

**Rural Co-operatives
and Sustainable Development**

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Contents

Introduction	1
Environmental Management and Sustainable Development	2
Co-operatives and Sustainable Development	4
Why Are Co-operatives Appropriate Organizational Vehicles for Sustainable Development?	7
The Necessity and Strategic Advantages of Eco-Social Initiatives	13
Why Do Co-operatives Derive Strategic Advantage from Environmental Management and Sustainable Development?	15
Pathways to Sustainable Resource Management: <i>Coopesilencio</i>	21
Pathways to Sustainable Resource Management: <i>Coocafe and Coopeldos</i>	24
Some Conclusions	27
References	29

Introduction¹

THIS PAPER EXAMINES STRUCTURAL, ECONOMIC, SOCIAL, cultural, and political factors that affect the ability of co-operatives to implement more advanced forms of environmental management and sustainable development. The ideas presented here are conceptual and preliminary. They are based on a heterodox analysis of co-operatives as social and economic organizations, and on empirical observation of the practices of agricultural-sector co-operatives in Costa Rica, Chile, and Canada. Case study field research was carried out in rural Costa Rica in 1999 and 2000, and in rural Chile in 1999. The author also draws on experience studying agricultural and rural co-operatives in Canada. This research is exploratory and preparatory for a larger study on the conduct and performance of co-operatives, corporations, and other resource-sector economic organizations in Chile and Costa Rica.

Regions derive much of their culture and character from the characteristics and organization of key industries. Sustainable development requires productive organizations that perform at high levels with respect to the economic, social, and environmental services they provide to local regions. Resource-sector productive organizations have different capacities with re-

1 An earlier version of this paper was presented at the X World Congress of Rural Sociology, 30 July to 5 August 2000, Rio de Janeiro, Brazil. Some parts of this paper were also presented in Spanish at the First National Workshop for Co-operatives in the Forestry and Natural Resource Management Sector, sponsored by the International Co-operative Alliance, the Food and Agriculture Organization "Forests, Trees, and People Project," and the Consejo Nacional de Cooperativas (CONACOO), 26-29 May 2000, Heredia, Costa Rica. The author gratefully acknowledges editorial input by JoAnn Jaffe and Nora Russell.

spect to mobilization of capital, technology, and human resources, and with respect to strategic planning and environmental management. Organizations also have different strengths, priorities, and orientations when it comes to management of complex production systems, development of human capabilities, equitable distribution of benefits and costs, and supporting sustainable community development. The history, location, and economic condition of the organization, property relations governing access to resources, the regulatory context, the experience of key personnel, and links to other organizations are additional factors that may affect performance. Furthermore, in a given sector, risks and opportunities may be redistributed among various kinds of economic organizations based on relative market power and control of strategic resources.

Environmental Management and Sustainable Development

ENVIRONMENTAL MANAGEMENT GENERALLY REFERS TO a systematic programme, at the enterprise level, to monitor and reduce environmental impacts associated with activities such as production, processing, and transportation. This may include redesign of manufacturing, storage, and delivery systems to reduce energy, water, and chemical consumption. It may also include appropriate treatment and recycling of wastes; substitution of alternative “soft” energy sources; reduction of workplace health hazards; quality control and prevention of contamination of products; and facility design to enhance aesthetic qualities and to minimize such things as erosion, runoff, dust, noise, pests, and traffic.

Sustainable Development is a broader idea and encompasses social, economic, political, and environmental goals—some of which involve important compromises. I take it to refer to development that enhances quality of life without jeopardizing the ability of other populations, or of future

generations, to access the resources needed for their own development. It is a conception that encompasses ideas of eco-social justice. This can be taken to include, as a necessary precondition and as a worthy goal, the broadening of democratic participation in the ownership and control of resources. In terms of production and consumption systems and management of environmental impacts, it calls for holistic vision and attention to the full range of the ecological costs engendered, and the ecological services rendered (Mooney and Ehrlich 1997).

As an approach it seeks “to do no lasting harm.” Sustainable development thus calls for modification of human activities to work in greater harmony with natural processes, and to reduce the potential for degradation or catastrophic collapse of natural systems. It puts a special responsibility on human beings to treat their fellows and the rest of the world in such a way as to avoid destruction of cultural and bio-diversity. It is a “radical” orientation when it addresses contradictions in commercial-industrial development through a combination of fundamental changes in values, organization, and technology. It is also a “conservative” orientation when it admits to limits in our ability to comprehend, model, and manage natural processes. This implies a need to err on the side of caution and safety.

As a social process, sustainable development can be encapsulated as appropriate relationships “between people *and people* and nature” (Allen 1993:5). In this conception, human communities are located centrally as core elements of sustainable ecosystems. As a social process, sustainable development thus requires organizational and institutional arrangements that a) support sustainable systems of production and consumption, and b) support the development of sustainable communities that have the interest and capacity to defend local ecosystem integrity. Individuals acting alone cannot preserve bio-diversity, manage landscapes, or protect watersheds. It takes some form of community to implement sustainable practices. Without community, individuals have little incentive to conserve or protect resources (Gertler 1999).

