corporate efficiency, the board has decided to hire a general manager and much of its authority to make decisions will be delegated to this person. Presently, two of the stores operate without a formal store manager, which has contributed to a high level of democracy. But the issues available for collective decisions do not range far beyond the weekly specials and the hiring policies. Because the third store was not doing well, worker participation has been suspended and a store manager appointed to make



decisions. When the co-op was threatened with business failure, it turned to a strong manager to pull it out of economic difficulties.

King Harvest Food Co-op of Springfield, Illinois, is operated democratically, but few people are involved. The co-op has an unsalaried manager, one full-time, and one part-time employee. Most work-related decisions are made by the manager and the full-time employee. The co-op has approximately 600 members, who elect a ten-person board. Meetings are held bi-weekly, but only 6-7 usually show. Only in unusual circumstances do general members of the co-op attend meetings. Membership entails working at least two hours a month for the co-op.

The need to buy in high volume has led many co-ops to federate and it is possible for the federations themselves to be democratic. A good example is the Federation of Ohio River Co-ops (FORC) in Columbus, Ohio. FORC is a secondary co-op that deals with food warehousing; its 16

When the co-op was threatened with business failure, it turned to a strong manager to pull it out of economic difficulties.

employees provide services for about 150 storefronts, some of which are buying clubs rather than co-ops. At the FORC warehouse, employees are divided into four departments, with each department electing its own manager. The staff is protected by a Workers' Bill of Rights and may participate in the hiring process. However, with the aid of two outside business consultants, the managers are now hiring a general manager, to whom much of the decision making authority will be deferred. The trend away from democratic decision-making is also evident in the nine-member board that has been established to oversee corporate decision-making. The board is elected by representatives of the member co-ops, but by their own choice, workers will have no staff representation on the board.

On the basis of this limited survey of food co-ops, a disturbing trend is evident. Despite a sincere desire for democratic decision-making, co-ops are moving toward greater centralization of decisions and away from member participation. The trend is based on real problems: it is difficult to remain economically viable in a business as competitive as food production, sales and distribution. Yet it is also based on a misconception, namely, that democratic decision-making cannot be efficient decision-making.

It can be. The trick is to find an efficient structure for participation that is suitable for the particular co-op in question. Finding an efficient and democratic structure usually requires expertise from the New School for

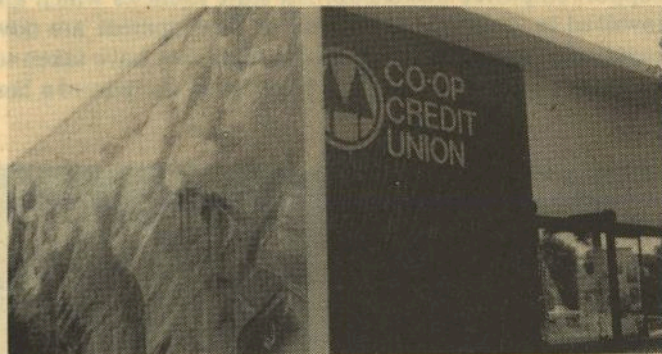
Democratic Management, the Technical Assistance Office of the National Consumer Cooperative Bank, and individual members of the Association for Workplace Democracy, to name but a few sources.

The attempt to make food cooperatives more democratic should rest on the recognition that the consumers and the employees are *both* members of the co-op community. Each group has a right to participate and each group has a sphere of interests and issue in which its participation is most effective. For example, consumer members might be most influential in a food co-op when it comes to selection of what foods the co-op carries, while worker members might be most influential in the administration of the co-op.

Although economic realities offer incentives to expand, growth can have a debilitating effect upon participation and it is better that individual co-ops remain relatively small; they can achieve economic advantages through federation. For the sake of democracy, it is critical that only a minimal amount of decision-making be made within the federation, and that the member co-ops have ample representation. This structure entails recognition of three elements of the general co-op community and a sphere of influence in which each predominates.

Co-ops must not lose their sense of purpose. They were created to provide goods and services that are socially beneficial and to conduct themselves in a manner that exemplifies a better way to live. If they abandon either their social utility or their democratic nature, they will be no different than other institutions.

The good news is that they do not have to make such great compromises to prosper economically; the bad news is that it will not be easy. □



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Legislation for worker ownership

by Corey Rosen

During the last several years, Congress and a number of states have enacted a broad array of statutes to encourage employee ownership. At the federal level, a number of laws provide significant tax advantages for employee stock ownership plans (ESOPs). The most significant federal legislation now being considered is a bill sponsored by Senator Russell Long (D-Louisiana) that would provide a tax incentive to small businesses which are sold to their employees. This would begin to balance the current laws which encourage businesspeople to sell out to larger companies and conglomerates. A broader approach would provide tax incentives to employees and companies that restrain wages (and possibly prices) while providing employees with stock ownership, profit sharing and participation in the company, as a partial compensation for the restrained wages.

At the state level, Delaware and Maryland have passed general legislation declaring it is the policy of the state to support employee ownership. All state agencies which are involved in economic regulation or development are now required to report annually on the steps they have taken to promote employee ownership. New Jersey has passed a law



Joseph Blasi and Corey Rosen discussing worker legislation.

calling on the state to conduct a study of ways to help employees buy ailing companies. Michigan has empowered its Department of Labor to provide limited technical assistance to employees in these situations. Michigan is

Employee ownership will fulfill its potential only if it is used as a vehicle to reshape the workplace into a more cooperative, participatory venture.

also considering legislation that would require any new economic development assistance which is provided under a proposed economic recovery program to be channeled through an employee ownership plan. The legislation is similar to the federal Chrysler Loan Guarantee Act, which required that Chrysler provide 20-25% of the company's stock to employees as a condition of the guarantee.

These initiatives suggest a number of possibilities at the state level. States can help educate employees and businesspeople about the employee ownership option, keeping in mind that despite the publicity the idea has received in recent years, most people still know little or nothing about it. States may soon consider dedicating part of their discretionary CETA money to helping employees evaluate the possibilities of purchasing plants which might otherwise close; alternatively, they may utilize funding from their general appropriations for their departments of labor or economic development. In addition, they may help provide financing to support new employee owned companies or efforts of employees to purchase businesses that would otherwise close. □

Corey Rosen is the founder of the National Center for Employee Ownership. Previously he was on the staff of the Senate Small Business Committee where he helped frame much of the existing Federal worker ownership legislation.

Workplace democracy organizations

what is the association for workplace democracy?

by John Simmons

By 1965, Jamestown, New York had slid into an economic decline. More than five plants had already closed, more than 1,000 jobs had gone. Efforts to bring new businesses to town with tax breaks and an industrial park had reaped meager results. Closed stores lined a quiet main street. Jamestown had a "bad labor-management climate."

