

Analysis of International Trends in Worker Co-operatives

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This paper attempts to present an analysis of recent trends in worker co-operatives in selected representative countries – Canada, the USA, Argentina, the UK, France, Spain, and Zimbabwe. The paper presents statistical information regarding worker co-operatives that is based on either business registry data or survey data. However, in some countries neither is available with the result that available statistics are based on estimates that are undertaken at irregular intervals.

North America

Canada

In Canada, there are distinct trends in worker co-operatives in Québec and the rest of the country. From 1993 to 2003, there was 87% growth in Québec and 25% growth in the rest of Canada.ⁱ

Québec is a leader in policies and programs to support the social economy, including worker co-operatives. Support has included legislation permitting the creation of worker shareholder co-operatives that came into force in 1983 and the establishment of the regional development co-operatives in 1985.ⁱⁱ

In addition, a strong worker co-operative sector has developed in Québec with the creation of the *Conférence des coopératives forestières du Québec*; the *Fédération québécoise des coopératives de travail*; and the *Fédération des coopératives de travailleurs actionnaires du Québec*.

From September 2000 to 2003, the Worker Co-operative Fund Pilot Project, a \$1.5 million investment fund funded by the Government of Canada and implemented by the Canadian Worker Co-operative Federation (CWCF), successfully created new, and expanded existing, worker co-operatives in all regions of Canada by assisting in their capitalization.ⁱⁱⁱ

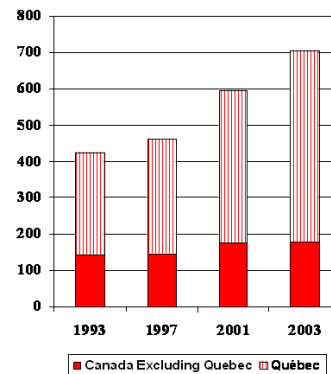
Since 2003, the Government of Canada's Co-operative Development Initiative – a \$15 million, 5 year program designed to help people develop co-ops, and to research and test innovative ways of using the co-operative model – while not targeted exclusively to worker co-operatives has helped support their development.^{iv}

U.S.A.

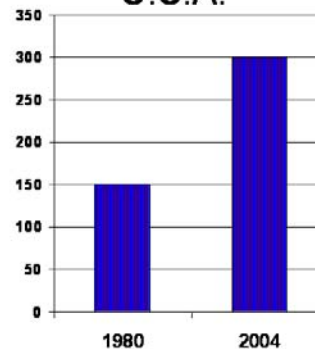
In the USA, there are two principal means through which employees can be involved in the ownership of the company that they work for: worker co-operatives and employee stock ownership plans (ESOPs). In 2004, there were 300 worker co-operatives^v and 11,500 ESOPs covering over 8.5 million participants and controlling about \$500 billion in assets.^{vi}

While worker co-operatives have been holding their own in recent years, ESOPs have experienced significant growth. The popularity of ESOPs can be explained by the tax benefits that are available for such programs. In contrast, the U.S. government does not actively promote the worker co-operative model and government entrepreneurship programs explicitly exclude worker co-operatives.^{vii}

Canada



U.S.A.



Recently, there have been a number of positive developments such as the creation of the US Federation of Worker Owned Co-operatives in May 2004 and lobbying by the Twin Pines Cooperative Foundation for the U.S. government to undertake a co-operative census every 10 years.

Europe

United Kingdom

The peak level of formation of worker co-operatives was in the mid 1980s at 300 per year. Since then the British economy improved with lower levels of unemployment and thus less incentive to form worker co-operatives.

There has been a reduction in government funding of Co-op Support Organizations, who play a major role in worker co-op development. Further, there has been a change in government priorities towards the unemployed with an increased emphasis on training.^{viii}

France

In France, worker co-operatives are known as SCOPS (*Société Coopérative Ouvrières de Production*). In this model of worker ownership, the workers must own at least 51% of the company.

Steady growth in worker co-operatives has been attributed to improved coordination among the worker co-operative networks and their inclusion in government programs that support social economy enterprises.^{ix}

Spain

Spain is home to the world's oldest and most famous worker co-operative, the Mondragon Corporacion Cooperativa (MCC), established in 1956. In 2004, this group located in the Basque County, had sales of 10.4 Billion euros, 10.0 Billion euros of administered assets, with a workforce of 71,500.

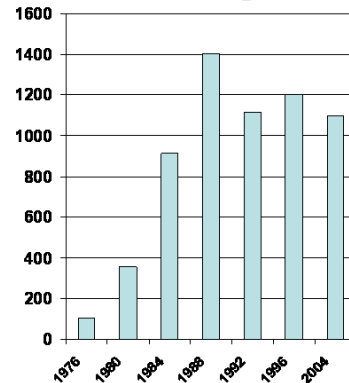
Even though we are lacking recent statistics, authors have indicated that there has been significant growth in worker co-operatives that has been attributed to supportive state policies and programs. For example, the Spanish constitution requires that public authorities encourage co-operatives and promote them via local legislation and local provisions. Furthermore, worker co-operatives benefit from a preferential tax rate of 20% as opposed to the generally available 35%. Comparatively, net profits must be distributed as follows: 70% to worker-members, 20% to reserves, and 10% to training and the co-operative fund.^x

