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**Cooperative Development and Local (Rural, Urban)
Community. Towards a Bottom Up Strategy to
(re) Build the Social Foundations of Cooperatives**

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**Cooperative Development and Local (Rural, Urban)
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(re) Build the Social Foundations of Cooperatives¹**

I. Introduction. Community as a Sustaining Environment for Co-operatives.

The theme of this meeting is the prerequisites for the establishment of a supportive environment for cooperatives. I want to argue that whilst we need the right legal and institutional frameworks to support cooperative development that this alone can only produce a top down form of co-operation – a body without a soul. I want in my paper to discuss the soul of cooperation which I believe is to be found in the concept of community.

I hope that my paper may serve to promote the idea of community building in relation to co-operatives as itself;

- (i) An essential context and ends for cooperatives,
- (ii) A management tool for the competitive advantage of co-operatives in the context of a deregulated market economy,
- (iii) The crucial vehicle for the practise of volunteerism which is the way in which cooperatives can most effectively put into practise their corporate social responsibility and citizenship programmes.

I believe that not only is community an essential prerequisite for cooperatives to be established but it is the essential prerequisite for them to maintain their cooperative identity in the face of the increasing need to drive towards greater scale and increased professional leadership. Part of the side – effects of managerialism in cooperatives has been the division between co-operatives for the socially excluded and members of the big successful cooperatives. My paper starts therefore with a simple statement of my basic assumptions

- (i) Without community identity we do not have the possibility for the mobilisation of human resources to gain the market leverage which ultimately is one of every cooperatives set of strategic objectives.
- (ii) Community is the associational basis upon which participation in governance and accountability in cooperatives is established.
- (iii) Without community we have no framework for learning and practising the values that make us all proud to be associated with and indeed part of that international community of cooperators.

Community when it is confirmed by solidarity or unity is powerful. It is also worth remembering that communities based on individual members are in fact communities of labour even when their goal, as with financial services cooperatives, is the accumulation of capital. This

is because the accumulation of capital is almost always based on savings out of wages not profits. As some of the micro finance case studies from Bangladesh demonstrate savings and loan repayments are often made not from returns on investment from the original loan but out of savings in the household budget. (Wright, 2000, pp 73-74) That is not to argue that credit unions and other micro finance organisations / associations do not make profits or at least surpluses, still less that they should not invest their members surplus capital for its prudential and sustainable increase. It is rather to argue that micro finance organisations including credit unions accumulate capital to empower labour.

Community is the real basis for any essentially bottom up, self - help approach to economic, social and indeed individual development. Of course most cooperatives are communities of members engaged in the money economy competing in a free global market to deliver services and products in ways that meet the individual and social needs of their members. There are, however, thousands, perhaps tens of thousands, of small cooperatives operating in marginal communities whose members wealth may be primarily outside the money economy in informal domestic relationships and assets. The community in terms of networks of families, friends and neighbours represents both a source of added social value and an opportunity for the accumulation of Social Capital. Social Capital may be a tangible asset that is available to the community and strengthens community or it can be intangible in the collective knowledge of a community. It is in terms of the collective knowledge retained in a community that bottom up cooperative programmes for community development may provide a sustaining culture for larger scale commercial cooperative growth and development. Social Capital may be generated by; (a) the micro cooperatives networks of supporting members and their families, and, (b) the larger formal cooperatives volunteers supporting their cooperatives corporate citizenship and sponsorship programmes or their marketing and brand recognition objectives through financial sponsorship of community rooted associations and activities such as the UK Nationwide Building Society sponsorship of the league for the smaller football clubs outside the Premier Division.

The capacity of the Cooperative to provide social added value is not an alternative to economic value but an addition which gives potentially a competitive added value which differentiates cooperatives in the marketplace from their competitors. A good example of the is the ethical programme introduced by the UK Cooperative Bank.² Investor driven businesses can also provide sponsorship and community investment and it is right that they should be encouraged to do so. They can and do loan out managers and other skilled staff to support the management of community projects and other worthy causes. Cooperatives generally cannot match the financial resources that investor driven businesses can bring to the table in the area of sponsorship and even community projects. The cooperative non transferable share, as we can see in the case of the Cooperative Bank, does, however, give them a flexibility to respond to customer values that may not be available to the investor led business. Another potentially big compensating advantage that Cooperatives have is in their membership. Members (volunteers) are not only resources to be deployed in the community but as a part of the community have unique knowledge and access that if tapped into by the co-operative could generate a focused responsiveness to real community needs that could not be matched by the investor driven firms.

The connectivity between cooperatives and their memberships, particularly in the areas of retail financial services and consumer and agricultural societies, is the key to their connectivity into the wider community and in some cases to their markets as well. The extent to which cooperatives are embedded in society depends on their identification by various communities as being a part of or connected to that community. The implications here for market led innovation in product and service development through the application of learning organisation methodologies in the cooperative context may be considerable.