By 1975, Jamestown's fortunes had reversed. Three thousand jobs that were about to leave town had been saved. Cummins Engine had picked Jamestown as the site for a major new plant with 2,000 new jobs. Other firms came. A new positive spirit grew in the community.

What caused the turnaround of Jamestown? A belief that owners, managers, union officials and workers could change the way they work together. First, the mayor, then

a small group of labor and business leaders decided that they could convert their adversarial relationship into one of cooperative problem solving.

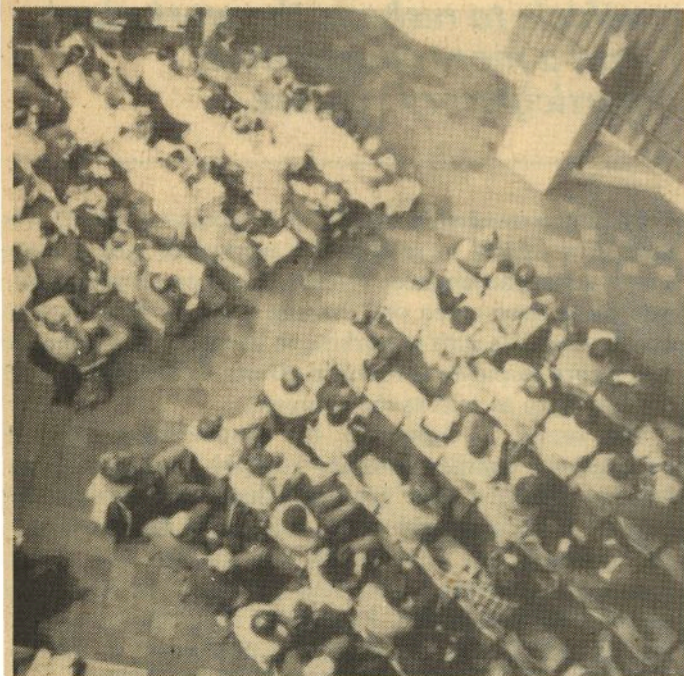
In September, 1982, more than a thousand people gathered in Washington, D.C., to understand and promote the experiences of Jamestown and 37 other communities which had established area labor-management committees. Participants learned that the area committees promote joint committees in private firms and public agencies. (The Buffalo committee has more than 50 firms and agencies.) The individual committees then explore the advantages of new approaches to solving the organization's problems and distributing the improvement in productivity and profits which often results.

These communities have learned that more democratic approaches to management and ownership can pay important dividends to the workers, owners and citizens in better income, job security and quality of work life.

The Association for Workplace Democracy helps people in communities like Jamestown to better understand the problems in, and opportunities for, changing the way people work. It is a non-profit organization with local chapters and a national office in Washington, D.C.

Workplace Democracy is a quarterly magazine published by the Association. It is a lively source of information about how people are discovering more democratic ways to work together. It reveals how some programs promise more than they provide, as well as how participation can be used to reinforce hierarchical control rather than empower people to make more decisions themselves. Articles are written by insiders with experience in community development, labor unions and large and small businesses. Consultants reveal how they work to improve organizational effectiveness and pass on ideas of what readers can do in their own organization.

Workplace Democracy is the only magazine which brings together information on quality circles, quality of



work life programs, labor-management committees, socio-technical systems, employee stock ownership plans, and cooperatives.

The Association will sponsor more than five conferences and workshops around the country next year. The next National Conference will be held in Denver, April 8 and 9, 1983. Participants will have the opportunity to meet with workers, managers and owners of firms that are using more democratic approaches to the organization of work.

Local chapters of AWD sponsor workshops and seminars to train people in the skills needed to make a successful transition to more democratic workplaces. They are also building networks among such organizations to prevent each of them separately reinventing the wheel.

Subscribe to *Workplace Democracy* for a year to understand the wide range of specific benefits it will bring. If you tell us that you learned about us in *Communities*, you'll receive an 18 months subscription (6 issues) for the price of 12 months (4 issues). Membership in the Association is of no extra cost and entitles you to discounts on meetings and publications and participation in our elections.

Our rates are:

\$15 for students and people earning income under \$10,000;

\$25 for people earning \$10,000 or more;

\$40 for organizations.

Subscribe today and get two free issues. You will not want to miss our special issues on Community Organizing, Women and Workplace Democracy, Politics and Legislation, and Perspectives of Organized Religion. We also welcome your ideas and contributions to help sustain this volunteer organization. □

Publications available from AWD

Participatory and Workplace Democracy

By Ronald M. Mason with an introduction by Carole Pateman [Southern Illinois University Press, 1982, 248 pages.]

Provides the theoretical background to the contemporary discussion of workplace democracy. \$24 [AWD Members, \$19.20], add \$1 for postage and handling.

Mondragon: An Economic Analysis

By Henk Thomas and Chris Logan, [Allen & Unwin, 1981, 208 pages.]

Summarizes the history and organization of the Mondragon cooperatives giving special attention to economic analysis. \$25 [AWD Members, \$20], add \$1 for postage and handling.

Workplace Democracy and Productivity

By Karl Frieden [National Center for Economic Alternatives, 1980, 100 pages.]

Assembles information and examples suggesting that worker participation can increase productivity. \$7.50 [AWD Members, \$6.75], add \$1 for postage and handling.

"The Mondragon Experiment"

By the British Broadcasting Corporation [1981, 50 minute videotape.]

Documents the activities and success of the Mondragon complex of cooperatives in the Basque region of Spain. Rental: \$70 [AWD Members, \$60], add \$3 for postage and handling.

A list of additional publications is available from:
association for Workplace Democracy

Publication Service, Ron Mason, Department of Political Science, Southern Illinois University, Carbondale, IL 62901

resource: the national center for employee ownership

by Corey Rosen

The National Center for Employee Ownership is a non-profit, membership-supported clearinghouse seeking to increase public awareness and understanding of employee ownership. To that end, the Center publishes a quarterly report, a series of topical publications, and an annual resource guide.

In cooperation with leading universities around the country, the Center coordinates comprehensive research based on case studies of employee ownership companies. The studies are designed to provide practical information on how employee ownership can best be used to increase job satisfaction and economic performance. The Center also conducts an extensive public relations campaign designed to make more people aware of the employee ownership option. Finally, the Center works directly with employees, unions, and employers providing initial advice and consultation and, where necessary, making referrals to qualified professional consultants.

Employee ownership will fulfill its potential only if it is used as a vehicle to reshape the workplace into a more cooperative, participatory venture.

Employee ownership will fulfill its potential only if it is used as a vehicle to reshape the workplace into a more cooperative, participatory venture. Many employee ownership plans have taken only halting steps in this direction and the Center's staff is working to develop ways to assure that future employee ownership efforts will be oriented to the employee as well as the company.

