

# Cooperative Solutions in Hard Times

## Finding context for the cooperative sustainability scorecard

BY RUSS CHRISTIANSON

**S**even point eight trillion dollars. That's over half of the annual Gross Domestic Product of the United States.

As of November 26, 2008, it's also the amount of taxpayers' money that had been committed to bailing out the collapsing American financial system. This is an astounding amount of money—\$25,500 for every man, woman and child in the U.S.

Around the world, it's a similar story. Stock markets have lost half of their value, housing prices are plummeting, retail discounts have never been deeper, governments are piling up debt, and people are losing their jobs. It's the Great Depression redux.

Two years ago, Nicholas Stern, head of the British Government Economic Service and former World Bank Chief Economist, issued his report, "The Economics of Climate Change," with this admission: "Climate change is the greatest market failure the world has seen."<sup>1</sup>

That's two unprecedented market failures in two years. It's a gloomy picture, but one full of opportunity for cooperatives.


Our current economic system originated in England at the beginning of the industrial revolution. As Karl Polanyi detailed in his classic work, *The Great Transformation*,<sup>2</sup> market liberalism was the theoretical response of English thinkers to the massive social disruptions caused by industrialization in the early 1800s. Writers like Adam Smith attempted to provide a moral basis for the theory of market liberalism by defining "economic" rules that justified its core belief that human society should be subordinated to "self-regulating" markets. As England expanded its empire in the nineteenth century, these beliefs became the dominant organizing principle for the world economy.

Cooperative economics, championed by social reformers such as Robert Owen (a Welsh businessman), provided a humane and concrete response to the social misery caused by free markets. In 1844, a group of weavers in Rochdale, England, inspired by Owen, started a food co-op based on the co-operative principles they penned. As word of their success spread, co-operatives based on the Rochdale principles

*Please note that the spelling of co-operative is hyphenated in Canada and the United Kingdom.*

### VALUES COMPARISON

COMPETITIVE VALUES	CO-OPERATIVE VALUES
<p><b>(Free market)</b></p> <ul style="list-style-type: none"> <li>Self-interest (win-lose)</li> <li>Maximize Individual Wealth</li> <li>Short-term</li> <li>Global Fear</li> <li>Autocratic</li> <li>Information Control</li> <li>Bigger is Better</li> <li>Centralized</li> <li>Status Quo</li> </ul>	<p><b>(Fair market)</b></p> <ul style="list-style-type: none"> <li>Mutual Benefit (win-win)</li> <li>Fulfill Collective Needs</li> <li>Long-term</li> <li>Local Empowerment</li> <li>Democratic</li> <li>Information Sharing</li> <li>Small is Beautiful</li> <li>Decentralized</li> <li>Visionary Change</li> </ul>



were started throughout the world.

During the "Dirty Thirties," there was a successful flurry of new self-help co-operatives organized in the United States, including 300,000 members in California's "reciprocal economy."<sup>3</sup> In Canada, several established co-operatives hired organizers to help start new co-operatives of all kinds.<sup>4</sup>

Today, as self-regulating markets fail again, people all over the world are joining and starting cooperatives to meet their needs. There are thousands of examples of local co-operative initiatives, from credit unions in India, fair trade coffee growers in Nicaragua, industrial worker

co-ops in Argentina, renewable energy co-ops in Denmark, and forestry co-ops in Canada.

The following statistics paint an impressive picture of the worldwide impact of the co-operative model<sup>5</sup>:

- In 1994, the United Nations estimated that the livelihood of nearly 3 billion people, or half of the world's population, was made secure through co-operative enterprises.
- Over 800 million people in over 100 countries worldwide are members of co-operatives.
- Co-operatives provide over 100 million jobs around the world, 20 percent more than ■>

# EXCERPT—Sustainability Scorecard

◀ multinational enterprises.

- In the United States, more than 120 million people (40 percent of Americans) belong to 47,000 co-operatives.
- There are 132,000 co-operative enterprises in the European Union, with 100 million members and 2.3 million employees.
- Canada has over 9,500 co-operatives and credit unions, with combined assets of approximately \$300 billion, employing over 155,000 people.
- Quebec, a province that has had co-operative friendly policies for decades, accounts for almost 40 percent of all co-operatives in Canada, and nearly 50 percent of co-op jobs.

The principles and values of co-operatives provide a positive alternative to the failing hierarchical business structure favoured by the neo-liberal economy. The table below provides a comparison between the values of the competitive “free market”, and the co-operative, “fair market.”