South America

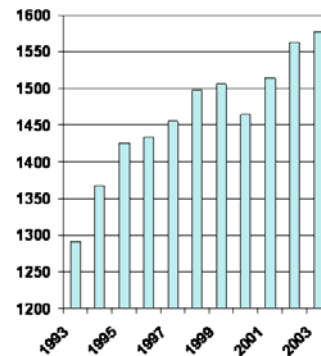
Argentina

In Argentina, worker co-operatives emerged in 2001 after an economic collapse that caused many factories to go bankrupt or be abandoned by their owners. As a result, the workers were left without jobs; but they fought for the restoration of their factories, and succeeded. It is reported that approximately 200 abandoned or bankrupt businesses were re-opened and transformed into worker co-operatives. Many of these factories were re-opened under the

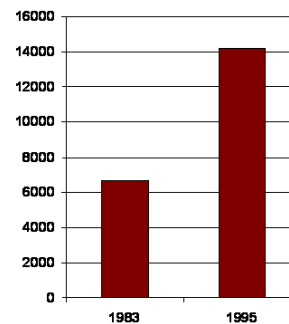
United Kingdom



France



Spain



condition that the workers turned a profit to demonstrate the value of the business. Employment in these worker co-operatives is currently estimated at over 10,000 workers.

Since December of 2001, the government of Argentina has been very supportive of worker co-operatives and has recognized that worker co-ops are able to sustain employment and production. In addition, a strong co-operative sector has developed that also supports the worker's action in Argentina. The success of worker co-operatives in Argentina is attributed to increased worker empowerment, an incentive that the co-operative model provides. They have control over decision making and as a result are more compelled to work hard. In Argentina, the worker co-operative model allows the businesses to be exempt from income taxes, free of previously onerous debt and have lower management costs.^{xi}

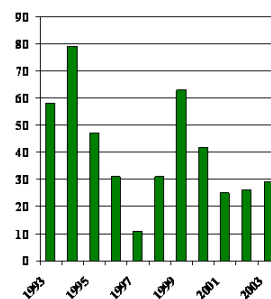
Africa

Zimbabwe

In Zimbabwe, most co-operatives formed in the 1980's were government and donor initiated. Zimbabwe's economy is largely agro-based and as a result co-operatives are mainly concentrated in the agriculture sector. Many of the worker co-operatives in Zimbabwe started after businesses were abandoned by their owners, similar to the situation in Argentina.

While there was significant growth between 1989 and 1992 in new co-ops, recently there has been slower growth due to reduced government resources.^{xii} Some of the key challenges that co-operatives face include: access to funding, regulatory constraints, and poor vocational and managerial skills.

Zimbabwe
(New Worker Co-ops)



Conclusions

This analysis of international trends in worker co-operatives has shown us that jurisdictions such as Canada (Québec in particular), Spain and France with policies and programs that support worker co-operatives have had growing numbers of co-operatives. Similarly, jurisdictions such as the U.S.A. and the U.K. that explicitly exclude worker co-operatives from government support programs or that have reduced funding have had low or no growth in the number of worker co-operatives. In addition, in many countries, there is a lack of reliable statistics regarding worker co-operatives – this will have to be addressed in order for researchers to be able to more accurately assess trends.

ⁱ Canadian worker co-operative statistics are from the Government of Canada's Co-operatives Secretariat.

ⁱⁱ Information regarding worker co-operatives in Québec were based on conversations with Daniel Lepage and Michel Clément of the Québec government's *Direction des coopératives, Ministère du Développement économique, de l'Innovation et de l'Exportation*.

ⁱⁱⁱ Baldwin, Ruth and Gilles Beaulieu, "Evaluation of the Worker Co-operative Fund – Final Report", C.A.C. International, Montreal (Québec), 2003

^{iv} Information regarding the CDI program was obtained from the Government of Canada's Co-operatives Secretariat's website: <http://www.agr.gc.ca/policy/coop/index.html>

^v Statistics on worker co-operatives for 2004 are based on an estimate from the US Federation of Worker Owned Co-operatives; statistics for 1980 are based on an estimate from the US Senate reprinted in Curl, John "History of Work Cooperation in America: Worker Cooperatives vs. Wage Slavery", 1980.

^{vi} Information on ESOPs was obtained from The National Center for Employee Ownership's website: <http://www.nceo.org>

^{vii} Information on worker co-operatives in the USA is based on a conversation with Tom Pierson, Board member of the US Federation of Worker Owned Co-operatives.

^{viii} Spear, Roger “Recent Developments in the Worker Co-operative Sector” Co-operatives Research Unit, Open University. Statistics for the U.K. for 1976 to 1992 are from the Co-operative Research Unit, Open University; for 1996 from ICA Study entitled “Statistics and Information on European Co-operatives”; and for 2004 from an estimate provided by Helen Barber of Co-operatives UK

^{ix} “Le mouvement coopératif en France – Rapport du Conseil Supérieur de la Coopération 2002” Délégation Interministérielle à l’innovation sociale et à l’économie sociale. Worker co-operative statistics were obtained from SCOPS, France.

^x Source: Daly, Tom “Social Economy Visits Programme – Spain Case Study Report” Dublin, Ireland

^{xi} Information regarding worker co-operatives in Argentina is based on the following works:

- Palomino, Hector. “The Worker’s Movement in Occupied Enterprises: A Survey.” Canadian Journal of Latin America & Caribbean Studies 28, 55/6 (2003): 71-83.
- Dangel, Benjamin. “Occupy, Resist, Produce: Worker Cooperatives in Argentina.” Upside Down World (March 2005): 1-6.

^{xii} Source: Government of Zimbabwe, Ministry of Youth Development and Employment Creation Statistics represent new worker co-ops registered per year.