The center is supported by memberships, sale of publications, contributions and research contracts. Membership is \$20 a year for individuals and entitles the member to the quarterly report, the annual resource guide and discounts on publications and events. The Center sponsors occasional conferences on employee ownership and participation as well. For further information, contact the *National Center for Employee Ownership* at 4836 S 28th Street, Arlington, VA 22206, (703) 931-2757. □

industrial cooperative association

The Industrial Cooperative Association is a non-profit consulting organization whose primary purpose is to assist in the development of worker owned and controlled cooperative enterprises. In its four years of existence, the ICA has assisted employee groups throughout the United States in such activities as:

- Business planning
- By-law formation and legal structuring
- Feasibility studies for potential worker buy-outs and
- Workforce educational and organizational development

Foremost among the projects we have assisted since our inception have been:

- **The Workers Owned Sewing Company** of Windsor, North Carolina. A 50 worker, racially mixed, predominantly women garment manufacturing cooperative in one of the poorest counties in the nation.
- **Moose Creek Incorporated** of Burlington, Vermont. A 30 worker construction company which converted to a cooperative from a partial employee ownership structure in 1981.

While the ICA is organized primarily as a provider of direct services to cooperatives, we have also become significantly involved over the past few years in providing a range of services to organized groups such as labor unions, state agencies, community groups and religious organizations all of whom may share a long term interest in cooperative enterprise development but whose more immediate needs may require technical assistance which we can provide.

As the ICA looks into the future, two goals take focus: locally, the ICA would like to concentrate its effort on the creation of a network of interrelated cooperatives within the New England region whose collective strength can overcome the isolation of individual cooperatives. Nation-



ally, the ICA would like to either create or co-sponsor the development of regional offices which can provide a similar set of services to those the ICA now provides but from a closer geographical range.

A recent ICA trip to visit the highly successful network of 100 industrial cooperatives in Mondragon, Spain has reinforced the importance of well coordinated political and economic action for cooperatives to succeed. The ICA intends to continue to provide services which can contribute to the replication of the Mondragon success stories here in the United States. □

ICA PUBLICATIONS

ICA Model By-laws for a Workers' Cooperative. 19 pgs.
\$25.00 for Associate Members and \$50.00 for non-members.



What is a Workers' Cooperative? by David Ellerman. 4 pgs. \$.50. An explanation of how the proper legal and financial structure of a worker cooperative helps insure long-term worker ownership and control.

Plant Closings: Legal Remedies When Jobs Disappear. by Peter Pitegoff. 31 pgs. \$3.10. A description of legal options for unions and workers threatened by plant closings.

CDCs and Industrial Cooperatives: A Strategy for Community Economic Development. by David Ellerman and Steve Dawson. 4 pgs. \$.40. A brief guide to the important connection between community development corporations and industrial cooperatives in fostering community economic development.

How to Organize a Worker Buy-out: A Sketch. 6 pgs. \$.60. This paper is a brief outline of the tasks involved in organizing and carrying out a worker buyout of an enterprise.

A Shot Across the Bow. by Steven Dawson. 6 pgs. \$.60. An address to the annual meeting of the Association for Workplace Democracy at the Kennedy School of Government. The address argues that the worker ownership movement has come of age and must move beyond blind advocacy to a critical examination of the principles and strategies embodied in the various forms of worker ownership.

Workers' Cooperatives: The Question of Legal Structure. by David Ellerman. 18 pgs. \$1.80. An explanation of the rationale behind the ICA model legal structure for workers' cooperatives.

Unions and Industrial Cooperatives: Past History and Future Prospects. by David Ellerman and Christopher Mackin. 15 pgs. \$1.50. A brief discussion of union roles in industrial cooperatives and a history of their past involvement in the Cooperative Movement.

The Union as the Legitimate Opposition in an Industrial Democracy. (a discussion paper) by David Ellerman. 16 pgs. \$1.60. A working paper to foster discussion on the role of unions in worker-managed firms.

Worker Ownership: Strategy for Labor? by Peter Pitegoff. 16 pgs. \$.60. This paper describes recent union involvement in worker ownership, and presents a potential worker ownership strategy for labor.

Legal Aspects of a Workers' Cooperative: The Outer Shell and the Inner Structure. by David Ellerman. 8 pgs. \$.80. This brief paper on the ICA legal structure critically examines other legal shells including partnerships and non-profit corporations.

The Employment Relation, Property Rights, and Organizational Democracy. by David Ellerman. 16 pgs. \$1.60. This paper first examines the legal nature of the employer-employee relationship and the legal structure of the conventional corporation. It then argues that worker participation and quality of working life programs which do not change those legal structures cannot be said to establish organizational democracy.

A Model Structure for Cooperatives: Workers Co-ops and Housing Co-ops. by David Ellerman. 18 pgs. \$1.80. This paper carries over the ICA internal capital account structure from worker co-ops to housing co-ops, and thus it outlines a general legal structure for cooperatives.

Notes on the Co-op/ESOP Debate. by David Ellerman. 19 pgs. \$1.90. This paper analyzes the question of Co-op vs. ESOP legal structure using the human rights/property rights distinction. Questions about the strategic compatibility of the ESOP movement and the Labor movement are discussed.

The New Massachusetts Law for Worker Cooperatives: MGL Chapter 157A. by Peter Pitegoff. 10 pgs. \$1.00. Explanation, text, and legislative history of the first American statute exclusively for worker cooperatives, enacted in 1982 in Massachusetts.

Please add \$.75 to cover postage for 1-3 articles requested, \$1.25 for up to 6 articles, and \$1.60 for six articles and over. Thank you.

SOME REFERENCES ON THE MONDRAGON COOPERATIVES

The Mondragon System of Worker Production Cooperatives. by Anna Gutierrez-Johnson and William F. Whyte. Published in the *Industrial and Labor Relations Review*, Vol. 31 (October 1977) pp. 18-30. Also available from William F. Whyte, New York State School of Industrial and Labor Relations, Cornell University, Ithaca, New York 14853.

The Case for Workers' Coops. by Robert Oakeshott. London: Routledge and Kegan Paul, 1978.

Mondragon: An Economic Analysis. by Henk Thomas and Chris Logan. George Allen and Unwin, 1982. □



DISCOVER BETTER WAYS OF WORKING TOGETHER

WORKPLACE DEMOCRACY

The **Association for Workplace Democracy (AWD)** addresses issues vital to the economic and social well being of the American workplace. Learn what thousands of firms are doing to improve working conditions and productivity through:

- worker ownership
- democratic management
- quality of worklife programs
- producer cooperatives
- worker buy outs

AWD provides a forum for discussion, action research, and workplace redesign by means of a national network.

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- attend national conferences

Annual memberships are tax deductible: \$40 Institution or Organization/\$25 person with income over \$10,000/\$15 person with income under \$10,000/\$10 unemployed.