This aspect of community is powerful in the cooperative context as it gives cooperatives the ability to mobilise members human resources as volunteers to support the cooperative business development. When that help is no longer necessary volunteers have what may be an increasing role to help the cooperative reach out to maintain or establish deeper relations – fraternity - and added social values with its partners in the wider community. These partners may be members of the geographical community the co-operative is situated in, or links to its customers, employees, suppliers and carriers. We must never forget that humankind is a social species and that what is a powerful method of doing business through community is also a human good and an end in its own right.

Cooperatives are about enriching people and empowering people but they are also about developing people. Developing the quality of people's lives is impossible if we do not address the quality of their relationships. It may not be putting it too strongly to argue that the strength of Cooperative Identity is a function of the quality of cooperative knowledge at the interface between the Cooperative Community of Human Resources, (professional and volunteer) and the Cooperatives network of stakeholder communities both formal and informal.

I am very clear that community as a sustaining context for cooperative activity and identity must be seen as a highly flexible concept. There may be many types of sustaining community relevant to cooperative development. Communities of interest, employment, ideas, cultures, practice (professional, artistic and literary) and values. Communities may often overlap each other. They may be virtual communities or occasional even transitional communities. Member involvement and contribution may vary widely between individuals and between communities. Families form perhaps the most fundamental community of all in so far as for a significant period of our lives every single human being belongs to a family unless we are orphaned and even then for the most part we shall be to varying degrees adopted into a family. I am also very clear that whilst community building is highly relevant to the issues of anti poverty and improving the conditions of marginal societies it has failed more frequently than it has succeeded. (Ahmad, 1983, White, 2000). Community is not important only to the poor even though it may have more immediate impact on the poor than the wealthy. In the USA affluent groups of people as diverse as young college students and retired widows and widowers have, at very different stages in their respective life cycles, found themselves glad to join Housing Co-operatives and participate in the often very strong community ethos that such co-operatives can build. So I argue for a significant role for community in sustaining all classes of co-operative in all socio economic and political contexts being relevant to their; (a) social and educational / developmental ends, (b) organisational, competitive and commercial processes and strategies, and, (c) governance processes.

Cooperatives remain, however, associations born out of adversity not plenty. This should not surprise us as human nature tends to turn most readily to friends, family and neighbours in times of adversity. In all times the struggle for co-operation has been a spiritual struggle as well as a social and economic one – this was recognised from the very earliest days of cooperative experimentation. Perhaps in times of affluence the struggle for co-operation needs to emphasise the ethical, social and spiritual dimensions as clearly (not more) as it does the economic dimension. In the world today there is no shortage of people living in adversity. For this reason I shall confine myself in this paper to examining the role of community in sustaining cooperatives focusing on their role as a vital component in the struggle against poverty and exclusion.

Finally, in this preliminary discussion let me assert that we cannot discuss the concept of community in abstract, that is without a recognition of a wider conceptual framework that to a large degree drives and shapes communities themselves. This wider framework is to be found in political economy and in cooperative terms has focused on the shaping of markets and particularly the Labour Market. There is another dimension to the Labour Market that has not always received sufficient attention and that is the domestic economy of the family. The family is a critical first unit of the geographical and socio-cultural community. It is the university of relationships and the social foundation for the development of character in human beings. If we are looking for genuine bottom up communitarian methodologies where people participate in setting their own agendas and determine their own forms and levels of engagement then the domestic economy may well be an interesting starting place for action and further research.

We are also discussing the domestic economy in the context of what it can do for co-operatives as well as what cooperative principles might do for it. In the former we are exploring the creation of an informal culture that provides both the source and the arena for the deployment of Cooperative Volunteers. To what extent could a revitalised domestic economy provide the social and cultural energy bank for co-operative governance processes and their recruitment to the formal cooperative organisation. Can a revitalised domestic economy provide a critical component of the organisational culture and motivation for cooperatives and a potential marketplace for cooperatives linking domestic and money economies in ways that sustains the best aspects of both.

In Europe the welfare state does many good things and nobody would want to do away with our health and social services. The truth is, however, that the top down welfare system is increasingly difficult to sustain and at the same time it has one negative effect in that it weakened peoples perception of their need for each other. If the state supplies all your needs what is the family and friends for? Why have self-help cooperatives? In many parts of Europe people are beginning to recognise that they will soon have to re-learn the principles of self-help and for most of the rest of the world such lessons are part of the daily struggle to survive. Governments have failed to find effective or lasting solutions to the problem of poverty and their strategies of top down development and training more people to enter the job market has not relieved rather than resolved the problem. For many the experience of work is closer to the experience of slavery than it is to inclusion in “mainstream” society such is the wretchedness of the employment conditions and the pittance paid in return for their labour.

