



Cooperatives a democratic way to engage in capitalism

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The U.N. General Assembly has designated 2012 as the International Year of Cooperatives.

By bringing the values and benefits of democracy to markets and workplaces, the cooperative movement offers a better way of life than American-style capitalism.

The International Co-operative Alliance defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise."

In this country, the most familiar kind of cooperative is a credit union. As of 2008, 89 million Americans were members of credit unions.

Like all cooperatives, credit unions are owned and democratically controlled by their members/depositors. Because they put the interests of their members first and don't have to share their profits with stockholders, they can offer better services at lower cost than corporate banks.

Rural electric cooperatives own 42 percent of the nation's electric distribution lines. They brought electricity to large areas of rural America which investor-owned utilities regarded as not profitable enough to serve.

Hundreds of thousands of American farmers have formed cooperatives to lower the prices and improve the quality of supplies, machinery and marketing services.

They have succeeded by doing for themselves rather than paying for the profits of investor-owned companies.

Yet, despite the notable achievements of agricultural and consumer cooperatives, only 1 percent of all cooperatives in the U.S. are worker cooperatives.

Most American workers are employees of enterprises they don't own or control. Instead, their workplace is owned by investors or shareholders who often don't work there (especially in larger firms) and may not even use the product or service provided by the enterprise.

This is a very important and fundamental fact about our society. Much of our lifetime and identity is tied up with our workplace. The Year of the Cooperative is a reminder that our experience of work and of life in a democratic society could be very different and much better.

Investor-owned companies, the dominant institutions in our society, are for-profit. A for-profit enterprise exists for the sake of its owners, for them to gain wealth. It doesn't exist for the sake of its workers (or anyone else). A worker in an investor-owned firm is a commodity, a production cost, valued only as a means to the goals of the shareholders.

History tells us what it was like for workers to be treated as such in the gung-ho days of laissez-faire capitalism before the intervention of government and the rise of unions.

It's much more satisfying and fulfilling to work for yourself rather than have your labor subordinated to someone else's goals. However, in an advanced economy, production by

single individuals is rare. So how can we reconcile working collectively with working for oneself?

This question is similar to another one: How can we reconcile individual liberty with the necessity of having a government over us? The answer in both cases is democracy.

In democratic institutions, such as a state or a cooperative, we freely join with others on the basis of shared goals and values. We share decision-making and agree to abide by the will of the majority.

Contrary to the prejudices of many in the managerial class, democratic control and shared management of enterprises large and small has a proven record of success.

For instance, Spain's seventh-largest corporation is Mondragon, a federation of worker cooperatives with total revenues of \$20 billion in 2010. One of Britain's Top 10 merchandisers is John Lewis Partnership, with total sales of \$27.5 billion last year. The partners are its 81,000 member-owners.

There are some promising developments in this country. For instance, in Cleveland, a network of worker cooperatives is being launched in the University Circle area, backed by some of Cleveland's most important institutions.

Check out the inspiring video on Evergreen Cooperatives at YouTube.

A growing number of American companies have ownership and governance structures that resemble cooperatives, except that they are only partly owned by their employees or do not have a fully democratic management system.

In these companies, according to the National Center for Employee Ownership, "the combination of [worker] ownership and participative management is a powerful competitive tool. Neither ownership nor participation alone, however, accomplishes very much."

Both federal and state governments should build on this foundation by encouraging and facilitating worker cooperatives. This would expand entrepreneurial activity and add to the vigor of our democracy.

Memo: Kentucky voices

Section: Commentary

Page: A13

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