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Food Cooperatives in Canada

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Introduction

Food has played a key role in the development of the cooperative model. From the initial offering by the Rochdale Equitable Pioneers of butter, sugar, flour, and oatmeal, cooperatives have provided access to food for those with limited means (Holyoake 1893). Cooperatives have addressed issues of access by involving the community in the development of firms that address basic needs such as food. This discussion will look at the development of cooperatives as these firms address a community's basic need for food by applying the cooperative principles. The development of cooperatives and their guiding principles represent an ethical response to perceived injustices within the economic system.

This entry will look into the ethical question that revolves around the focus on capital within the investor-owned firm (IOF) and the focus on the member within the cooperative firm. The capital focus of an IOF drives the firm to look inward

for efficiencies to produce higher returns on the capital investment for shareholders. When a firm focuses on members, there is a view outward to what a membership community requires of the firm.

As a response to the lack of focus on community needs, the cooperative model incorporated the democratic member control principle as a means of empowering the community through individual democratic participation. The democratic member control principle ensures that each member of the cooperative, regardless of their financial state, is provided with a vote within the firm. The one member, one vote democratic principle is one of the key tenants of the cooperative business model. This democratic cooperative principle changes the focus of a firm from a focus on capital needs to community members' needs. This change of focus from capital to the individual calls into question the basic tenets of human nature within an economic system.

The neoliberal capitalist belief about human nature is that the individual is self-focused and hyperrational. However, this overarching belief about the individual should be reexamined in light of the work by authors such as Elinor Ostrom (2000) and her seminal work on resource management. Ostrom's (2000) work shows that communities can utilize common pool resources without the resource falling into disaster as outlined in the tragedy of the commons. The tragedy of the commons refers to the inability of a group to manage a common resource due to each individual's

tendency to overuse the resource for self-benefit. Overuse of the resource creates problems, often destroying its sustainability. Self-limitation of the use of the resource, however, is not effective if your neighbors do not also refrain from overuse. The resource, it is believed, eventually collapses due to community overuse, and the individual will have lost any short-term benefits of taking their share prior to the collapse of the resource (Hardin 1968). Ostrom's (2000) work has shown that the tragedy of the commons is not a predetermined outcome of collective resource management. Human nature has not shown that resources are overused due to each individual focusing on their own short-term wants as communities have been able to manage resources sustainably as a collective or cooperative (Ostrom 2000).

The capitalist system encourages consolidation, slower growth, importance of inheritance, and excess use of resources in a manner that could produce an outcome similar to the tragedy of the commons. Individual firms act in a self-interested way to utilize basic resources, for the interest of the firm and its shareholders, due to the competitive nature of the economic environment. As IOFs focus inwardly to ensure their own survival and the return on investment expected by their shareholders, less focus is put toward outward sustainable resource development to address the needs of the broader community. By failing to address the broader community needs, the capitalist system produces market failures.

The cooperative firm has traditionally developed in response to market failures (Fairbairn et al. 2000). These market failures leave communities with limited access to necessary resources such as food creating food deserts. Food deserts are urban neighborhoods and rural towns without ready access to fresh, healthy, and affordable food. Alkon and Norgaard (2009) found a direct correlation between lack of healthy, affordable food choices and the incidence of diet-related diseases, such as obesity and diabetes, which disproportionately affects the low-income population. The term food swamp may be more appropriate than food desert for areas where food of poor nutrition is available. The most critical issue in North American urban settings is not

insufficient access to food calories but rather the easy availability of unhealthy, energy-dense snack foods through corner stores in low-income neighborhoods.

In response to the decreased access, communities band together to create a food cooperative that will service their community's needs. This community development of a cooperative firm to provide access to products and services has been going on for over a century. The Rochdale Equitable Pioneers of Manchester, England, were the first to formalize a method for ethical business practices that addresses their community's needs.

From Rochdale to Canada

This section will provide the historical background on cooperative development from the original Rochdale Society of Equitable Pioneers including cooperative development in Canada by the Desjardins as influenced by Friedrich Wilhelm Raiffeisen. This section will present the ethical beliefs that drove these original cooperative pioneers to develop a cooperative business in response to perceived injustices within the economic system of the time. The historical context will show that the Rochdale Pioneers established their businesses out of an ethical concern for the community's access to basic products such as food. The cooperative model was then moved from a response to the need for a basic necessity to a means of empowerment within the economic system by providing access to credit via the Caisse Populaire established by Alphones and Dorimène Desjardins of the Province of Quebec.

