

# Reaching Cooperative Solutions

A review of E.G. Nadeau's *The Cooperative Solution*

BY DAVE GUTKNECHT

**T**he *Cooperative Solution*, by E.G. Nadeau, is a small book that makes large claims, as indicated in its subtitle: *How the United States can tame recessions, reduce inequality, and protect the environment*. Published in August 2012 (CreateSpace Independent Publishing Platform), Nadeau's book was sponsored by the Association of Cooperative Educators and funded by the Cooperative Foundation. The publication is available as a pdf at [www.thecooperativefoundation.org](http://www.thecooperativefoundation.org), and the paperback can be obtained through Amazon and elsewhere.

Nadeau is a longtime cooperative developer and educator based in Madison, Wis. He previously coauthored, with David Thompson, the book *Cooperation Works!: How people are using cooperative action to rebuild communities and revitalize the economy*.

Nadeau also is a colleague of mine, and prior to publication we had a brief conversation about updated food co-op numbers, and later an exchange on the new book's audience.

Three chapters comprise *The Cooperative Solution*:

- The Consequences of Concentrated Economic Power in the United States
- The Role of Cooperatives in the U.S. Economy
- Growth Opportunities for Cooperatives in 2012 and Beyond

Nadeau's thesis: Cooperatives "have demonstrated their ability to operate effectively within the U.S. economy, showing that economic success and democracy are highly compatible. In fact, as this essay argues, the economic democracy exemplified by cooperatives is a powerful framework on which to base a future economy that is adaptable and responsive to the needs of society and is sustainable over the long term."

## Barriers to increased democracy

In describing the political landscape, Nadeau refers to the powerful barriers to implementing meaningful reform and increasing economic democracy. He recognizes that "the economic power of these large corporations must be curbed in order to avert environmental catastrophe," but he chooses to limit his focus to

the potential of cooperatives in transforming the economy.

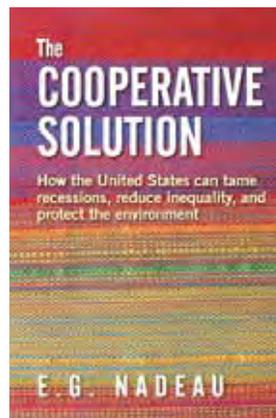
Perhaps that is enough of an agenda for an essay of 130 short pages. However, one consequence is that no mention is made of parallel political action toward forms of mixed and public ownership (local, state, federal) alongside cooperatives—yet they are complementary, shared solutions to social needs.

I can't fairly fault the author for not writing a different book. Yet, to address his thesis on solutions to economic problems, we're unlikely to realize a deeper impact via cooperatives without broader public programs that emphasize the commons that we share and must protect: public health; soil and water and natural resources; rural and urban energy; transportation infrastructure; and so on. However, achieving and expanding commons-based solutions is much more difficult when money so dominates our sorry politics. Transformation of these political barriers is a formidable challenge—making my objection that we need broader solutions than cooperatives sound like spitting into the wind.

## The cooperative landscape

Nadeau asserts that "*cooperatives are the solution to many of the major economic, social, and environmental problems in the United States today*" (italics in original). This overly broad statement is recast later in the same paragraph: "As a result of this democratic, services-first design, *co-ops are much more likely to avoid the negative consequences of economic institutions primarily driven by the quest for ever-increasing profits*" (italics added). Does this kind of nuance matter? It does if the book is intended to influence public officials and policy makers and business developers, who will need more substantive proposals to be persuaded of the book's thesis.

Furthermore, along with weak public policies and weak regulatory enforcement, we do see examples where cooperatives themselves engage in shortsighted activities that are



contrary to that common good. It is important that friends of cooperatives recognize this happens and that cooperatives by themselves cannot solve every economic ill. The book says little about the forces that often lead cooperatives to fall short of their lofty aspirations.

*The Cooperative Solution* may best serve as a kind of political primer for cooperators who know little about co-ops beyond their own immediate experi-

ence—and such an essay is needed. All co-op members and employees can themselves be educators toward a more cooperative future. I recommend *The Cooperative Solution* as an introduction, a good survey of the landscape of today. The book's numerous examples point to the breadth of cooperative enterprise, as well as to cooperatives' enormous potential to expand their services and economic impact.