These values provide the underlying motivations for people in their daily activities. The contrast between the competitive values and the co-operative values is startlingly clear. Given the last few years of very public corporate scandals, and the greed exhibited by many corporate officers, it is not surprising that co-operatives enjoy a very favorable public perception. Here are some results from public opinion surveys.

In the United States:<sup>6</sup>

- 77 percent of people said co-ops have the best interests of consumers in mind, compared to only 47 percent for private corporations.
- 76 percent agreed that co-ops run their businesses in a trustworthy manner and for the benefit of their communities, compared to 53 percent for publicly traded corporations. ■

## Notes

1 Nicholas Stern, *Stern Review: The Economics of Climate Change*, October 2006, Executive Summary, page viii.

2 Karl Polanyi, *The Great Transformation—The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944, 1957, 2000).

3 Jonathan Rowe, “Entrepreneurs of Cooperation”, *YES! A Journal of Positive Futures*. Bainbridge Island, Washington USA: Issue 38, Summer 2006.

4 Ian McPherson, Co-operative Movement, [www.canadianencyclopedia.com](http://www.canadianencyclopedia.com)

5 International Co-operative Alliance, [www.ica.coop](http://www.ica.coop), 2007; National Co-operative Business Alliance, [www.ncba.coop](http://www.ncba.coop), 2007; and Canadian Co-operative Association, [www.cca.coop](http://www.cca.coop), 2007.

6 National Co-operative Business Association, survey performed by The Opinion Research Corporation of Princeton, N.J. 2003; from [www.coopmonth.coop/primer/perceptions.html](http://www.coopmonth.coop/primer/perceptions.html)

**T**he Cooperative Sustainability Scorecard can be used by co-ops of any size to begin documenting and benchmarking their triple bottom line of cooperative economy, community, and environment. It provides an opportunity to take the Cooperative Principles and Values and apply them directly to your co-op’s governance and decision-making processes and your measurable financial, social and environmental objectives.

The Scorecard is particularly designed for small and medium sized co-operatives, as an affordable, easy to use self-assessment tool. The first time you fill in the scorecard, your cooperative may want to adjust some of the recommended practices and metrics. As your board and management work through the scorecard, it will spark interesting discussions and most likely the need for further information gathering.

The Scorecard documents are intended to be freely shared. Your suggestions for improvement are welcome.

After this article is published in *Cooperative Grocer* you will be able to find a complete version of the “Sustainability Scorecard” (in Excel format)—along with additional resources including footnotes and bibliography—available for download at [cooperativegrocer.coop](http://cooperativegrocer.coop).

—Russ Christianson ([russ.c@xplornet.com](mailto:russ.c@xplornet.com))

## Environmental Measures

MINIMUM RECOMMENDED PRACTICES		Current	Priority
1	Our Board, Staff and Members have reviewed and understand how the human economy is embedded in human society, and that the “Great Economy” is the entire web of life (all the other creatures with whom humans share the world)	5	1
2	Our co-operative sets environmental performance and efficiency goals and we measure our progress, making adjustments and improvements as necessary	3	1
3	We encourage (and acknowledge) employees and members to make suggestions to improve resource, energy, and material efficiency	5	1
4	We meet current environmental regulations and legislation that impact our co-operative and our members, and track proposed legislation	5	1
5	We follow a 4R policy: 1) Refusing toxic materials and excess packaging; 2) Reducing the amount of materials through efficiency measures; 3) Recycling materials through municipal or regional programs; and 4) Reusing (or selling) materials when possible, and purchasing high quality repairable equipment	3	2
6	Our co-operative uses a wet-dry system for waste management, including compostable waste	3	2
7	We have performed an independent energy audit of our facilities and we are implementing the recommendations	4	1
Total Minimum Recommended Practices		53	
Score		76%	