While the beginnings of cooperation are a highly debated topic, it is generally agreed that the Rochdale Society of Equitable Pioneers, normally referred to as the Rochdale Pioneers, formalized the cooperative principles that form the basis for modern-day principles. It was on December 21, 1844, that a group of 28 weavers joined together to form the Rochdale Society of Equitable Pioneers as a retail enterprise. Each weaver invested 1£ to start the cooperative business to sell basic necessities to their community such as flour, butter, oatmeal, and, to begin with, two candles.

By establishing the cooperative, the Rochdale Pioneers did not just hope to sell basic goods but provide employment for their members who were out of work or poorly paid. The cooperative even went so far so to seek to provide housing for their membership (Holyoake 1893). *The economic interactions that take place at food cooperatives are combined with social interactions which help foster relationships between community members. These make such alternative food systems valuable community institutions.*

The idea that a business would seek to provide services over and above the basic product line which it sells would seem counterintuitive to today's approach to economic activity. The Rochdale Pioneers developed their cooperative with an outward-facing focus in order to address their members' needs. Each member not only provided the necessary investment to establish the cooperative firm, but the democratic principle allowed the membership to define the members' needs, which drove the firms' activities.

The Rochdale Pioneers formalize the relationship of the firm to the membership by establish guiding principles for all business activities conducted by the firm including democratic rights of the membership. The Rochdale Pioneers originally outlined 12 guiding principles, but in 1995, the International Co-operative Alliance (ICA) held a conference in Manchester, England, to update the original Rochdale principles. The outcome from the Manchester conference was a list of seven principles that are meant to guide cooperative business practices. The seven principles are:

1. **Voluntary and Open Membership**
Cooperatives 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.
2. **Democratic Member Control**
Cooperatives 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 cooperatives, members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner.
3. **Member Economic Participation**
Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. 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 cooperative, possibly by setting up reserves, part of which at least would be indivisible, benefiting members in proportion to their transactions with the cooperative, and supporting other activities approved by the membership.
4. **Autonomy and Independence**
Cooperatives 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 cooperative autonomy.
5. **Education, Training, and Information**
Cooperatives provide education and training for their members, elected representatives, managers, and employees, so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.
6. **Cooperation Among Cooperatives**
Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.
7. **Concern for Community**
Cooperatives work for the sustainable development of their communities through policies approved by their members (ICA 1995).

The guiding principles outlined above are meant to assist cooperatives in enacting their values within their business practices. Many of the principles are outward facing from the firm such as education, training and information, cooperation among cooperatives, and concern for community. These cooperative principles look to extend business practices beyond the efficient production of goods and services to include development of the members and community in which the cooperative resides. Such concern for community can be seen in the development of the cooperative movement in Canada as the Desjardins of the Province of Quebec established their cooperatives in response to high interest rates endured by rural farmers at the time.

Canadian Cooperative Development

The history of cooperatives in Canada begins with the Desjardins through the Caisse Populaire in Quebec on December 6, 1900 (Fairbairn et al. 2000). The original cooperatives utilized a credit union business model to help farmers gain access to credit and avoid usury fees from the standard banking models of the time. The high interest rates charged by the banks of the time depressed the rural economy which was strongly agrarian, making the lives of rural farmers exceedingly difficult.

The Desjardins took their inspiration from Friedrich Wilhelm Raiffeisen's concepts of rural community cooperation. Raiffeisen, a village mayor in Germany, was the founder of the first rural cooperative with a vision to build a cooperative movement based on education and leadership (Fairbairn et al. 2000). Raiffeisen believed that:

The balance has been upset; rural areas and smaller trades have been left behind. It lies to them (neighbours) to take possession of the benefits of the new age; then, they won't wish any more to have the good old days come back. (Raiffeisen, 1866 as quoted in Fairbairn et al. 2000, p. 20)

From this statement, it is possible to see that Raiffeisen believed that a rebalancing of economic power was needed. The existing system

put power into the hands of larger enterprises leaving the working class and smaller business behind. Raiffeisen saw the power imbalance within the economic system of the time as an ethical issue, which needed to be addressed. The development of an economic model that encourages cooperation and would empower smaller businesses and communities was seen as a solution to the consolidation of power within the system.