II. The Potential Role of the Domestic Economy as a Driver for Bottom up Cooperative Development.

How can micro cooperative solutions assist in the evolution of community building to both eliminate material want and improve the quality of people's relationships and quality of life? I believe if we can answer that question effectively we may establish the social context for sustaining the larger cooperative economic and social structures which are themselves essential for the maintenance of competitive free markets. How can we develop low cost strategies to reduce the numbers of the world's citizens living below the officially defined poverty threshold? In this regard my paper challenges the idea that employment creation within the wage economy is always the best focus for policy development and argues that this strategy may well be counter productive in the achievement of the integration of very poor people in society. (European Commission, 1993a)

My paper suggests we need to reassess the qualitative/social as well as material measures of poverty. I want to question whether alternative but equivalent lifestyles can be constructed on the basis of cooperative principles? Can the utilisation by families of value added outputs originating from different mixes of money and domestic economic activity provide an alternative paradigm to that of the labour market and state benefit mix? The pressure to find a workable and just solution to the problem of poverty arises from the failure of past solutions to produce significant and lasting reductions in poverty. Nor have these policies reduced the financial penalties of large welfare and social budgets that are threatening the international competitiveness of many Northern hemisphere economies and are a contributing factor undermining the prospect of achieving European Monetary Union. (European Commission, 1993b)

Many parts of the developing world are also seeing turbulence in financial and currency markets derail government led attempts at development. In extreme cases in some parts of Africa there has been increasing levels of poverty as in the Sub Sahara region and in extreme cases the disintegration of the rule of law itself. Many of the commercial and other environmental factors operating in the global economy today have ensured the failure of top down solutions. The traditional mixture of aid for development and the encouragement of inward investment have been unattainable or inadequate in many of the most poverty stricken regions of the world where debt burdens bear heavily on the poorest. The ILO estimates suggest 30 per cent of the world's population to be unemployed or in marginal employment (Eddy Lee, 1998). Top down investment - private or public - is unlikely to dent this figure in the foreseeable future so we must explore alternative arrangements.

We shall explore therefore how new cooperative labour based strategies might enable people to be more self - sufficient outside the labour market and state-funded benefit systems. There is already recognition that dependency upon the state is itself demoralising and may undermine the social fabric upon whom liberal democratic institutions depend for their strength and vitality. (Amitai Etzioni, 1995)

“the greatest danger for rights (and liberty more generally) arises when the social moorings of individuals are severed”.³

However dependency on a labour market that provides economically unrewarding and socially demeaning employment is no less likely to demoralise than the former dependency on the state.

The limitations of the growing dependency upon paid employment as the only alternative to benefit is increasingly evident. The existing mix of low paid work and benefits in Europe has failed to provide either a decent quality of life or to alleviate the pressure on national exchequers. (Church Action on Poverty, 1993)

There has been since the 1980s in Europe and elsewhere a growing recognition of the importance of cooperatives in economic and social development. (European Parliament, 1988) Strategies for self - help through democratic and voluntary association paved the way for the development of liberal democratic institutions and the welfare state in Europe in the nineteenth century and are recognised today as having a significant role to play in the achievement of the objects of contemporary European Social Policy. (European Commission, December, 1989a, para 22) Their significance in the provision of provident benefits is just one area of concrete and continuing benefit in supplementing the public sector provision. (European Commission, December, 1989a, Annex p5.)

Policies and programmes focused upon the family have also been recognised as being significant in Europe due to their "...essential role and place in the cohesion and the future of society." (European Commission, August, 1989b, p12) The benefits paid to families has also in general risen (European Commission, 1989b, p14) I call therefore for an exploration of how existing domestic economy resources drawn from the family and other community based groups may gain greater effectiveness when organised into co-operative frameworks for the development of new applications for cooperative self - help strategies.

I seek to assess the potential for domestic economic activity to reduce/ and or supplement the dependency on paid employment and benefits. Could the development of the domestic economy provide a new flexibility for the poor? Could it give them a richer mix of domestic choices that matches and even compensates for the new "flexibility" found in the labour market? This "flexibility" is often no more than a code word for insecurity, and exploitation. The question of the role of labour market dependency in adding to the pressures leading to the fragmentation of traditional family structures is already being widely discussed.⁴

The need for conceptual innovation to overcome the obvious limitations of training and employment creation focused projects was recognised in the recent evaluation of the European Commission's Poverty 3 programme. The evaluation drew attention to the importance of projects being able both to assist the poor to gain access to external resources and to realise their own potential resources within communities and households. (Henriques, 1994)

"Conceptual innovation is needed in projects' practices. It appears that conventional values, ideas and beliefs mainly related to the economic dimension of integration are probably having a limiting effect on the projects' results"⁵

Two further crucial problem areas are identified in the evaluation of the European Unions Poverty 3 programme. The first relates to the organisational issues of complexity in management

and evaluation of the projects and overall programme. The second relates to the problems of perceptions, participation and sense of ownership in the various projects by the poor themselves. (Conroy, 1994)

Private investment (Conroy, 1994, p17) and state expenditure are together unable to meet the needs of a substantial segment of Europe's peoples. If this is the case in the worlds richest social democracies we should not I submit be surprised if such strategies have even less impact in the much poorer economies in Africa, Asia and the Latin Americas

We need, therefore, to emphasis cooperative projects that can achieve four goals:

- (i) The identification of self-help strategies that can take client groups into a level of economic and social well-being that increases their autonomy thereby reducing or stabilising their need for external aid or state benefit.
- (ii) The development of strategies that enable the facilitating partners to remain at a distance to the project and hence that require minimal infrastructure management and involvement by project initiators, leading to improved self reliance, moral, self esteem and cohesion within the informal groups.
- (iii) A concrete formula for measuring the level of valorisation occurring due to the self - help strategies so that rational and humane decisions on the extent of state benefit provisions can replace those taken purely in response to the need to cut budgets as a result of macro level funding crises within national exchequers.