Co-operatives and Sustainable Development

WHAT GROUNDS ARE THERE FOR SUGGESTING THAT co-operatives may be especially suited to promote environmentally and socially advanced forms of sustainable development (see Holmén 1994; Saxena 1995; Chavez-Pirson 1997)? As organizations operating in market contexts, co-operatives can implement sustainable resource management only if there are ways to capture some of the value preserved or created. Conventional firms can defray the costs of environmental management under a number of scenarios. Dominant firms with significant market power can make environmental investments without serious impacts on profits. Some firms can turn a small environmental investment into an important benefit in terms of marketing or raising equity. Other firms can claim to be green precisely because they are not important users of natural resources or because the processes involved have few (direct) environmental consequences.

Co-operatives tend to be over-represented in sectors and contexts that rule out the kinds of easy relationships to environmental management discussed above. Co-operatives are concentrated in renewable-resource-based sectors such as agriculture, fisheries, and forestry. Co-operatives are also found in transportation and electrical power industries, where there are environmental issues related to the use and production of energy. Strong representation in natural-resource-based sectors suggests that co-operatives have a particular need to implement sustainable practices, but structural conditions may make it difficult for co-operatives to defray the necessary investments. Co-operatives are frequently active in sectors with low rates of return on capital. Examples include banking services for working-class people, housing for moderate-income families, and processing basic commodities that offer little opportunity for product differentiation.

Co-operatives have often come into existence because small-scale producers seek protection from more powerful players in the market-place. Other co-operatives have been developed where conventional firms perceive high risks and low returns given market structure or the character of the particular resources involved. These co-operatives may survive because they take on roles that are of minor interest to others. Certain co-operatives have been created in reaction to acute ecological and social crises. Examples include co-operative pastures set up in the 1930s to manage land damaged by drought and poor farming practices on the Canadian prairies, and textile co-operatives initiated to rebuild economies and communities shattered by war in rural Guatemala.

Yet co-operatives may have special potential as enterprises that can foster cultural, organizational, and technological change—the kinds of change required if significant movement in the direction of sustainable development is to be achieved. A central thesis of this paper is that co-operatives, and especially resource-sector co-ops, can successfully take on eco-social agendas. Given their structure, rationale, and principles, this is an arena in which co-operatives may well outperform both private and state enterprise. Given their organizational characteristics and context, this is also a playing field on which co-operatives can achieve commercial advantages.

**Why Are Co-operatives
Appropriate Organizational Vehicles
for Sustainable Development?**

- Co-operatives routinely integrate multiple economic, social, and ecological objectives.
- Co-operatives are practical vehicles for co-operation and collective action, both of which are crucial to sustainable development; they build and reinforce community, which is both a medium for, and a measure of, sustainable development.
- Given community ties and less need for short-term “profits,” co-operatives have the capacity to embrace and act on longer planning horizons.
- Co-operatives help to stabilize regional economies and provide a favourable climate for further investment.
- Co-operatives reduce inequality and promote equitable sharing of the costs and benefits of sustainable development.
- Co-operatives can promote economic democracy and the empowerment of marginalized groups—a hallmark of sustainable development and a precondition for shared responsibility.
- Co-operatives serve as facilitating partners in alliances involving local and national, and public- and private-sector organizations.
- Sustainable development is knowledge- and management-intensive; co-operatives have organizational capacity for communication, training, and education.
- Co-operatives are part of a world movement that has strong links to other contemporary social movements focussed on the environment, women’s liberation, democracy, development alternatives, poverty, and resisting neo-liberal globalism.

Why Are Co-operatives Appropriate Organizational Vehicles for Sustainable Development?

Co-operatives routinely integrate multiple economic, social, and ecological objectives.

SUSTAINABLE DEVELOPMENT IS OFTEN REPRESENTED AS having three dimensions, or theatres, for action: the economic, the social, and the environmental. This draws attention to the requirement to meet at least minimal standards of performance in all three domains in order to qualify as truly sustainable development. The implication is that no claims to sustainability can be justified where any one of these dimensions is seriously neglected, but also that these three arenas interact and mutually condition outcomes in important ways. This points to the need to take a further step, both conceptually and in practice. It must be recognized that economic matters are inherently and inevitably social, and that “social” objectives can be achieved most reliably when they are built into “economic” practices, not addressed as an afterthought or sidebar. Likewise, it must be acknowledged that the costs of environmental mismanagement are tangible and large, and that it is far more efficient to address ecological matters at the earliest stages of production (e.g., product or process design), than to attempt to mitigate the impacts of poorly conceived practices at a latter stage (Commoner 1971).