Seeing a similar separation between the larger firms and the small rural land holders, the Desjardins took their inspiration for cooperative development from Raiffeisen. The Desjardins sought to develop a similar cooperative model in order to shift the economic power toward small rural farmers. The Desjardins saw the threat of economic disempowerment as similar to the threat of democratic freedoms:

Instead of being governed like peoples were two or three centuries ago, by an autocratic king who presented himself as an emissary of heaven, we govern ourselves and we regulate everything connected with the political world by the agency of our freely elected deputies. Why should we not have an equally free regime in the economic world? (Desjardins 1907 quoted in Fairbairn et al. 2000, p. 20)

The Desjardins were expressing the concept that only through equality of economic power, just like political power, can consumers participate in their communities and thus in their community development. Desjardins believed that the firm must look past its own needs and see to the needs of the community in which it serves in order to be sustainable (MacPherson 1979).

The Desjardins and Raiffeisen put their mark on the cooperative movement in Canada, emphasizing education, leadership, and democracy as key components of the cooperative firm. As the cooperative movement continued into the twenty-first century, the participatory, democratic principle remains key to the business structure. The one member, one vote principle of the cooperative is the corner stone of the cooperative, representing the participation of members in the economic development of their business and by extension their communities.

The original cooperatives began as credit unions to address access to capital issues faced by rural farmers and the working classes. The establishment of high interest rates by the banking system at the time proved to be an ethical concern that the Desjardins could not ignore. The cooperative model continues to address empowerment issues within the banking system, but it has also extended its influence into housing, healthcare, agricultural boards, and other sectors. The cooperative model has extended into additional sectors of the economy in order to address the needs of those people who have limited access to society's services. This does not mean that cooperatives offer free services to those who do not have the means. Cooperatives were meant to provide services for fair prices to meet a community's need in a sustainable manner.

It was the issue of fair prices that initiated the development of cooperative on the Canadian prairies. The agrarian-focused cooperative movement of the prairies that began just prior to the twentieth century focused on the inclusion of democratic participation in the economy very much like the Desjardins' Caisse Populaire. Inclusion of democracy in economic activities was a reaction to regional underdevelopment on the prairies. Prairie farmers had been locked in to a monoculture, staple production system that squeezed grain producer's to the point of subsistence living. Agricultural marketing agencies, farm supply cooperatives, and eventually the wheat pools would offer more economically democratic alternatives to the conventional market system that was characterized by unequal exchange (MacPherson 1979). Cooperatives on the Canadian prairies much like the Caisse Populaire in Quebec sought to address an empowerment issue within the economic system through collective, democratic economic activities.

George Keen, one of the leading builders of the cooperative movement, visited the Canadian prairies regularly during 1922 and 1939. Keen believed that all human beings have a fundamental interest in the preparation, manufacture, and distribution of high-quality consumer goods sold at fair prices. Keen's consumer theory of cooperation de-emphasized the overproduction of goods

through economies of scale which Keen believed brought about inflated prices, conspicuous consumption, misleading advertising, exploitative practices, and class warfare. Controlling the resources of a community through a democratic, cooperative model would avoid these issues refocusing production on community needs (Keen 1950).

Keen's view of cooperatives was that they were to focus on fair prices, appropriate consumption, avoidance of consumer manipulation through poor advertising, and effective allocation resources. Cooperatives could also bring the elite and working classes together for mutual benefit via community development. Keen's views on democratic allocation of resources came from the overarching Rochdale Principles defined between 1844 and 1854. Keen (1950) believed that if cooperatives help community economic development through democratic participation, then the development of social injustice through inequality of economic power would be alleviated. Furthermore, from a divine command ethical theory perspective, about 30 years ago in their 1986 pastoral letter, *Economic Justice for All*, the US bishops emphasized the concept of justice as participation of all members of society in service of the common good. Such cooperative economic practice exemplified justice through participation (Pfeil 2012). This basic theological concept serves to ground cooperative economic practices in communities.

