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Degrowth: A Vocabulary for a New Era
ROUTLEDGE

34 CO-OPERATIVES

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The term co-operative (or co-op) refers to a type of organisational structure applicable to various types of enterprises in many sectors. Many co-operatives also see themselves as part of a worldwide movement which was born in Europe in the mid-nineteenth century. The International Co-operative Alliance (ICA – a federation of co-operative networks representing one billion individuals) defines a co-operative 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 1995, the ICA accepted the following seven co-operative principles: voluntary and open membership; democratic member control (the one-member-one-vote principle: members participate in co-operative governance and elected representatives are accountable to them); members' economic participation; autonomy and independence; commitment to education about the ethos and practice of co-operation; co-operation among co-operatives; concern for the sustainable development of their communities (Birchall 1997: 64–71).

Co-operatives operate in a number of sectors and consist of three main types: producer or worker co-ops (first developed in France and Italy), consumer co-ops (first developed in the United Kingdom by the Rochdale Pioneers) and credit co-ops or credit unions (first developed in Germany). Another important group are farmers' buying and selling co-ops (especially successful in Scandinavia).

Co-operatives have gone through a difficult history, co-opted by dictatorships (e.g. Spain under Franco, Czechoslovakia under communism), promoted indiscriminately by many governments in the 1950s and 1960s, then reviled in Central and Eastern Europe and many Global South countries under neoliberalism (Birchall 1997: 143, 169). Some modern co-ops that began with a strong ethos have since lost it and are predominantly motivated by profit. The reasons why so

many successful co-operatives have lost their ethos and drifted close to the mainstream are varied.

One cause is linked to economic pressures in a competitive environment. To survive economically, a co-operative may decide to reduce its staff, out-source production, or limit local and fair-trade ingredients in its products. Another root cause involves scale. Growing co-operatives may find they cannot access enough capital from their members under the strict co-operative rules. They may then discard the co-op structure. In addition, as the turnover and membership of a co-op grows and its management gets more complex, members may cease to identify with it and become passive, while managers may usurp ever-more power. In some large British building societies variants of this have led to a process of demutualisation ('carpet-bagging'), where members voted to transform themselves into shared companies. Within the Austrian credit union movement, there have been allegations of federations (umbrella-groups) usurping the decision-making power of their member co-ops.

Ways of making sure that co-operatives stick to their ethos are varied. An important factor is an emphasis on education about co-op principles and explicit policies to strengthen member participation in management. Another is building links between co-operatives to bypass the mainstream economy. This can involve ethical and community investment institutions. Co-operatives that have what Richard Douthwaite called a 'community market', such as the reader-members of a co-operatively-owned newspaper or the client-members of community-supported-agriculture schemes do not have to depend on price as the only motivation for clients. Finally, opting for a strategy of replication (more smaller co-ops) rather than growth (one large co-op) may help in retaining member empowerment and loyalty.

Compared to the mainstream for-profit enterprise model based on external shareholder ownership, the co-operative enterprise model is more suited to a degrowth economy due to the following (Johanisova and Wolf 2012: 565):

- Share ownership rules: shares which members have invested in their co-operative are usually not transferable to others and can normally only be redeemed at their original value ('par value shares'). This discourages a growth-for-growth's sake approach since the value of a member's share does not increase with the growth of the co-op. As shares cannot be speculated with, it also makes for a more-long term and place-based membership, more likely to consider long-term community and environmental values.
- Governance structure: the democratic governance structure opens the decision-making arena to a wider spectrum of stakeholders. The co-operative structure at its best collapses the distance between owners, shareholders, workers and consumers and operates within a mutual-aid needs-satisfying logic.
- Money as 'servant not master': a co-operative is free from the requirements of fiduciary duty (the legal obligation to maximise return to shareholders). Again, this allows for objectives such as the prioritisation of the long-term existence

of the organisation, job protection and environmental concerns. Also, a co-operative prioritising service to its members tends to satisfy real rather than spurious needs. As the third co-operative principle emphasises that members who work for the co-operative or otherwise actively engage with it have the same right to a share in the profit as those who have invested money rather than labour, financial assets are more equitably distributed within the co-op.

Few of the large mainstream co-ops and their federations have had any interaction with degrowth and environmental movements and debates. At the same time, there are two emerging areas that offer examples of newer co-operative structures intertwined with degrowth ideas and practices.

First, the Solidarity Economy (or Social and Solidarity Economy) movement, which is relatively young – only a few decades old – and has been boosted by the anti-globalisation movement, integrates different approaches to social change, linking social justice to environmental issues. The International Network for the Promotion of the Social and Solidarity Economy (RIPESS) declared after the Rio+20 summit held in June 2012:

> many economic and social initiatives . . . exist on all continents . . . They cover many sectors . . . and are the living proof of the concrete, vibrant possibility to build different development models, forms of organisation and society where life, plurality, self-management, environmental and social justice define solidarity economy, an economy that is different from that of capital.
>
> *(RIPESS 2012)*

The dominant structure of the organisations represented by RIPESS is that of a co-operative.

An example would be Som Energia, a Catalan renewable energy co-operative, whose members source renewable energy via the co-op and can also invest in new renewable energy projects (http://www.somenergia.coop, accessed 12 January 2014).

Second, there are many initiatives under what has been called 'Grassroots Innovations in Sustainability' (GI). This concept describes a range of initiatives of community self-organisation and has so far been applied mainly to Global North countries. Grassroots Innovations develop production and consumption structures based upon the values of community empowerment and sustainability (Seyfang 2009). They include local organic food networks and consumer groups, barter markets and time banks, local currencies, community gardens, community housing, etc. GIs are often informal co-operative structures, which merge the values of **environmentalism** and social justice (Suriñach-Padilla 2012). In European countries, degrowth-related movements have identified GI as one of the main political means by which to achieve their goals (e.g. Decrece Madrid in Spain, or the Transition Towns Movement worldwide).

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