So far the evaluation in Western Europe suggests that the development of the local and social economies as strategies have met with only limited success and are themselves dependent on the existence of extensive support networks or development agencies. (Conroy, 1994, p17) The creation of "marginal employment" in the context of extensive low paid employment has had limited benefits. (Conroy, 1994, p18) If all the various strategies at formal and even informal job creation and increased access to employment have met with only limited success perhaps the time is ripe for a new conceptualisation of the problem. Instead of trying to get people from the marginalized communities into the labour market perhaps we should be seeking to give them a dignified and fulfilling alternative form of work outside the labour market.

Can market mechanisms be used to improve conditions not by extending the labour supply but by reducing it? For this to be possible we need a means of valorisation that by definition would be generated within the existing boundaries of discretionary income and domestic labour with only limited contact with the wage economy. The most likely centre for such valorisation may well be in the production and exchanges taking place within the domestic (family) economy. (Davis, 1995, 2000). It has been proposed that the linking of family groups through co-operative associations could provide a means to improve the efficiency of the domestic family economy. (Davis, 1995, 2000)

If this proposition is to be tested, then a fourth goal, in addition to the three stated above can be identified as,

(iv) Finding cooperative frameworks to enable members of families individually or in groups, and groups of individual families to extend the value of their domestic economy through the application of labour on domestic capital rather than private capital.

It may be noted that practices involving domestic labour that increase the value of existing properties and possessions are widespread throughout Europe and the rest of the world.

The economic basis for independent wealth creation by the poor is based on the recognition that human labour is an independent and potent source of value added. Human labour, even given only tiny increments of materials, money etc., can generate much more than it consumes. This reality is distorted in the dominant capital based markets for labour based as they are on the imperative of competitive rates of return on capital invested. In the core economy labours skill component has been systematically reduced and the growing use of technology increasing the down ward pressure on wage levels as employment shifts from manufacturing to services and from the elimination of most craft based engineering to and the relocation and intensification of sweat shop assembly by semi skilled and unskilled labour.

The cooperative community approach takes the “surplus labour” (in the labour market) and gives it a new framework within the domestic economy where the rate of return on capital is not an issue. It releases this labours potential for improvement in people’s quality of life (without waiting for private or public investment). It achieves this through the informal, communal, and incremental diversion of existing income attaching to domestic consumption into domestic production. The product of such domestic production would more than compensate for the reduction in consumption expenditure. The possibility of facilitating this process of labour adding value to the limited resources of the poor arises through the application of the well established (world-wide) principle of the cooperative association of labour to domestic production within and between families.

It must be acknowledged that the population is made up of more than just two social categories - Owners of Capital and Waged Workers. In fact the majority of people fall outside this formal relationship either throughout their whole lives i.e. small farmers, other self-employed; or for substantial parts of their lives i.e. unemployed, retired, young people and children, mothers at home, the sick and disabled. Research is needed to try to open up new avenues to help provide a better understanding of the macro economic role of the domestic economy. Part of this analysis would be a calculation of the paradigm’s potential to reduce the hidden welfare and environmental costs of over utilisation of capital in place of labour in the modern global economy. Fig 1. Below suggests a framework for analysing the possible relationship between the domestic and money economy. A proposition that needs to be tested is whether the smaller the inner circle of the domestic economy becomes the bigger the share the Public Sector must take up of the outer circle economy. The point seems to be generally accepted (European Commission, (1993biii)) that economic growth in the outer circle has generated disproportionate increases in the ratio of capital utilisation to labour. This leaves the state to handle not only the hidden environmental costs of capital intensive production and distribution but also the welfare costs involved in the maintenance of “surplus” labour that has been substituted by technology (capital).

The research agenda for a cooperative political economy needs to establish whether a new balance between domestic economy and money economy can facilitate sustainable development in the capital based economy and increase welfare. It also seeks to re-establish the theoretical importance within the discipline of economics for Labour as a source of value in the economy. Thirdly it is concerned to re-establish the notion of the value of association of labour as being a framework for economic activity ultimately as important as the marketplace for capital in ensuring sustainable development with distributive justice and social cohesion. By their very nature Communities, Associations and Small and Medium Sized Enterprises (SMEs) may be capable of interacting across both forms of economy to their mutual benefit. As Fig 1 below. Suggests this could be particularly but not exclusively true for SMEs with co-operative ownership structures.