It is in the context of this re-examination and re-framing of the requirements for sustainable development that co-operatives come to the

fore as an attractive organizational option. Co-operative managers and boards must routinely integrate multiple economic, social, and resource-management objectives. This makes the management of co-operatives more complex, but also renders them more ready and adaptable as organizational platforms for sustainable development. The “corporate culture” of co-operatives prepares them for further travels in the complex realm of socio-economic, enviro-economic, and eco-social optimization. Moreover, co-operatives can support the kinds of human interaction that make such complex tradeoffs and adjustments conceivable and viable.

Co-operatives are practical vehicles for co-operation and collective action, both of which are crucial to sustainable development; they build and reinforce community, which is both a medium for, and a measure of, sustainable development.

Inasmuch as co-operatives promote co-operation and collective action, they provide an organizational vehicle for addressing collective social-ecological interests. This is a key contribution to sustainable development since capitalist market economies frequently fail when it comes to translating communal interests into appropriate action. Co-operatives also help to build sustainable communities that are both a goal of sustainable development and a crucial ingredient for implementing sustainable systems of production and consumption.

Sustainable development requires “social capital,” a concept used by some analysts to refer to networks and positive working relationships, and to social conditions such as mutual trust and good will (Roseland 1999). These kinds of social dynamics are generally essential for the success of any significant undertaking—including the building of a co-operative. They are likewise central to sustainable development in that they provide the necessary context for improving living standards without depending exclusively on increased levels of private consumption. When they work well, co-operatives reproduce and expand social capital, which then contributes to the success of other projects. Co-operatives play an integrating and stabilizing role, foster alliances and coalitions, and can help to reduce social

inequality. Co-operatives thus provide “social services” to regional economies in much the same sense that some activities (e.g., agriculture) may provide “environmental services.”

Given community ties and less need for short-term “profits,” co-operatives have the capacity to embrace and act on longer planning horizons.

One of the key contradictions of capitalist development is the inability to represent the interests of the future to the present (Thurow 1998:26). Capitalist market economies tend to heavily discount the future. The combination of risk and long-term interest rates generally yield a net present value near to zero for investments in pollution control or resource conservation. This is especially true when effects are gradual and nonlocalized, as in the case of long-term impacts on water quality or the ozone layer. This market failure calls for national and international regulation, but co-operatives may be an appropriate additional institutional innovation for promoting ecological responsibility.

Co-operatives are not tightly constrained by the discipline of capital markets—at least in the short run. Co-operative managers do not need to demonstrate growth and profits (surplus) every quarter, nor do they risk their jobs if they fail to generate competitive rates of return on shareholder investments. Co-operatives can raise capital via retained earnings and various forms of member equity contributions and loans. Moreover, co-operatives do not need to make a profit in the conventional sense. They can persevere in the long term without more than break-even performance; co-op capital is “patient” capital. Co-operatives can thus make longer-term investments that promise important returns in the future, even if that future is more than one business cycle away. Members derive other kinds of advantages besides those enjoyed by owners of a firm. They are likely to be positively affected by investments in environmental sustainability, for example, because they live and work in the region directly affected by the co-operative.

- GERTLER

Co-operatives help to stabilize regional economies and provide a favourable climate for further investment.

Co-operatives can be useful vehicles for addressing collective, long-term interests. They also render a hidden economic service by helping to stabilize regional economies, and by creating a climate favourable to investment by individuals, firms, and state agencies (Ketilson et al. 1998). Co-operatives tend to outlive many private firms (Direction des Coopératives 1999), and their presence in rural areas helps to stabilize economies that are typically the most vulnerable. This allows others to plan and invest with greater confidence, and to reap the benefits of long-term projects designed to enhance productivity or to protect the resource base.

Co-operatives reduce inequality and promote equitable sharing of the costs and benefits of sustainable development.

Sustainable resource use is usually not compatible with the existence of gross social and economic inequalities. Some would argue, in fact, that such social conditions cannot ever qualify as sustainable development. Co-operatives often help to reduce inequality. It can be argued that the psycho-social preconditions for sustainable development also include workable and transparent arrangements for the equitable apportionment of costs and benefits. As vehicles of shared or collective enterprise, co-operatives can be useful arrangements for accomplishing these kinds of economic justice.

Co-operatives can promote economic democracy and the empowerment of marginalized groups—a hallmark of sustainable development and a precondition for shared responsibility.

Social integration and the enfranchisement of marginalized groups through co-operative organizations and co-operative action are much needed counterweights to processes of exclusion and exploitation. This in

itself qualifies as a step towards a sustainable society, but is also linked to the ecologically sustainable use of natural resources (UNRISD 1994). Co-operatives promote greater economic democracy through shared ownership and shared control. More people gain direct roles in the allocation and management of resources, and their skills and creativity are more fully engaged (Sen 1999). Economic participation on equitable grounds is also a necessary precondition for the emergence of attitudes and practices of shared responsibility that support sustainable resource use.