## METRICS—ADJUST AS APPROPRIATE FOR YOUR CO-OPERATIVE

Energy			
1	Kilowatt hours of electricity used per annum	544,218	530,612
2	Increase in electricity consumption year over year	3.7%	2.6%
3	Annual amount spent on electricity	\$80,000	\$78,000
4	Percentage of electricity purchased from renewable sources	25%	25%
5	Fossil fuel consumption (liters) per annum - transportation (gas & diesel)	196,154	200,000
Greenhouse Gases (GHG)			
1	GHG emissions of logistics/travel (tonnes)	932	900
2	Reduction of GHG of logistics/travel year over year	3.6%	-3.0%
3	GHG emissions of facilities (tonnes)	47	45
4	Reduction of GHG of logistics/travel year over year	-6.0%	-10.0%
5	Employees taking public transit, bicycling or walking to and from work	27	30
Products & Services			
1	Percentage of products/services sold that meet independent sustainability criteria	58%	60%
2	Percentage of products/services purchased from local, sustainable suppliers	23%	25%
3	Recycling rate for facilities	76.0%	80.0%
4	Number of sustainably certified acres under cultivation	15,000	15,750
5	Percentage of sustainably certified acres under cultivation	52.0%	55.0%
Water			
1	Total treated water use per annum - m3 (220 gallons or 1000 liters)	880	900
2	Total cost of treated water used per annum	\$1,531	\$1,566
3	Reduction in water use	2.2%	2.5%
4	Volume of water used per employee per annum - liters	11,000	10,000

# Principles and Values of Co-operative Sustainability

**A**s human societies move further into the new millennium, there are growing concerns regarding social disparity and environmental degradation. Co-operatives have and will continue to play a leading role in defining and implementing organizational systems that are financially, socially and environmentally sustainable. For example, over the past twenty years, Canada's credit union system has pioneered social auditing, housing co-ops have introduced energy conservation technology, and organic food and fair trade co-ops have brought social justice and environmental goals to their bottom line. More recently, large co-operatives such as Mountain Equipment Co-op, VanCity, and The Co-operators have introduced sustainability reporting into their management systems.

The Co-operative Principles and Values are the starting point and the foundation for co-operative sustainability. The table below provides a comparison between the Co-operative Principles and Values and related Sustainability Principles.

—Russ Christiansen

For additional information, see "Resources and References" at [www.cooperativegrocer.coop](http://www.cooperativegrocer.coop).

## References

The **Aalborg Charter**, was signed on May 27, 1994 at the European Conference on Sustainable Cities and Towns in Aalborg, Denmark. This conference was a follow-up to the 1992 Rio Earth Summit on Sustainable Development and was part of the United Nations Environment Program's Agenda 21. The Charter was updated and made more specific at a 2004 meeting, also in Aalborg, resulting in the Aalborg Commitments.

The **Bellagio Principles** were developed in November 1996, also as a follow up to the Rio Earth Summit. This meeting was sponsored by the Rockefeller Foundation's Innovation Fund and brought together an international group of measurement practitioners and researchers from five continents to Rockefeller's Conference Center in Bellagio, Italy.

The **Principles for Domestic Fair Trade** were developed by the Domestic Fair Trade Working Group, and approved for distribution on December 13, 2005. The basis of these principles was established at the first meeting of the Domestic Fair Trade Working Group at La Farge, Wisconsin, August 23 and 24, 2005. The draft principles were further developed by the working group which included Erbin Crowell (Equal Exchange), Jason Freeman (Farmer Direct Co-op/fairDeal), Michael Schneider, (Organic Valley/CROPP Co-operative), Michael Sligh (Rural Advancement Foundation International and the Social Justice in Agriculture Project), and Cecil Wright (Organic Valley/CROPP Co-operative).

Co-operative Principles	Co-op Values	Sustainability Principles
<b>Voluntary and Open Membership</b>	Equality, Openness	Equality within the current population and between present and future generations (See references at end, Aalborg, Bellagio, Fair Trade, Melbourne, ORTEE)
<b>Democratic Member Control</b>	Democracy	Members create and share a long-term vision and goals, and govern the organization democratically (Aalborg, Bellagio, Fair Trade, Melbourne, ORTEE) All relevant stakeholders are included in the design and implementation of the project (Aalborg, Bellagio, Fair Trade, ORTEE)
<b>Member Economic Participation</b>	Equity	Achieve long-term economic and social security for all people (Aalborg, Fair Trade, Melbourne)
<b>Autonomy and Independence</b>	Self-responsibility	Empower people and foster participation (Aalborg, Fair Trade, Melbourne) Enable individuals and communities to minimize their ecological footprint (Aalborg, Melbourne, Natural Step, ORTEE)
<b>Education, Training and Information</b>	Self-help, Honesty	Recognize the intrinsic value of biodiversity and natural ecosystems, and protect and restore them (Aalborg, Fair Trade, Melbourne, Natural Step, ORTEE) Enable continual improvement based on accountability and transparency—data, methods and interpretation are public, accessible and clear (Bellagio, Fair Trade)
<b>Co-operation Among Co-operatives</b>	Solidarity	Expand and enable co-operative networks to work towards a common, sustainable future (Aalborg, Fair Trade, Melbourne, ORTEE)
<b>Concern for Community</b>	Social Responsibility, Caring for Others	Social/community well-being (local and global) and the ecology are fully considered (Aalborg, Bellagio, Fair Trade)