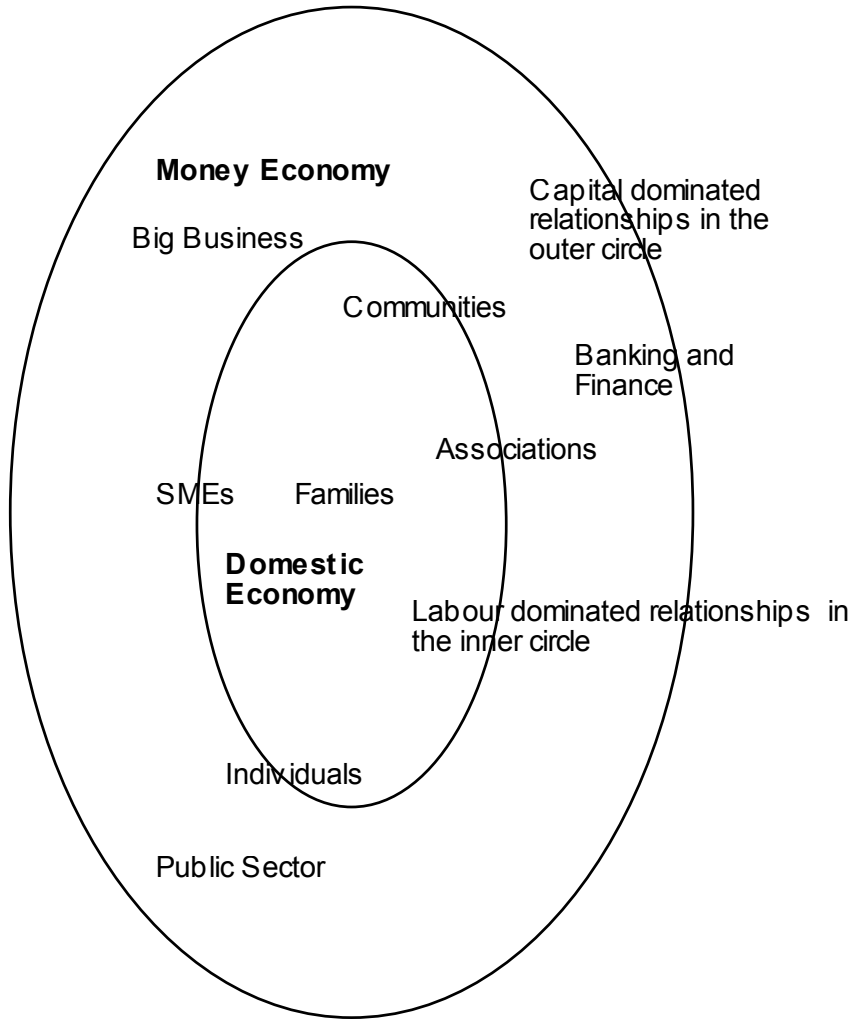
Before we can go further their needs to be some theoretical work on producing an appropriate model of the proposed relationship between domestic and money economies represented in Fig 1. There will also need to be conducted some sustained field research that could explore the reality for developing/supporting the domestic economy in its current practise and future potential in terms of the economics of the family (however constituted) in community.

If the relationship that is proposed in this model is sustained by research we could expect a major reorientation of economic and public policy towards a much wider concept of employment to cover domestic employment and its role in society and economy (the later for a long while now an objective of those concerned for the recognition of the true economic role of women). Such a re-orientation would not contradict the current trend towards deregulation of markets and a reduced role for the state in welfare management. Rather it would enable us to extract the full benefits of the current policy direction whilst curbing the social and economic dependency and polarisation that unfortunately has accompanied capital based market strategies since the onset of the industrial revolution. A strong domestic economy generating an alternative source of social and material added value through employment in the family (domestic) economy may enable Labour to enter into a less one sided relationship in the Labour Market with privately owned Capital based on genuine mutual benefit rather than on a one sided dependency.

Cooperative principles applied to the organisation of resources in the domestic economy could be the vital factor for success. Whether the potential is realised or not may depend on formal cooperative societies redirecting their member relations, community relations, and social responsibility programmes focus onto the domestic economy. If they do so the benefits to them stem from reconnecting cooperations relevance to the “excluded” segments of society; rebuilding the cooperative spirit in their communities, and, in generating commercial opportunities arising from the increased economic activity within the domestic sphere. It is unlikely that the small to medium sized cooperative membership base (in whatever segment of trade or industry) could not be invigorated and its market image and market share improved by the development of a cooperatively organised domestic economy. Such activities may indeed be a useful method of giving added value and benefit for members in cooperatives themselves. There appears to be little additional resource implications for the cooperative sector in

supporting this strategy. Rather it is the directing of existing resources into more productive avenues for the co-operatives and the communities from which they draw their strength.

Figure. 1. Towards a cooperative framework for political economy?