Call or write:

Association For Workplace Democracy

1747 Conn. Ave. N.W., Rm. 8 Washington D.C. 20009

(202) 265-7727

NASCO

North American Students of Cooperation



North American Students of Cooperation (NASCO) was founded at a gathering of members of American and Canadian student co-ops in 1968. These leaders felt that the co-op movement could only be spread through active organization and education. From its inception, NASCO has carried out this charge, providing information, technical assistance, training programs, publications and consulting to student and other co-ops.

In June of this year, the NASCO board of directors approved a new vision, mission and goals to be submitted to NASCO's membership at the November annual meeting. The vision and mission reaffirms NASCO's commitment to the development of a cooperative economic sector in North America while emphasizing student co-ops as a focus for NASCO's efforts.

Vision: To achieve a socially and financially responsible North American cooperative economic sector for all people and organizations interested in applying the principles and practices of cooperation.

Mission: To further our vision through work with student cooperatives; providing resources, assisting development, and encouraging student cooperators to continue active participation in the North American cooperative sector.

From the beginning, NASCO has viewed student cooperatives as a key area for cooperative development. Thousands of students in the U.S. and Canada each year live in student housing cooperatives. The majority of these students turn to cooperative housing for reasons other than cooperative principles — lower costs, convenience and sociability consistently rank higher than commitment to cooperative ideology. However, once the students have moved in, they experience cooperation in action. Many become committed to cooperation and move on to leadership positions in the co-op movement, while many

continue to join to support cooperatives after moving out. Thus the strength and quality of student cooperatives all over the U.S. and Canada are crucial to the growth of the cooperative economic sector.

By limiting its focus to student cooperatives, NASCO hopes to be able to provide a comprehensive set of services to student co-ops, thereby strengthening and developing this key area. However, whenever these services can be applied to other sectors of the co-op movement they are readily available to other co-ops. Services provided include:

- Developmental consulting for established and emerging co-ops.
- Training workshops such as Board Training, Management and Personnel, Member Relations, and Introduction to Cooperatives.
- Publications, including *Leadership Directions* for student co-op leaders and NASCO Newsbriefs, an update on cooperative developments.
- The Internship Network, designed to place students in non-student cooperatives for summer employment.
- The Cooperative Education and Training Institute which provides training for student co-op operations, keeps communications open between student and non-student co-ops and exposes student cooperators to the big wide co-op world.
- An information clearinghouse and publication sales.

The annual Institute in particular is well known for its high-quality training for the food sector (see box), and many cooperatives and cooperators buy books and pamphlets from NASCO's wide selection.

Through services such as these, NASCO hopes to further its goals of encouraging effective and efficient operation

Nasco Institute: New Challenges, New Format

To help co-ops meet the many challenges of today's economy NASCO has revised its Institute format to provide cooperators with in-depth, direct technical information and training. The *Cooperative Education and Training Institute* will be held November 5-7, 1982 in Ann Arbor, Michigan. This year's program will feature courses vital to co-op operations. Each course will meet for a total of 8 hours during the weekend.

Courses include: Merchandising, Student Co-op Operations, Marketing Strategies to Increase Sales, Financial Management, Improving Management Structures, Wholesales Developing Your Retail, Strategic Planning for Food Distributors, Starting a Co-op, Visions and Direction, and much, much more.

It takes more than technical information to build a

movement. As a result, there will be two plenary sessions where topics of interest to all Institute participants will be discussed. To help facilitate the sharing of other information, special caucuses and discussion groups will be led by experienced cooperators. Topics included are: Women in Co-op Leadership Positions, Worker-Consumer Hybrid Structures, Co-op Law, Worker Co-ops, and more.

All work and no play makes a dull conference, and we all know that co-ops love to have a good time together. Saturday night entertainment starts with a performance by Holly Near and ends with an Institute party. Friday dinners have been planned in Ann Arbor cooperator's homes. In addition there is the usual reception and banquet.

For more information on Institute '82, write to NASCO: *Institute '82, Box 7293, Ann Arbor, MI 48107* and we'll send you a full conference brochure.

and development of student cooperatives, provide avenues for leadership development and assure the continued involvement of student cooperatives in the larger cooperative movement. By doing so, NASCO believes the entire co-op sector will benefit through the exposure that thousands of students receive to cooperative principles as

well as from experienced cooperators who continue to take an active role in the co-op movement after graduation.

If you would like more information about NASCO or the services that they provide, write to *NASCO at P.O. box 7293, Ann Arbor, MI 48107*. □



Lunch conversation with director of CLUSA, Morgan Williams



REACH

Reach is a free reader service of Communities magazine. Listings should be 50-150 words in length, typewriting preferred. We reserve the right to edit. Dated material requires a minimum of six weeks lead time. Feedback on responses to listings, as well as donations, are welcome.

Conferences

☆The Danish Folk School movement, established during the middle of the last century upon the ideas of the Folk Prophet, N.F.S. Grundtvig, has been the most successful venture in democratic education the world has known. In its first half century of existence, it was directly responsible for the transformation of rural life in Denmark, and also to a degree in Norway. But language barriers have tended to make these schools and their educational philosophy inaccessible to Americans and others.

This summer, the Folk School Association of America, an organization devoted to making the Folk School concept of education better known in this country, has in cooperation with the historic Uldum Folk School of Denmark, created a special course with the specific mandate of interpreting this great educational movement, along with the spiritual and cultural ideas which gave it life, to a modern audience, consisting of Scandinavians interested in better understanding their tradition, and to Americans and other English speaking peoples.

For this reason, the course will be bi-lingual. Some lectures and discussions will be held in Danish, and some will be held in English, but all will be translated simultaneously into the other language. This will take place within the Folk School setting, and within the context of the entire rich Folk School life. Participants will sing, play, eat, hike and explore together, and learn to share in the 'folk-life.'

The principal speaker will be Dr. Kaj Thaning, a leading interpreter of Grundtvig, and author of a distinguished book about him. Other speakers will include Paul Erick Soe, the principal of the Uldum School, Jan Scholer Neilsen, an Uldum teacher, and Erling Duus, the chairman of the Folk School Association.

The cost for the course will be \$70.00, about 500 Danish crowns. There may also be scholarships available for American students.

Please make inquiries to:

Folk School Association

Box 207

Valley Springs, South Dakota 57068

Uldum Folk School was organized in 1849, and is the second oldest of the Danish Folk Schools. It sits on the edge of a village 17 kilometers from the towns of Vejle and Horsens, and it can be reached by bus from both of those towns.

It is located in the central part of the Danish peninsula of Jutland, in the midst of a historic and scenic area. A tour of the area will be made available to interested students.

☆Companions of Ark Community offer Work-Study Camp in Maine. Beginning September 10, about 25 adults (with their children) will pick apples and discuss community as practiced at the Ark, founded by Lanza del Vasto. We will be living and working for six weeks near Lewiston, Maine. Our group will include four Companions, including Yvette Neal and Jane Prentiss, the first American Companion. Participants will be accepted for the full season only, which ends October 22.