Co-operatives serve as facilitating partners in alliances involving local and national, and public- and private-sector organizations.

Co-operatives frequently serve as facilitating partners in alliances or coalitions involving combinations of local, national, and international, and public- and private-sector organizations. Partnerships are part of the new orthodoxy and practical reality in community economic development. Co-operatives are often key partners, trusted and respected by nongovernmental organizations (NGOs), state agencies, and private-sector firms. As brokering partners, they frequently provide leadership resources and may serve as facilitators for projects involving complex alliances (Ortiz Mora 1994; Ketilson et al. 1998).

Sustainable development is knowledge- and management-intensive; co-operatives have organizational capacity for communication, training, and education.

Co-operatives can be effective schools for sustainable development, which is, compared to less sustainable forms of development, both knowledge- and management-intensive. Educating members, employees, and the public is a co-operative principle, and many co-ops have been successful in upgrading the technical, managerial, and organizational skills of their membership and staff. Short courses, advanced education, peer instruction, and learning by experimentation all become more feasible in a co-

operative context. Co-operatives can sponsor participatory research in which members and employees design and manage research projects. They can serve as networks for generating, sharing, and validating local expertise. They can collect, codify, and corroborate local knowledge (also known as folk or indigenous knowledge) (Sillitoe 1998). Co-operatives are a conduit by which government or nongovernment organizations can effectively deliver training, technical support, and adapted technologies.

Compared to household-based firms or large corporate operations, co-operatives are more likely to have the combination of technical capacity and workplace organization that allows them to manage more (ecologically) complex production systems. Sustainable development requires adaptive learning, flexible organization, and adept fine-tuning. It requires motivated and thoughtful workers and managers. Some forms of co-operative can produce and reproduce such a workforce. This is a key advantage.

Given the prospect of long-term relationships, co-operatives can valorize investments in member, employee, and customer education. As discussed below with respect to marketing, co-operatives can benefit when members and customers are more aware of the substantive dimensions of quality. Given a relationship of trust based on participation in governance and ownership, co-operatives may be uniquely well placed to influence the practices of members and staff. As locally controlled organizations, co-operatives are in an advantageous position when it comes to effective communication (Ortíz Mora 1994). There is less reason to conceal product or business information, and members can be confident that they are not being misled. Education is also a benefit that co-operatives can offer to their employees, a mutual advantage because employee allegiance and effectiveness are thus enhanced.

Co-operatives are part of a world movement that has strong links to other contemporary social movements focussed on the environment, women's liberation, democracy, development alternatives, poverty, and resisting neo-liberal globalism.

Co-operatives are part of a long-standing world movement that has gathered strength in many contexts. Local co-operatives achieve global reach via links to national and international co-operative organizations, and through these second- and third-tier organizations, they share information and lobby for appropriate regulatory frameworks at national and international levels. Co-operatives also have strong links to social movements focussed on the environment, economic democracy, and development alternatives. These movements can be strategic allies in making transformative changes. Co-operatives are in a good position to take up the challenge laid down by critics of globalization as envisioned by transnational corporations and supra-national trade and financial organizations (Korten 1995; Mander and Goldsmith 1996). They appeal to a broad progressive constituency and have been viewed favourably by state aid agencies and international NGOs as appropriate partners. With additional resources from such sources, some co-operatives have pioneered in providing sustainable livelihoods to marginalized peoples. Such examples provide viable alternatives for those advocating “another development” to replace forms of productivist and consumption-oriented development that privatize gain and socialize costs. As key organizations in fair-trade networks, co-operatives have provided needed links between socially conscious consumers and innovative producers who wish to implement more sustainable forms of production and consumption.

The Necessity and Strategic Advantages of Eco-Social Initiatives

THE PRECEDING SECTION FOCUSES ON THE ADVANTAGES offered by co-operative forms of organization with respect to facilitating a more sustainable development. It is argued that, for reasons of structure and principle, co-operatives can move further and faster in this

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direction than many other kinds of enterprise. This section takes a slightly different tack: it focusses on the potential advantages to co-operatives when they take a proactive approach to environmental management and sustainable development. It explores reasons why eco-social initiatives can be favourable strategies in terms of organizational development, commercial success, and responding to diverse member interests. Again, the discussion addresses the logic of co-operative organizations and the quality of the fit with various requirements of sustainable development.

Why Do Co-operatives Derive Strategic Advantage from Environmental Management and Sustainable Development?