After three expensive failures for the top down approach the European Commission has not entered into a fourth anti-poverty programme. Perhaps now is the time for us to adopt bottom up cooperatively led, voluntary self help solutions to the problems of poverty and the deregulation and degradation of labour markets

III. Cooperatives Facilitating the Association of Families for Domestic Production. A Practical Framework.

How can cooperatives respond to the issues of fighting poverty and exclusion in ways that do not distract them or undermine their struggle for competitiveness? The gap between rich

and poor cooperatives is almost as large as the gap between rich and poor societies/nations. The largest cooperative societies become transformed by commercial and professional practises in directions that challenge their continued structure and the relevance of their original cooperative purposes. (Dr Hans-Detlef Wulker, 1997) Members see their cooperatives in purely instrumental terms as a means to gain personal benefits for themselves and their families. There is nothing wrong with this but something is lost of the cooperative identity with such an over emphasis on benefits to members. We need a compensating and balancing reminder of the need for cooperative member responsibility and solidarity. The erosion of traditional social structures that supported the early development of cooperatives and the increasing fragmentation and individualism within society has made it harder for co-operatives to successfully identify their social constituency or purpose.

We may be rewarded for an exploration of a renewal of the volunteer participatory ethos that has been so important for cooperative development. Could it be re-ignited and channelled into community based anti poverty activities that cost the cooperative very little in terms of its business costs but gives valuable support to the cooperative both commercially and socially. Given the wide range of voluntary associations capable of mobilising dedicated volunteers for a range of good causes this does not seem a totally unrealistic proposition. Commercially the cooperative benefits in two ways: firstly, by promoting its positive image (brand) in the community, and secondly, by raising the economic and social vitality of the communities in which it operates the cooperative creates a better economic environment for the conduct of its business. Socially volunteers can support the cooperatives social purpose of community building and distributive justice as an end in itself.

By cooperative community approach we mean an approach that focuses on the informal communities made up of networks of families, friendships and acquaintances to establish a set of networks that can provide autonomy rather than self sufficiency but that has the potential if necessary to provide for minimum subsistence and social/psychological needs. The study of how such networks are developed and how this development could be improved or facilitated is a neglected area of social investigation. It is my belief that these informal networks stand at the basis of the formation of higher order formal socio economic relationships such as co-operatives, which in their turn binds the wider social identity and formal institutional frameworks together.

The cooperative approach includes the recognition that the experience of poverty and people's response to it has a spiritual dimension as well as a material one. The negative impact on the human spirit of failure to achieve an acceptable standard of living and sense of purpose in life and the broken or damaged relationships that can arise from this experience involves depression, loneliness, apathy, lethargy, low self esteem, anger and violence. In some cases it is the breakdown in relationships themselves, the experience of rejection, the sense of not belonging, the loss of loved ones that results in loss of job/income/home etc. That there are economic consequences flowing from the spiritual condition of individuals is a further justification for seeking a paradigm that addresses both these aspects of poverty.

The member relations departments in the primary co-operative societies would probably be an appropriate link agency for Northern Hemisphere Cooperatives and those in developed Southern Hemisphere economies. In less well-resourced cooperatives one would expect leaders

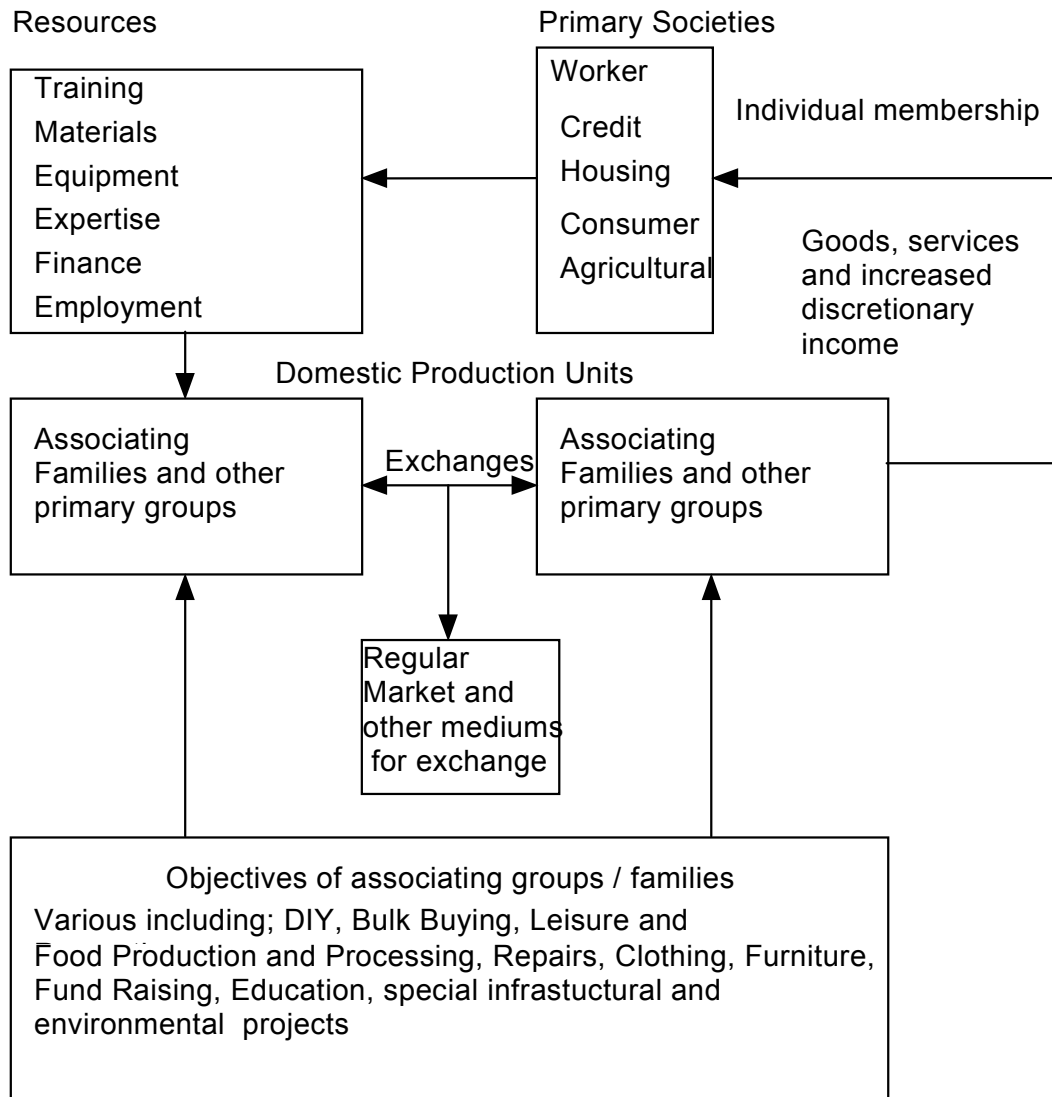
and committee members would network with lay members and existing women's groups and traditional networks to provide a facilitating forum and source of information and advice on possible appropriate local resources. The role is one of encouragement for groups and families to associate. Their purpose is to identify appropriate under used domestic capital and labour and the local projects upon which such labour and resources could be applied. If necessary and appropriate, some micro funding to get the process started could be provided but in the main the project would be based on the assumption that micro funds would be found from within the resources of the poor community itself.