Groups Looking

☆Ponderosa Village is a planned community that is emphasizing self-reliance, cooperation, community togetherness, and increased security from possible economic and social deterioration.

Ponderosa Village is located in a stable

agricultural area, only 4 miles from Goldendale, Washington, the County seat of Klickitat County.

The goal is to move toward a 'positive' future in several ways: opportunities to live more self-reliant lives; participation in a way of life and a community that will be more sustainable over the long-run; inclusion of a 'learning center' for 'hands-on' experiences in various aspects of self-reliance, cooperation, community, and personal growth; creation of a community 'model' which can assist others in creating a similar way of life.

By 'self-reliant' we mean: lessening the need for energy by living in earth-sheltered and other types of energy-conservative houses; producing energy from alternate sources of sun, wind and biomass; producing our food by use of greenhouses, hydroponics, 'permaculture,' and intensive gardening; acquiring necessary technical skills and how-to-do-it knowledge; working toward the 'actualization' of each individual and the developing of satisfying and effective inter-personal relationships. Land and residences will be individually owned. Living arrangements can take any legal form that the participants can arrange.

By 'cooperative' we mean joint ownership of heavy equipment and shops for auto repair, woodwork, metal work, and crafts; provision of services such as library (emphasizing self-reliance, cooperation, and personal growth), elementary school, and wholistic health clinic; and sharing of skills and labor. Also, Villagers can cooperate in business ventures of a wide variety of types.

By 'community' we mean sharing in planning and working toward community goals, identifying with a group of people with similar goals and lifestyles, developing satisfying inter-personal relationships, providing mutual support, and enjoying a variety of social activities.

By 'security' we refer to both economic and physical security. Under our own control will be the means of meeting most of our needs for food, energy, and shelter, making us less vulnerable to economic crises. Physical security comes from limited access, security measures

throughout the Village, together with mutual concern. Our security is enhanced by our location in a stable agricultural area distant from major metropolitan areas, with interposed small towns and natural barriers.

We would like to establish a 'school of self-reliant living' featuring experiential courses in various aspects of self-reliance, security, cooperation, and personal growth. It could offer knowledge and skills for residents, potential residents, and anyone else who wishes to attend. Also, such a facility could provide employment for some of the Villagers as instructors and in management and maintenance.

Ponderosa Village is being planned in such a way that it can be started effectively by a small number of self-reliant participants, without the need to wait for the simultaneous cooperation of a large number of people.

This is more than a dream — we already have over 1,000 acres of beautiful land, mostly facing south, with pines, firs, oaks, and grassy meadows. Community planning is underway. Roads are constructed. Areas have been set aside for parks and community facilities. The entire site has final approval from Klickitat County for residential use. The legal structure for the Ponderosa Village Association has been prepared. Outreach and contacts are being made to find compatible people.

These topics are covered more fully in a booklet titled, "Why Ponderosa Village?" If you would like a copy, or if you have questions or comments, contact Larry or Meg Lehman at the address or phone below.

Ponderosa Village
Rt. 1, Lot 17
Goldendale, WA 98620
509-773-3902

☆ We are a small intentional community of thirteen living in the hills 15 miles from the city of Adelaide, South Australia. Collectively we own a large 130 year old historic residence on four acres of land overlooking a picturesque valley. As well as living co-operatively, we are accepting the responsibility of expressing in our daily lives the qualities of integrity, flexibility, humour, stability, patience and concern for all life. Some of us still maintain outside employment but we are attempting to become more self-reliant and to develop our own enterprises — a restaurant, a retreat center, conducting seminars and workshops, and developing our garden. We also wish to establish links with people in North America and are asking for people interested in Australia and communal living to come and

visit for one to six months. Visitors may wish to contribute to the community by working and/or a small monthly payment or by giving workshops or seminars if they have something to offer in an appropriate field. We would assist in organizing if this were offered. Possibilities exist to travel to other parts of Australia and link with other 'new-age' groups using Adelaide as a base. Anyone considering settling in Australia is also welcome to enquire. Write for further information (\$1.00 for airmail appreciated).

In one world,

Mount Lofty House Community

Michael Lee
Summit Rd.
Crafers, S.A. 5152
Australia

☆ We are forming a community for modified extended family living. Object: to provide better than average living environment through work sharing, social equality, decision making, blended with nature, solar use, natural foods, ecologically and socially sound and with as great a degree of self sufficiency as possible. Environmentally sound self sufficient goals based on a respect for nature will enrich and benefit our lives. We seek caring, compatible, honest people who want to contribute, learn and share our goals and their dreams and pursuits. We are committed to N.W. Arkansas through 3 years of study and research as our final destination for a self reliant community "Trails End."

Trails End Community
P.O. Box 24122
Ft. Lauderdale, Fla. 33334
305-941-2248

☆ Sierra Village community and retreat center is growing . . . on 25 sunny mountain acres. We are situated at 2800 ft. near Nevada City, two and a half hours from San Francisco and one hour from skiing. Our focus is 1) Designing with nature to create a sustainable, mostly self-sufficient high quality living environment; 2) Commitment to learning and using skills for effective communications and win/win relating; 3) Support for personal spiritual growth, whatever the path; 4) Service to self and family, to community and planet.

Phase I (1982) will include: Master Planning for the site; enlarging present house into wood/stone multipurpose Lodge I; construction of first 2 ponds in a 4-pond creek expansion program; thinning 20 acres Ponderosa Pine and Cedar forest to create a park habitat; designing solar residences and Lodge II for Phase II construction; establishing bio-dynamic gardens and fruit and nut orchards.

We are seeking creative successful adults and truly close families for our sixth general-partner share and for ten limited-partner shares.

General Partners have an on-going financial responsibility for mortgage, construction and other projects beyond initial membership fee. GPs can build personal on-site residence. Limited Partners have a one-time membership fee, which funds the construction of Lodge II, in which LPs will have their own BR/study suite (as well as use of all other community facilities). We anticipate construction of Lodge II early next year.

Our agreements have been thoughtfully designed to protect our capital investments; assure continued use of the land in accordance with the founding vision and allow for ready sale of membership share as personal needs might require.

Building and land use design encourages many expressions of extended-family living while assuring that very important privacy of personal space. We encourage music, dance and the arts and plan for a variety of crafts and cottage industry. The surrounding community is a rich web of creative, well-grounded and productive talent and Aquarian consciousness. Inquiries are welcomed. Enclose \$1.00 for further notes on this village and proposed companion village in Tasmania, Australia. Visitors welcomed, but phone first, please.

Sue Wayker
14545 Eastview Dr.
Los Gatos, Calif. 95030

Fred Gordon
14268 Lower Colfax Rd.
Grass Valley, Calif. 95945
408-273-7635

☆ Alternative Relationship Center is a group that meets weekly to explore alternatives to the 1:1 relationships that are the norm.