- Co-operatives are active in natural-resource-based industries, where sustainability issues are central concerns.
- Environmental management promotes quality and efficiency, reduces waste and costs, and allows the enterprise to meet national and international standards that are required to secure access to markets.
- Sustainable practices can be a central component of “Marketing Our Co-operative Advantage.”
- Sustainable practices promote “co-operative identity” and identification with the co-operative.
- Environmental management provides a basis for networking with other co-operatives and organizations that provide strategic resources.
- Co-operatives have strong ties to local communities and regions so that members and staff benefit from sustainable practices as workers, residents, and household members.
- Strong links between producers, processing activities, and customers allow co-operatives to mandate—and to capture the benefits of—sustainable practices.

Why Do Co-operatives Derive Strategic Advantage from Environmental Management and Sustainable Development?

*Co-operatives are active in natural-resource-based industries,
where sustainability issues are central concerns.*

MANY CO-OPERATIVES OPERATE IN NATURAL-RESOURCE-based industries, which means that their future is directly linked to the sustainable use of resources. It also means that co-operatives are directly exposed to the enviro-ethical campaigns that focus on issues such as biodiversity and watershed protection, and on the negative consequences of pesticide use, industrialized livestock production, and industrial forestry. These realities argue that co-operatives should be proactive in developing environmental expertise and programmes. With appropriate initiatives, environmental liabilities can be transformed into assets.

Environmental management promotes quality and efficiency, reduces waste and costs, and allows the enterprise to meet national and international standards that are required to secure access to markets.

There are other obvious and expedient reasons to institute programmes of environmental management. As a cost-control measure, environmental management can help to eliminate waste, improve efficiencies

in production, and convert by-products into valuable resources. If a co-operative wants to position its products for export, it must be prepared to meet international, as well as national, standards. This is not a simple process and can be facilitated by a systematic programme of monitoring and improvement using an approved package of practices (e.g., those condoned by the International Standards Organization). Such a programme can yield unexpected dividends in terms of marketing and overall management, even as it leads to cleaner and higher-quality production.

*Sustainable practices can be a central component of
"Marketing Our Co-operative Advantage."*

Public opinion surveys reveal that co-operatives continue to enjoy widespread trust and respect (Cooperative Development Institute 1996). Some analysts have suggested a marketing strategy that builds on this positive image; they have called it "Marketing Our Co-operative Advantage (MOCA)" (Ferguson 1996). An important part of this advantage may be the ability to offer guarantees concerning quality, safety, and the eco-ethical conditions associated with production. Some co-operatives have successfully taken a lead in offering their members the opportunity to purchase items with a green and socially clean pedigree. Some have also taken steps to assist their suppliers in making changes to their production methods.

Sustainable development is a strategic option for all co-operatives. This obviously includes co-operatives that hope to access organic, fair-trade, or other kinds of international solidarity markets. It also applies to co-operatives that sell into conventional commodity markets, or that provide inputs and services to local consumers and producers. Ecologically appropriate and socially just goods and services are closely related dimensions of the co-operative advantage. This is an arena in which co-operatives, in particular, can reap important dividends in terms of synergies and complementarities.

To be successful in the long term, marketing the co-operative advantage will require educating and empowering consumers. This must include

clear explanations concerning “the co-operative difference” and a new orientation towards sharing information about the conditions of production and the parameters of quality. Thanks to processing, packaging, and deceptive advertising, many people now lack rudimentary and essential knowledge concerning the origins and preparation of basic foodstuffs. Co-operatives could take a lead role in reskilling consumers. This is a strategy that few private firms will be willing to emulate, in part because they have more incentive to keep consumers in a state of semi-literacy when it comes to “reading” the various components of quality, value, and cost (see Gabriel and Lang 1995).

Sustainable practices promote “co-operative identity” and identification with the co-operative.

Marketing the co-operative advantage requires a commitment to affirm and strengthen the “co-operative identity” of the enterprise. This means adopting and espousing key co-operative principles as outlined by the International Co-operative Alliance (ICA) (MacPherson 1995). Commitment to sustainable development is consistent with both the spirit and the letter of these principles, and helps to distinguish the enterprise as a co-operative. Commitment to sustainable practices can also be expected to promote member and employee identification with the co-operative. It can be helpful for recruiting and retaining key personnel, and in promoting positive community relations. In short, eco-social commitments should yield a number of organizational benefits that have positive implications for the viability and sustainability of the co-operative.

Environmental management provides a basis for networking with other co-operatives and organizations that provide strategic resources.

Explicit adoption of an environmental and eco-social agenda provides a basis on which to establish working relations with other co-operatives. Most co-operatives cannot hope to be fully successful in sustainable

Co-operative Principles

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a joint-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

First Principle:

Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Second Principle:

Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

Third Principle:

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property

of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Fourth Principle:

Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Fifth Principle:

Education, Training, and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of co-operation.