The key function of the formal cooperative structures as facilitators is to bring members together to discuss whether they could use their family and friendship networks in their communities to organise small meetings of likely participants to discuss their needs and the possibilities for action within the framework of their families and homes. It is under employed and unemployed members or friends and family relatives of members that would be encouraged to be involved. The success of this strategy will be dependent on the extent that the people themselves see any direct benefit or advantage. Those already fully committed to farming or other employment would not be involved except as an occasional provider of advice or expertise or micro funding from their discretionary income.

In many rural areas such as in Northern Thailand existing primary credit cooperative societies have facilities which carry a few domestically produced products given to the Cooperative to raise money. There may in many cases be plenty of space for additional lines. In these circumstances surplus domestic production could be exchanged directly through the co-operative facility enabling both the individual and the co-operative to earn extra money. There is no inflexible dividing line between the domestic and the money economies. What is required is a rather more balanced relationship where the value of domestic production is recognised and facilitated.

Figure 2 below provides an overview of the roles and relationships between the money and domestic economies within a co-operative framework. It is critical to understand that the poor will always have to spend the majority of what little money they have but that small savings can be encouraged. Domestic production will not, however, reduce overall demand for goods and services. It will simply give the poor more choices as to how to spend their money. Domestic production will create demands for products and services not reduce them. Domestic production is actively utilising unused and under - utilise resources that can create added value for the general good. This programme will not be able to create community where it does not exist but it may possibly be able to play a role in revitalising existing communities, groups and families by providing an economic content to social interactions. It will also assist the primary co-operatives to strengthen their links with their local community or society. Encouraging such domestic economy activities as "Do It Yourself" (DIY) repairs and maintenance can be seen to be socially integrating because they are already widely undertaken by better off as well as poorer classes in society.

Figure 2. The incorporation of domestic units into cooperative primary societies



IV. The methodological issues for academic research.

The development of a co-operative community strategy based on association of families and other primary social groups to develop the domestic economy will be multi-disciplinary in its objectives and methodologies. The first order of methodological issues relates to the definition of terms which are essentially informed by political economy and sociology. Although for some terms like “Co-operation” and “family” extensive research has produced accepted reference points and a range of starting assumptions the same cannot be said for the key concept of the “domestic economy”. How are we to understand this term in respect of not only Classical and Neo-classical/Austrian schools of economics but also in terms of the Institutionalists and Dual Economy theories?

If the outcomes and rationale for this project may be articulated in sociological and economic terms the focus of the field work itself will inevitably centre on the dynamics involved in the networks and relationships formed and developed within and between the associating families. Here a rich vein of anthropological methodologies related to studies of family, community and culture will be needed to support our understanding of the processes involved. We may need to refer particularly to the works of Goldner (1954), and Lupton (1972).

The very specificity of time, place and people together with the prior objective of enabling the client groups themselves to determine the specific content of their programmes means that the associating family groups and their activities may well have very different content and outcomes. What will be being tested is the power of a set of cooperative principles to facilitate a process of improvement in both social and material terms of distinct groups of families and friends formally classified as poor. The approach is based on the Aristotelian principle that there is no single form of the good. In the context of this approach, therefore, we are stating that as there is more than one notion of well-being, then in each set of domestic projects the notion should be a matter defined by the people, families and communities themselves rather than be determined by a development agency, NGO, the State, or even the local co-operative.