Each of us wants committed partnerships that can last a lifetime, but we don't want to limit it to just one other person. Instead, we want equally close relationships with several people all of whom are close to each other. Most of us want a group that is open to new people joining, yet in which sexual relationships are limited to the members. This seems like the most stable structure for child raising and income sharing. To build our families, each of us is figuring out our personal ideals and then basing our relationships on those ideals. As a group we share knowledge and emotional support.

Some of us want to live communally, sharing land with other group marriage clusters; others of us are only interested in

building our own family cluster.

If you are interested in these ideas, we'd like to hear from you.

Kiya

Alternative Relationship Center

P.O. Box 3912

Eugene, OR 97403

☆ We at Evergreen, a country cooperative household (3 adults, 2 boys 11 and 13), 10 miles from Amherst, MA, are seeking self directed, financially stable singles/family to join us. We want to live with folks who are involved in spiritual and interpersonal growth and interested in outdoor/nature activities and celebrations. We are committed to living harmoniously with the earth and each other within a consciousness of planetary healing. Your willingness to be part of this intentional process is essential. We offer 8 acres of woods and land, productive gardens, solar greenhouse under construction, wood heat, cross country skiing paths, chickens and equipped workshop.

Please call before 10 PM.

John Broucek

46 Montague Rd.

Shutesbury, MA 01072

413-253-5671

☆ Residential co-op tries new living style in Northern California. Eight adults and two children are building a small co-operative community in the Village Homes solar development in Davis, California. North Village Co-op, Inc., will occupy two new buildings, comprising seven private units and indoor and outdoor Common Areas.

North Village Co-op chose to locate in Village Homes because of its already well established emphasis on community. The co-op hopes to evolve a way of living based on mutual goodwill and respect, which cherishes the physical environment, and conserves resources. The co-op members differ in background, interests, and age, but they all come from the middle class urban setting, with the desire for a living structure that is more human and less wasteful, sharing their joys and cares within a setting which provides both privacy and community.

Each of the seven living units is complete in itself, individually designed for a family or a single person. The members will meet frequently in the large indoor and outdoor Common Areas to share food and ideas, make plans, garden, manage the co-op, and enjoy cultural, educational, and recreational activities. They also expect to be active within the Village Homes community.

The two buildings face each other across a small meadow. One building consists of four attached houses; the other

contains three small units and the indoor Common Area — living/meeting room, kitchen, laundry, music alcove, and library loft. A community shop/tool area is attached to one of the four houses. A large vegetable garden is close by. Edible landscaping is planned.

The project's design evolved from individual needs and from the mutual desire to conserve energy and respect environmental constraints. All units are heated primarily by state-of-the-art recirculating solar system designed by solar expert Michael Corbett, using south facing greenhouses as the source of both heating and cooling.

Individual mortgage payments will depend upon the size of the members' original investments in the project. The present mortgage is for three years at 17%, renegotiable at that time, or cancellable before then if more favorable financing can be found.

Becoming involved in this new kind of community means being able to understand and live with the concept of 'intentional community,' with all its challenges. A large portion of the spirit of adventure is necessary. But the rewards in co-operative living are rich and lasting.

For information about the North Village Co-op, contact:

Jack Wynns

2532 Westernesse Road

Davis, CA 95616

916-756-6263

☆ Chrysalis Community is still hoping to network and receive visits from persons with community experience. We have a beautiful area with a lake for tent camping. We are also working hard at developing our industry and opening our relationships. Send for a new flyer to:

Chrysalis Community

P.O. Box 61

Helmsburg, IN 47432

812-988-6446

☆ Oak Grove Community. Oak Grove, now in the development stage, is designed to be an innovative, cooperative community, with a Quaker orientation toward experimentation and concern with social issues. Consisting of a farmhouse and 83 acres of land, the farm is located on the east side of the Blue Ridge Mountains 55 miles west of both Washington and Baltimore on Sun Ridge in Virginia. Five to seven houses can be built on Oak Grove. At least 50 acres of the land can be formed into a land trust with small house plots and the remainder of the 50 acres used in common.

In the first stage of Oak Grove's development, the building of the first solar house and the reclaiming of the farm

has been the primary focus. The house, with passive solar heat and two bedrooms was completed in 1980. A camping grove with tent platforms and tipis is being set up for persons interested in both three-season camping and giving some assistance to farm reclamation. Quakers, friends and a school are among those participating. One or two land plots will soon be offered for sale, or for barter in return for help in developing the farm.

In the second stage, they expect the completion of 5 to 7 houses with various alternative energy components.

Thereafter, in the third stage, they foresee the development of small projects on Oak Grove and in the general Quaker Mountain area, including experimental farms, an institute and a conference center. Oak Grove Farm, Quaker Mountain and the general area settled by Quakers, with four nearby Friends Meetings, offer great potential for social and other experiments — in agriculture, appropriate technology, alternative energy, tree crops, appropriate shelter and permaculture. The head waters of one creek and the mountain gap offer prospects for water and wind power. Oak Grove will soon be incorporated as a non-profit corporation. For further information write:

Oak Grove

Rt. 1, Box 455

Round Hill, Virginia 22141

703-338-7763

☆ Quaker Action Community Central Appalachia (QUACCA) Seeking folks to work in rural appalachia and live on 40 acre land trust. Immediate need is for *family physician* interested in health education for nearby community clinic.

QUACCA

Route 2, Box 121B

Hindman, KY 41822

606-785-3376

☆ Taoist Village and Mountain Hermitage. Stillpoint invites all those interested to come and get involved in the building of a Taoist Village in Colorado. We have 180 acres of virgin land including forest, meadows, streams, waterfalls, natural springs and deep canyons within the San Isabel National forest. In this untouched wild forest land one can walk for days without meeting anyone else but oneself and maybe the bear. The farm is in the Wetmore Valley 55 miles south of Colorado Springs, 40 miles west of Pueblo, in the foothills of the Rockies where the sun shines every day. The aim is a Taoist hundred family Village. That is a village of many kinds of people: scholars, artists, crafts-people, students, hermits and monks. This summer we plan to build a

big meditation-hall and log cabins using solar and wind energy. We will raise our own herbs, vegetables, farm animals and horses. There will be opportunities to study Tai-Chi, Shin-Yee, Pa-Kwa, Body movement, Nutrition, Natural Healing, Organic architecture, Solar energy and Pottery. We welcome teachers and students to join us at any time.