Sixth Principle:

Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

Seventh Principle:

Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

development projects without considerable support from other co-operatives—as trading counterparts, as sources of technical support, and as partners and allies. Co-operation among co-operatives is an ICA principle and is essential in order to escape many of the limitations of isolation, small scale, and inexperience. Strategic alliances facilitate the capture of economies of scale and economies of scope—the economies that derive from diversification. These economies are necessary for both financial viability and ecologically sound development. Collaboration with other organizations—including those NGOs that have a specifically eco-social justice mandate—also provides access to technical expertise, markets, and information concerning subsidies and assistance programmes. Such collaboration reinforces an orientation towards sustainable development among all participants.

Co-operatives have strong ties to local communities and regions so that members and staff benefit from sustainable practices as workers, residents, and household members.

Co-operatives are “rooted” capital with strong ties to local communities and regions. These ties may reduce flexibility and impose additional costs, but they also result in advantages with respect to valorizing and recouping investments in environmental sustainability. Co-operative members, employees, and local customers stand to benefit from sustainable practices as workers, residents, and property owners, and as people with family members living in the region. This can change the calculus with which they will assess the costs and benefits associated with financial sacrifices or investments to make the co-operative more viable and environmentally sustainable. They are more likely to recognize the advantages of eco-social improvements and to perceive a benefit, even if there are significant monetary costs.

Strong links between producers, processing activities, and customers allow co-operatives to mandate—and to capture the benefits of—sustainable practices.

Co-operatives often benefit from strong links among producers, processing activities, and consumers. Direct vertical integration, and related forms of vertical co-ordination, allow co-operatives to exert considerable influence over the steps involved in primary production, processing or transformation, and marketing. This facilitates the introduction of new methods and is an advantage when it comes to capturing and distributing the benefits of sustainable practices. Working closely with member-suppliers, co-operatives can ensure that raw products meet quality requirements and production criteria. Selling finished products with guarantees pertaining to production and processing methods, co-operatives can generate a premium that translates into increased returns to members and more operating capital for the enterprise. This advantage may also apply to labour relations and occupational health and safety issues. Co-operatives can move to protect the health of members and workers (and member-workers) since the extra costs of workplace measures can be recouped in solidarity markets, in improved quality and productivity, and as a direct benefit in the form of improved health and well-being.

Pathways to Sustainable Resource Management: *Coopesilencio*

CO-OPERATIVES FIND THE RESOURCES AND RESOLVE TO pursue sustainable development agendas by various combinations of circumstance, positioning, and orientation. Located on a steamy plain near the Pacific Coast of Costa Rica, the Cooperativa Autogestionaria de Producción Agropecuaria y de Servicios Múltiples El Silencio (Worker-Managed Agricultural and Multiple Services Co-operative, The Silence) is a community and co-operative farm that represents home place and livelihood for some five hundred people. Coopesilencio currently has forty-eight members, all but four of whom are men. The members and their

families make up the bulk of the population of the *pueblo* (community) of El Silencio, with the balance represented mostly by retired members and others working on the co-operative and hoping to qualify for membership. The co-operative started in 1973 with a land invasion of a United Fruit Company banana plantation that had been damaged by a hurricane in 1955, abandoned, and then rented out to a rancher at a nominal fee. After months of conflict, the co-operative gained both recognition and managerial autonomy from the Instituto de Tierras y Colonización (Lands and Settlement Institute) (Barrantes and Victor 1998). These former banana workers and their families have taken their experience working in plantation agriculture, with its particular labour process and division of labour, and have successfully adapted it to a production co-operative (Sobrado 2000). Building also on their union experience, they have fiercely protected this model of collective production against any attempt to parcel out the land and to convert it to some form of individualized *campesino* (peasant farmer) production.

The co-operative first attempted to produce rice, but this proved difficult given the vagaries of the local climate and the high cost of inputs. Efforts were made to diversify into corn, beans, cattle, and pigs. In 1985, the members took the important and difficult decision to establish an oil palm plantation, and by the early 1990s, oil palm had become the co-operative's principal source of income. An oil palm tree can produce commercially for up to thirty years and the harvest goes on year-round, providing steady employment for the co-operative members (mostly men) and their families (women and children). The oil palm requires a major initial investment, but compared to rice production, there is much less need for commercial pesticides, which are a hazard to wildlife and to fish that are harvested from rivers running through the *finca* (farm).

Coopesilencio's mission statement is as follows:

Somos una organizacion autogestionaria que procura el desarrollo social y economico de sus asociados y sus familias, mediante la explotacion de proyectos productivos y de proteccion al medio ambiente bajo la modalidad del trabajo colectivo.

We are a self-managed organization pursuing the social and economic development of members and their families by initiatives in production and protection of the environment, under the rubric of collective enterprise.