After summarizing the disasters brought about by a finance system based on monopolies, fraud, greed, and striving for endless growth, Nadeau goes on to review achievements by cooperatives in several economic sectors: mutual insurance, finance and credit unions, agriculture, rural energy, social services, housing, groceries and consumer goods, and worker-owned businesses. The third section proposes growth opportunities and innovations that could expand the reach of co-ops.

Writing in the first half of 2012, Nadeau refers to the recession lifting—a misjudgment, in my view. Rather than anticipating any kind of return to business as usual (the platform of most public figures), we should proceed with the recognition that recession has no end in sight, since its fundamental causes include declining essential resources, increasing environmental damage, and unpayable debts. Nadeau, to his credit, doesn't mince words in describing the current circumstances, while also saying, "What should give us hope is that bleak economic times in the past have been followed by periods of economic and social renewal."

Nadeau is surely correct in pointing to cooperative examples and possible solutions to many social problems. But why is progress in that direction so limited? I suggest that only when the deep threats to our common prospects are more widely and publicly addressed will there be a major surge of cooperative formation, with greatly expanded cooperative enterprise in multiple sectors and public programs supporting cooperatives as a fair and democratic structure for meeting social and business needs.

### Sharing both gains and pains

Finally, speaking of difficult prospects: While a well understood benefit of cooperatives is the broad sharing of gains or prosperity, it is equally true that cooperatives can provide for a sharing of pain or hard times. This can be a powerful strength. A recent example, as I understand it, is the way the organic dairy cooperative Organic Valley (CROPP) managed the 2009–2011 dairy crises. The entire dairy pool was retained with incremental reduction in prices paid for milk and with incremental, across-the-board reduction in capacity (herds). As a result, member-owner dairy farmers were able to survive until the market improved.

The good news? As Nadeau states, “The lessons from history indicate that major changes can occur in short periods of time, whether they involve busting trusts, increasing political democracy, or expanding economic democracy.” Hasten the day! ■

## Keep your policymakers in the know

with a subscription to the Cooperative Grocer for each of your board members.

Take advantage of our discounted rate for multiple copies sent to the same co-op address.

See page 3 for a subscription form.

**Cooperative Grocer**  
FOR RETAILERS AND COOPERATORS

FAMILY OWNED AND OPERATED



FROZEN ORGANIC FRUITS AND VEGETABLES!

Phone 1-800-533-2215 or 507-725-5281

Fax 507-725-5285

www.snopac.com or email: snopac@snopac.com

GO CO-OP!

## CO-OPERATIVE MANAGEMENT EDUCATION

Graduate Level Education Geared to the Co-operative Sector



| Master's Program | Graduate Diploma |  
| Part-time Online Learning | International Faculty, Students & Graduates |

Saint Mary's University offers two international management programs that provide exceptional management skills to current and future co-operative leaders. Designed for working professionals seeking a part-time program geared to co-operatives, the programs draw students, faculty, and researchers from around the globe and from a diversity of co-operatives and credit unions. Graduates and students come from nine countries, and faculty hail from Canada, the United States, New Zealand, and England.



“MMCCU is an essential part of our training and development plan. Seward Community Cooperative has a commitment to support up to two employees in the program each year. This is a reflection of the high regard we have for this comprehensive master's degree.”

Sean Doyle, MMCCU Graduate  
General Manager, Seward Community Co-op, USA

### Graduate Diploma in Co-operative Management\*

| Complete in 16-20 Months | New for 2013 |

### Master of Management - Co-operatives and Credit Unions (MMCCU)

| Complete in < 3 Years | 10 Day International Study Tour |

“MMCCU gives co-op managers the tools they need to innovate and succeed. I can't speak highly enough of this program.”

Erbin Crowell, MMCCU Graduate  
Executive Director, Neighboring Food Co-op Association, USA



Karen Miner, Managing Director  
p: 1 (902) 489 1719 | e: karen.miner@smu.ca



\*Final academic approval anticipated in Fall 2012

ManagementStudies.coop