Stillpoint is directed by Gia-fu Feng, a unique man imbued with Chinese classical culture and a pioneer in our contemporary New-Age. He is a Chinese scholar, translator and taoist adept. He was born and educated in China. He came to the United States in 1947 and fell in with the merging of East and West in California in the '50's. Later he was involved in the founding of Esalen Institute along with Alan Watts, Abraham Maslow, Fritz Perls and others. Finally he started his own center — Stillpoint — in the middle '60's in California. In 1971 Stillpoint moved to Manitou Springs, Colorado. Here, two translations have been brought out which have become famous: **Tao Te Ching** and **Chuang Tsu** (both published by Random House, New York). At present Stillpoint is working on a translation of the **I-Ching** and compiling a book on **Tai-Chi, Shin-Yee, Pa-Kwa** based on Chinese classical texts. Alan Watts once described Gia-fu as "... a very old friend, embodying the principle of the Tao which forces nothing and yet leaves nothing undone. ... he is not writing about the old Chinese way of life; he represents it; he IS it." Altogether a wandering, poetic, paradoxical, and inscrutable Taoist sage.

Stillpoint is concerned with the development of the whole person by observing the processes of nature through self-discovery; self being the microscopic version of the cosmos. We relate to one another as the functioning of an organism. We emphasize the simplicity and suchness of human relationships prior to the Industrial and Electronic Revolutions. We aim to restore the intimacy of the family, the way of learning through apprenticeship, so that our 'heart' may be 'settled' which is indeed the translation of 'Stillpoint' in Chinese.

Stillpoint
Rye Star Route
Wetmore, CO 81253
303-784-6194

People Looking

☆ I am a male, white, 39 years of age, look younger. Have no vices. I am strong, in excellent health, have a small income. I live alone, lonely, disenchanting with

city living; have no real skills, but enjoy physical work, indoors or out, and with direction can learn. Have an agreeable disposition. Have simple tastes. Am merely looking for a place where I can contribute my physical efforts, have agreeable companionship, and a place to retreat within myself at the day's end.

Peter J. Delman
20 West Broadway
Long Beach, New York 11561

☆ My partner and I are looking for a collective/communal living situation, preferably rural and anywhere in the U.S. We are wanting to connect with people who are sensitive, feminist and political and who are in touch with some sort of inner spirituality. We have been living in rural Southern Oregon for the last two years. We are both L.A. refugees. Currently we live in Ashland and each of us is involved in a men's/women's support group. Our combined skills include organic gardening, canning and food drying, some knowledge of medicinal plants and their preparation, creative writing, roofing, housepainting, community organizing, some counseling skills and body work including orthobionomy, Touch for Health, polarity and biokinesiology. We are vegetarians (lacto) and use drugs sparingly and consciously.

We believe that interpersonal relationships are what provide us with the love and strength to grow and change, and want to connect with people who are really putting energy in this direction.

On a personal level ... I'm Kathleen, 41 and a feminist. I've lived on the west coast for 20 years and grew up in Minneapolis. I have two children who live with their father. For the past three years I've been shedding my city armor and learning to live more harmoniously with myself, others and nature. I'm Colibri, 30 years old and I've been involved in anti-sexist men's struggles as well as other progressive spirituality but find the personal and political struggles to be lacking where I presently live.

If we sound like people you would like to get to know, please contact us.

Kathleen and Colibri
231 Van Ness
Ashland, OR 97520

☆ Looking for people interested in forming an intentional community in the Midwest. To join resources, physical, mental, spiritual, and economical, to purchase land and/or a business. Vegetarian, non-smoking, health oriented people to live organically on and from the land. Politically aware, non-exploitative, non-competitive folks to form an egalitarian relationship with all life. The

energy is here, all that is needed is putting it together to form a whole. Also interested in corresponding with already established communities in the Midwest. Please write:

Jim Martin
1012 Osborne St.
Kalamazoo, MI 49001

☆ **Communities** back issues needed: Numbers 18, 30, 37, 38. Will gladly pay postage if your price is reasonable. Also have back issues nos. 14, 44, 45, 47, 48 for sale or trade. \$1.25 each — I'll pay postage.

Rob Keyes
4253 Palatine Ave. N.
Seattle, WA 98103

☆ We are a family of four — two children ages 2 and 6. What we need is a happy rural environment for the boys (and ourselves); non-toxic, co-operative. We would love an extended family atmosphere — and need it! What can we offer community? A little financially towards land purchase, husband knows heavy equipment, is water expert, knows gardening, car mechanics. Wife supports home birth, nutrition — a willing hand at chores, disliking to work alone too much. Other skills, experiences.

Don and Becky Busch
2074 Lysander
Simi Valley, CA 93065

☆ We are reaching out in every way we can to touch, grasp and create with people in a loving environment. Presently we are intently working towards moving away from a city environment into the cooperative fluid environment of the country.

We both love the earth, and life itself, not out of delusion, irresponsibility, or self love, but out of an awareness of our obligation to join with others in an autonomous, non-hierarchical living and working collective where people are sharing/exchanging their talents, decisions and love, experimenting with alternative energy, shelter, producing their own food, etc. yet keeping a strong, but realistic sense of the world.

We have lived communally before at Harbin Hot Springs in northern CA, Madrakara in the Russian River area, and most recently we have returned from India where we experienced the community of Auroville in South India. At all these places we experienced warm and wonderful people but in all communities we were the only Black people involved, and most times the only minorities. Are there any communities in the United States or Mexico who have Blacks and minorities as 'family' members? If so we

are very interested in communicating with you. Please write:

George and Gwen Price
622 E. 17th St. #3
Oakland, CA 94606

☆ We would like to communicate with persons interested in purchasing land and forming a small community in the Southeast.

The community — as presently envisioned — would consist of persons interested in spiritual growth and maturation while pursuing an agrarian lifestyle. Yoga, meditation, vegetarianism, Ahimsa, organic gardening, hard work, laughing, teaching, learning, serving, being, running.

We are financially and mentally prepared to make a commitment.

Richard Norris/Jeannie Milton
Rt. 4, Box 137
Summerville, GA 30747

☆ Kindergarten teacher with 5 years experience seeks group to live with. I prefer around the southwest in or close to a big city. I have a two year old son. I don't want to live in a house with more than ten people. I don't believe in open marriage nor do I want to be indoctrinated by the religious creed at the commune. I eat meat and I like my conveniences. Please write:

Nancy Ferando
858 Danfarth St.
Alton, IL 62002
618-465-8361

☆ I work at a local food co-op here in Phoenix, where I live with my two under-five children. I have a spacious secluded house and the garden is full of assorted shady trees. I love the co-op where I work unabashedly, but need other committed persons who are also truly dedicated to cooperative ideals to help make our co-op different from most big-city co-ops. Folks who aren't afraid to work endlessly because hopefully they see the work as I do — not a drudgery, but a joy of serving others in a meaningful way . . .

I can offer you serious folks a free home here with us and if you're not a big eater (!) free food.

I am not a totally idealistic fool — my feet are firmly on the ground, but my spirit is lonely because there are a few good folks about who want to stay and pay the price of endless dedication to the 'right way.' I want to try it here — in the city — come help me?