This co-operative provides an example of the kind of “virtuous circle” that can unfold when initial steps are made towards more sustainable development. Between 1992 and 1996, members took advantage of government incentives in order to diversify by planting trees on some 345 of their 1,000 hectares. These plantations include stands of teak, melina, eucalyptus, and several native species, particularly laurel. Accessing government incentives for tree planting led to another activity: the co-operative now serves as a facilitator and promoter of this programme in the region, and receives a commission for recruiting other landowners (Barrantes and Victor 1998). The co-operative earns additional income providing forest management services to other producers in the region, and has recently become a pilot site for a new state-funded programme to promote improved management and harvesting practices in tree plantations.

The existence of the tree plantations together with some managed natural forest has led to involvement in a small sawmilling operation. It has also made feasible an eco-tourism project that was initiated in 1994 with the building of six cabins and a restaurant facility. Walking and riding trails have been developed to take advantage of attractive forests, rivers, and waterfalls, and the eco-tourism project now provides employment for twelve women and several men. The existence of this project has also had other synergistic and complementary effects. The co-operative has become the release site for a wildlife rescue and rehabilitation centre, Jardin Gaia. This centre, which also trains veterinary students, has formed a partnership with the co-operative and uses it as its primary site for releasing rescued birds and mammals. Several co-op members have received training to assist in this process, and the wildlife has become an additional attraction for visitors to the eco-tourism project. The co-operative has planted fruit trees to feed the wildlife and has undertaken to preserve parts of its natural forest without any cutting. The Jardin Gaia centre has plans to sell its facility in the coastal resort town of Quepos and to relocate its operations to a site at the co-operative.

• GERTLER

The eco-tourism project attracts study groups and overseas volunteers who pay to live and work at the co-operative. The project has also helped to deepen the commitment of the co-operative to sustainable development. This is reflected in a current initiative to further reduce use of commercial pesticides. With the help of a self-taught farmer-consultant from neighbouring Coopecalifornia, they are undertaking a tree-by-tree diagnosis of disease and nutrient problems, and are initiating a biological control programme. To this end they are propagating and planting shrubs and flowers that attract predator species, pollinators, and other beneficial insects. This is done on field edges, on ditches and dikes, and in open spaces where palm trees have died or been removed.

Pathways to Sustainable Resource Management: *Cooafe and Coopeldos*

CONSORCIO DE COOPERATIVAS DE CAFECULTORES DE Guanacaste y Montes de Oro (Consortium of Coffee Producing Co-operatives of Guanacaste and Montes de Oro) was founded in 1988 with assistance from the Fredrich Ebert Foundation of Germany. Cooafe is a co-operative consortium representing nine small co-operatives that produce coffee in the highlands of western Costa Rica. These co-operatives include thirty-five hundred growers with an average *finca* of 1.3 hectares. Cooafe serves as the marketing organization for its member co-ops, selling coffee in conventional and fair-trade markets of Europe, USA, and Asia. It exports roasted coffee, plaintain and casava chips, hearts of palm, and macadamia nuts, but the main product is green coffee beans. In 1998, it exported a total of twenty-six thousand bags. Cooafe is a source of credit for the co-operatives operating under its umbrella and helps them to locate financing for special projects.

Cooafe is also dedicated to upgrading the operations and manage-

ment of the member co-operatives, and to promoting their sustainable development. In 1996, in collaboration with co-operatives in the consortium, the Hijos del Campo (Children of the Countryside) Foundation was established. It provides scholarships to children of members attending educational institutions at all levels and funds infrastructural projects for rural schools. Ecological education and management are also important objectives. Member co-operatives and growers have been supported in projects to reduce agrichemical dependence and to gradually convert more area to organic production. Coocafe and member co-operatives have also promoted projects to make coffee-processing activities more sustainable by reducing water use and water pollution. The consumption of wood and electricity has been diminished by the installation of improved process controls, and by the substitution of soft technologies such as solar dryers. Several member co-operatives have installed lagoons and other waste-management technology, and some are making organic fertilizer from the coffee pulp and other by-products. Coopeldos is one successful example of this path of development.

Founded in 1971, La Cooperativa de Caficultores y Servicios Múltiples de El Dos de Tilarán (The Coffee Producers and Multiple Services Co-operative of El Dos de Tilarán) is located in a mountain town in the Province of Guanacaste. As of 1999, Coopeldos had more than five hundred members. Almost every family in the locality belongs to the co-operative, with some families having up to five memberships (including women and young people). In the early 1980s, the co-operative initiated forestry projects, including a nursery to produce seedlings that are given or sold to members at nominal prices. These trees are used on the *fincas* belonging to members for reforestation, as shade trees for coffee, and to establish windbreaks. The nursery also produces fruit trees to encourage diversification, and coffee seedlings to promote expanded coffee production. All co-op members have completed a conservation plan for their farms with the help of technicians employed by the co-operative. Recommendations are made concerning terraces, field layout, ditching on the contour, establishing vegetative cover on the ditches, planting windbreaks, and establishing shaded coffee production. The recommendations are not compulsory, but the co-operative has a number of ways to encourage compliance, e.g., withholding operating credit.