However well the association of labour within a domestic context identifies its programme and objectives, and is able to realise them, more is needed. If this is to have any wider significance than for the individual groups themselves researchers will need to be able to demonstrate a wider tangible economic/social benefit for society and economy. Ultimately this requires research to demonstrate a general improvement in the level of economic well being, social cohesion and stability. One measure would be by a reduction in the gap in wealth possessed by the subjects of the study and the average wage earners in their society (This may pose complex issues of measurement that any research in this area will need to address in the first stage of its work).

A second measure would be on the impact on the levels of expenditure on benefits and other social support agencies in the communities under study. This should be seen not simply in terms of reduced expenditure but in terms of the likely success of that expenditure in achieving its objectives, i.e. in European terms this might be increased success rates for rehabilitation, drops in crime and truancy, improvements in success reported by social workers working with families under stress etc. In World terms we are looking at improved diet, school attendance, infant mortality rates etc.

There have been a number of ideas presented concerning the relationship between wage income and domestic labour since the 1960s (Cigno, 1990) Recently Cigno has shown that in the special case of a single person household, with relative market prices as constant, all home production taking place at constant returns to scale, and with commodities bought by income capable of substitution for the time devoted to home production at a diminishing marginal rate, the more able the person is in terms of their earning capacity and the more time they will spend in buying commodities and less in domestic production. (Cigno, 1990, p12) However, our

concern is precisely with those groups for which the earning capacity may not be positively directly substituted.

Our approach differs from Cigno. We are concerned with adapting his theoretical model to an empirical reality of households for whom the substitution of commodity purchasing income for home production time is problematic. That is problematic in terms of the availability and standards of income generated related to its purchasing power against the output of domestic labour. In our case the focus is upon people whose income is fixed or only marginally variable between mixes of benefits and low income employment in the European context or in terms of the rest of the world it is those who have no or very sporadic and low levels of income. More significant from the standpoint of this research is Cignos' claim that if two households merge even given no economies of scale the two households may still produce more home produced goods than they could separately. (Cigno, 1990, pp13-15)

Cignos' further point concerning the possibility of a division of labour in a two person household leading to specialisation between income generation and domestic production does suggest that pooled domestic labour between poor families might enable a reduction in the demand for work within the aggregate of families household members. (Cigno, 1990, p16.) In addition to efficiency gains due to the division of labour, Cigno identifies cost savings as the other possibility for the enhancement of household production arising from the merging of household production. (Cigno, 1990, p13)

Work on the nature and problems of measuring non-market household production in a way compatible with official statistics has been explored. (Goldschmidt-Clermont, 1990) The object of this type of research is primarily, however, to measure services such as maintenance, cooking, cleaning and caring rather than actual production of goods although Goldschmidt-Clermont does not discount this. (Goldschmidt-Clermont, 1990, p280) Division of labour and shared resources might actually facilitate the more effective use of labour time on such services to enable further household production of goods to be possible. Again our focus differs from Goldschmidt-Clermont. Her expectation, based on standard assumptions that economies of scale give a comparative cost advantage to market oriented activities and that the domestic household has a comparative cost advantage for the provision of personalised services.(Goldschmidt-Clermont, 1990, p282)

Is this relevant in conditions of high levels of general unemployment? The real question is the comparative advantage for the poor both in added value and quality of life terms from participating in low paid employment against the possibilities of association to enhance household or domestic production. For many "socially excluded" it may simply be the stark "choice" of doing nothing or seeking to improve the quantity and quality of household production through self -help associations. Goldschmidt-Clermonts' assessment of the importance of household production suggested that it may account for upwards of between 30 per cent to 50 per cent of GDP is also a powerful reason to explore the potential significance in economic terms of the better utilisation and development of domestic labour. (Goldschmidt-Clermont, 1990, p281)

We believe that the returns to labour method outlined by Goldschmidt-Clermonts is only one aspect in the development of our measurement.(Goldschmidt-Clermont, 1990, pp 291-295) The research needs also to measure the improvement in feelings and the strengthening of relationships as an equally important dimension of this project. Not only because instrumentally such improvements may have positive economic consequences but also because they are a legitimate human end in themselves. We need to measure the levels of self-esteem, satisfaction with relationships, motivation, optimism, and general sense of well-being that arises from the application of the co-operative approach.

Notes

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² Co-operative Bank, Partnership 1999, Balloon Street, Manchester, 1999.

³ Amitai Etzioni, 1995, p22

⁴ See for example the childrens charity Barnardos. In the charities Annual Review 1994a, Ilford, 1994, p8 the review noted that 1 in 5 children in the United Kingdom is in a family headed by a lone parent and that 1 in 4 children in the United Kingdom live in families at or below incomes support level.

⁵ See, Henriques, 1994, p16

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