Empowerment

According to Gomez and Helmsing (2008), local commercial activities, which include currency systems, can affect the quality of communities through empowerment via greater economic opportunities. The democratic principle of one member, one vote embedded within the cooperative business model provides a means to enact community participation within the economic system. Community members have the opportunity to become more than just consumers within the food system through their active participation in the cooperative firm.

In addition to the democratic principle espoused by the cooperative model, the education, training, and information principle also assists community members in participating in the economic system. McGregor (2005) argues that consumer education helps people develop inner power and social potential to challenge the status quo. This consumer education according to McGregor (2005) cannot be unlearned and creates a form of sustainable consumer empowerment. McGregor believes that enabling consumers to do something through skills development alone does not empower them as long as they believe they have no authority to take action, i.e., an inner perception of power. McGregor (2005, p. 440) sees empowerment as increasing the political, economic, and social strength of individuals and groups that have been marginalized or excluded from the main power structure in a society (including the marketplace and civil society in a consumer culture).

Consolidation within the Canadian food system has disempowered and disconnected consumers from the food system (Fresco 2009). Cooperatives have sought to redress the lack of consumer empowerment through a combination of educational programs and democratic participation for their members. This focus on empowerment harkens back to the origins of the cooperative model and the Rochdale Pioneers as well as the Desjardins. Both the Rochdale Pioneers and the Desjardins sought to provide opportunities for their community members to act within the economic system for the benefit of their communities.

Allen's (1999) concept of community food security (CFS) provides an understanding of how entire communities have become disempowered by the food system and what actions are needed to address the disempowerment. By relinking production and consumption, it is possible to address the irony of food production abundance within food insecure communities. Allen seeks to address this problem in which the current food production system is able to produce vast quantities of product, but excludes those who lack the financial means. The inability

of individuals within a community to access food brings to light the issue of food security.

Food security is the availability at all times of adequate world food supplies of basic foodstuffs to sustain a steady expansion of food consumption and to offset fluctuations in production and prices. Allen (1999) would argue that the current food system is disconnected from the consumer, leaving individuals and communities food insecure. The organization of the current food system raises the issues of empowerment or ownership of the system itself, which leads us to discuss food sovereignty.

Food sovereignty is the right of each nation to maintain and develop its own capacity to produce its basic foods respecting cultural and productive diversity. La Via Campesina brought this definition of food sovereignty forward in response to the disempowerment of local farmers. La Via Campesina is a movement of farm workers, peasant, farm, and indigenous peoples' organizations from multiple regions from around the world. La Via Campesina is very much like the cooperative movement, which seeks to provide a voice in the management of the food system through the democratic principle. It is only through the development of a means to exert influence over a system that an individual or community is truly sovereign over the system (La Via Campesina 1996).

Foucault (1979, p. 136) outlined the change in sovereignty from the "right to kill" to the ability to "seize, manage and exert influence over the living conditions of individual bodies and whole populations." Cooperatives provide a means for individuals and communities to participate within the food system, through the cooperative principles, which allows communities to exert influence over the system for the benefit of the community. This was evident on a mass scale in terms of the women empowerment achieved through disbursement of agricultural microcredits by the Grameen bank, an initiative of Nobel Laureate Muhammad Yunus (Boyatzis and Khawaja 2014).

Conclusion

Cooperatives within the Canadian food system offer communities the ability to act within the system in a manner that is over and above simple consumerism. While our discussion focused on the democratic principle of one member, one vote as a means of empowering communities, the guiding cooperative principles provide an understanding of economic activity beyond a simple return on investment. The focus on capital as the driving force behind the development of the food system diminishes what should be the very purpose of the system, i.e., the development of food security and sovereignty for communities.

Cross-References

- ▶ [Agricultural Cooperatives: Thomas Gray](#)
- ▶ [Civic Agriculture: Amy Trauger](#)
- ▶ [Economy of Agriculture and Food: André Magnan](#)
- ▶ [Food Deserts: Daniel R. Block](#)
- ▶ [Food Security: Irene Hadiprayitno](#)
- ▶ [Food Security in Systemic Context: Kirsten Valentine Cadieux, Renata Blumberg](#)

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