The **Melbourne Principles for Sustainable Cities** were developed at an International Charrette held in Melbourne (Australia) from April 3 to 5, 2002. The meeting was organized by the United Nations Environment Programme International Environmental Technology Centre and the Environment Protection Authority Victoria. Over forty participants from around the world contributed to the preparation of the Principles. This meeting was a follow-up to the International Workshop on Cities as Sustainable Ecosystems (CASE) which took place in Toronto (Canada) on March 18 and 19, 2002 (organized by the Toronto and Region Conservation Authority,

sponsored by Environment Canada). The CASE Workshop was instrumental in defining many of the concepts which ultimately led to the development of the Melbourne Principles

The **Ontario Roundtable on the Environment and Economy** (ORTEE) developed its Model Principles for Sustainable Communities in 1991.

The **Natural Step** is a nonprofit organization founded in Sweden in 1989 by a Swedish oncologist, Dr. Karl-Henrik Robèrt. Following publication of the Brundtland Report in 1987, Robèrt developed The Natural Step Framework, setting out the four system conditions for the sustainability of planet Earth.

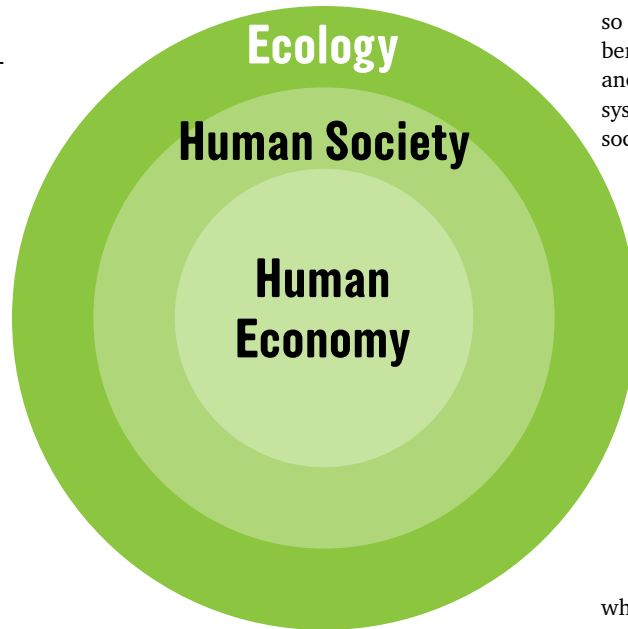
# Sustainability Context— Economy within Society within Ecology

**Ecology**—from the Greek *oikos* or house. The natural world that humans share with all creatures.

Human **Society**—from the Latin *socius* or companion. The sum of human activity and conditions that function as an interconnected whole.

Human **Economy**—from the Greek *oikonomia* or household management. The wealth and resources of a community and how they are organized to meet peoples' needs.

The Venn diagram at right shows that the human economy is embedded within society. In the words of Karl Polanyi, one of the world's most original and influential economic historians, "man's economy is submerged in his social relationships."<sup>1</sup> In Polanyi's economic view, people are not simple, rational



actors who are motivated to further their self-interest through the accumulation of material goods; rather, people act to safeguard their "social assets." Material assets are only of value in

so far as they protect social assets—the mutually beneficial relationships that bind people to one another. In other words, the human economic system is run on the basis of non-economic or social motives.

This view is confirmed by the most recent scientific research, in the multi-disciplinary field known as "evolutionary psychology":

The primary adaptation of our species is not hunting, tool making, or language, but our ability to co-operate. While the process of evolution is often characterized in terms of dog-eat-dog competition and the 'survival of the fittest,' this recent research reveals that our species' success over the eons is due to the fact that we are the most co-operative creatures on the Earth.<sup>2</sup>

Of course, for the nearly one billion people who are members of co-operatives around the world, this is not surprising. They have each determined, individually, that their needs can be more effectively fulfilled by co-operating socially and economically with others rather than competing against them.



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