In 1998, Coopeldos received ISO 9002 certification from the International Standards Organization. It was the first co-operative in Latin America to qualify for this designation as an organization meeting these high standards of quality control and workplace safety. The co-operative is providing leadership to other members of the Coocafe consortium interested in certification and is preparing to apply for ISO 14000, which pertains to standards of environmental management. The co-operative pays for annual environmental assessments by expert consultants and has already made many of the important investments needed to meet ISO 14000 standards. These include building a waste-water treatment facility, redesigning the coffee-processing plant to reduce water consumption, installing a hydro-electric generating plant, and recycling organic wastes through a composting plant that produces organic fertilizer. Experiments are being carried out with worms to speed the composting process. The organic fertilizer is available free of charge to members and is being used principally by thirty producers who are experimenting with the production of organic coffee. The co-operative and Coocafe have promoted this option even though, at present, cost savings on inputs and the premium received barely offset reductions in yield. Coopeldos has recently set up a separate receiving and processing facility to segregate organic coffee.

Coopeldos is active in regional development organizations and initiatives. It has begun several land-resettlement projects to purchase large *fincas* and resettle area families who are landless or lack a sufficient land base. Like Coopesilencio, Coopeldos is also investing in regional infrastructure by upgrading roads and bridges. Its accomplishments in sustainable community economic development are all the more impressive when one understands that this is a poor area where many people still depend on horses for transportation and quite a few homes still lack access to telephone lines.

Some Conclusions

A LONG WITH THE CAPACITY FOR ADAPTATION AND INNOVATION, diversity in form and shared philosophy are strengths of the co-operative movement. The examples discussed above illustrate how, under some conditions, co-operatives can be important contributors to sustainable regional development. There are many examples of such success, as well as counter examples, and instances in which contradictory economic, social, and environmental agendas have not been clearly resolved. The successes are usually associated with favourable or at least equitable treatment from state agencies, as well as collaboration on the part of universities, research institutions, NGOs, and second-tier co-operative organizations. In this respect, at least, successful co-operatives are not different from other kinds of successful enterprise. Success does not come about in a vacuum.

In the Costa Rican examples cited here, many challenges remain to be overcome. While access to land has been a necessary precondition, and a revolution in environmental consciousness an important second step, many of the co-operatives studied so far face the necessity of a third revolution: the equitable inclusion of women and youth in the life of the co-operative. Without this, both organizational sustainability and qualification as an engine of sustainable regional development remain in doubt. This criticism could be applied equally, however, to most of the resource-sector co-operatives the author has had a chance to study in Chile and in Canada. It is symptomatic of broader societal challenges that involve the need to address arrangements and attitudes that perpetuate exclusions and inequities.

The good news is that co-operatives, both in theory and in practice, are shown to be able to adopt the more integrated and holistic mandates of

• GERTLER

sustainable development. The principles and accumulated historical traditions of co-operatives provide conceptual resources that can motivate and undergird initiatives to include a wider range of concerns in enterprise planning. The financial organization and economic principles of co-operatives provide them with a number of options by which to mobilize capital, and to valorize investments in more sustainable practices and systems of production. The social relations within and around co-operatives provide hope for personal liberation, expanded choices, and opportunities to address collective needs and concerns in new ways that preserve the resilience and integrity of ecosystems and human communities. Moreover, co-operatives can be catalytic actors linking many kinds of organizations, and facilitating the elaboration of advanced and attractive solutions to problems confronting people who are normally at the end of the line with respect to seeing the benefits of any kind of development.

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Rural Co-operatives and Sustainable Development. This paper examines structural, economic, social, cultural, and political factors that affect the ability of co-operatives to implement more advanced forms of environmental management and sustainable development. The ideas presented here are conceptual and preliminary. They are based on a heterodox analysis of co-operatives as social and economic organizations, and on empirical observation of the practices of agricultural-sector co-operatives in Costa Rica, Chile, and Canada. Case study field research was carried out in rural Costa Rica in 1999. This paper examines structural, economic, social, cultural, and political factors that affect the ability of co-operatives to implement more advanced forms of environmental management and sustainable development. The ideas presented are conceptual and preliminary. They are based on a heterodox analysis of co-operatives as social and economic organizations, and on empirical observation of the practices of agricultural-sector co-operatives in Costa Rica, Chile, and Canada. Gertler, Michael E., 2001. "Rural Co-Operatives And Sustainable Development," Miscellaneous Publications 31775, University of Saskatchewan, Centre for the Study of Co-operatives. Handle: RePEc:ags:uscomp:31775. as. HTML HTML with abstract plain text plain text with abstract BibTeX RIS (EndNote, RefMan, ProCite) ReDIF JSON. Download full text from publisher. File URL: <http://ageconsearch.umn.edu/record/31775/files/gertle01.pdf> Download Restriction: no. Citations.