Sue
1318 East Willetta St.
Phoenix, Arizona 85006

☆ Seeking long-term outlet for cooperative energy. Interests: Cooperative/Collective store fronts (food/non-food), producer, distributor. Willing to try new Co-op areas (learning skilled trades, restaurant/coffeehouse, people services). Open to suggestions. Non-sexist, group feeling in workplace. Atmosphere more important than wage/hours.

Previously food co-op, union steward, clerical, factory, post-office, retail food and produce. Now in housing co-op. Good clerical/typing/figuring.

Like to apply for openings. Visit or work probationary period without pay. Male, 29. Prefer location with environmental consciousness. Rural/urban. 1983 or earlier. Appreciate contact. Please write.

Ken Corbin
P.O. Box 854
Madison, WI 53701

Help Wanted

☆ Beaver Creek School, an ungraded, alternative school in rural, northern New York, is looking for a teacher for the 1982-83 school year. Our chartered, parent-supported school is located in St. Lawrence county. We are a small school of twelve students aged from four to ten years. The teacher and parents take collective responsibility for the administration of the school.

We are seeking a teacher who is committed to humanistic education and who is capable of teaching in an open environment. Previous experience in alternative education is preferred but not necessary.

We offer the teacher a small salary, an apartment above the school with heat and electricity. If interested please contact:

Deborah Goode
Box 142-A, Rt. #1
DeKalb Junction, New York 13630

☆ The Religious School of Natural Hygiene seeks a special Natural Hygienist — a children-loving, versatile, master teacher for our soon-to-be-opened school, grades K through 8th.

Ideally, this beautiful human being would be (1) certified in elementary education, (2) able to play the piano, (3) experienced in art, crafts, gardening and nature study, (4) science minded, (5) bi- or tri-lingual, (6) of a spiritual bent and (7) eager to be part of a loving Hygienic Community.

Don't be discouraged from writing if your qualifications are less than the ideal. Dedication and commitment will carry a

lot of weight. Include resume and picture when writing to:

Helen Lamar
Child Growth & Development Director
The Religious School of Natural Hygiene
6344 Pacheco Pass Highway
Hollister, CA 95023

☆ I am looking for a person to work and live at a beautiful remote section of the sub-tropical east coast of Australia, half way between Brisbane and Sydney. It's the centre of intentional community in this continent. I run an alternative book service called the Learning Exchange, and organize workshops in personal growth and community development through the Banksia Institute. Need someone to help in exchange for living quarters and part-time pay. If person happens to be compatible mate for coupling, that, too, and want more time for writing, music, and enjoying this fabulous part of the world.

Francis Wigham
Banksia Institute
Box 6, Red Rock, 2456
New South Wales, Australia

☆ Mountain Warehouse is a consumer owned bulk food warehouse which serves its 130 plus member co-ops in N.C., VA, S.C., TN, and W.V. We currently have a staff of 4 co-managers, 3 non-managers, and 3 part-time truck drivers. We are seeking to build the level of skills in our staff, and to this end we are searching for applicants with expertise in *Financial Management and Planning*.

Interested individuals with expertise in the following areas should also apply: Accounting, Purchasing, Trucking Coordination (delivery to owners/members), Personnel Processes, Small Business Management, and Co-op Warehouse Management.

What Mountain Warehouse has to offer:

3 to 6 month probationary period
Starting wage \$4/hr.; raise to \$5/hr., pending positive 3 month evaluation; periodic raises, up to \$6.75/hr. if/when joining management team.

Vacation benefits
Dependent stipend
Food at cost from warehouse

Mountain Warehouse does not discriminate on the basis of race, national origin, sex, or sexual preference. Minorities and women are encouraged to apply.

Please send resumes to :

Mountain Warehouse
P.O. Box 3576
Durham, N.C. 27702

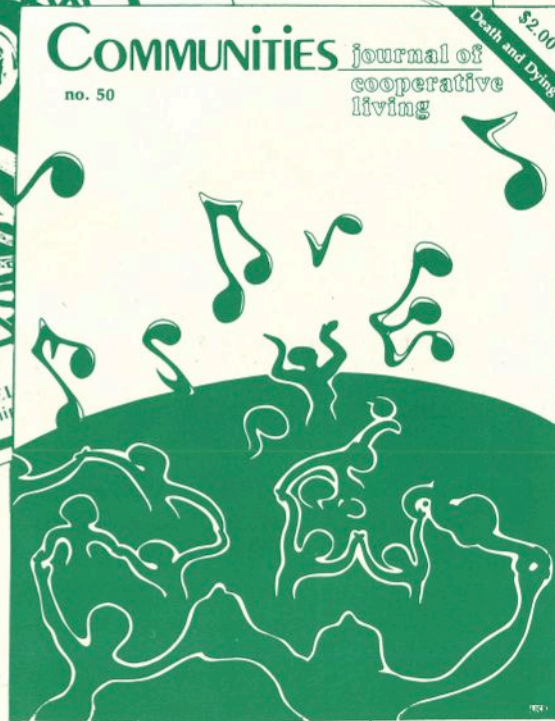
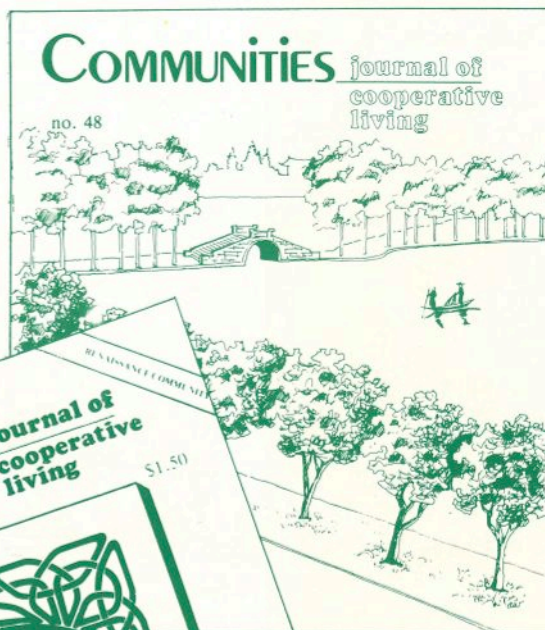
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1983 Directory of Intentional Communities and Cooperative Resources

Help us celebrate our ten years of publication by **inscribing your name on our list of well-wishers.** A \$10, tax deductible donation puts your name on a special list we're printing in the issue. For \$25, we'll also send a gift copy to anyone you wish. For \$50, we'll provide a small ad space to recognize your favorite community, co-op or friend. **We'd like to raise enough money to guarantee the long-term survival [another decade?] of the magazine.** 64 pages of grassroots documentation and speculation with a minimum of advertising is our history. Help us continue. Thanks, from Melissa, Paul and Chris.



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