

## Cooperatives

Cooperative enterprises benefit a community in many ways. They bring people together, encourage them to use their diverse skills and talents, and provide them with an opportunity to develop new capabilities. They strengthen the community by creating a sense of belonging, fostering close relationships amongst different types of people, and empowering people to make decisions to develop their community.

All this fosters community spirit. Working together, a community is able to accomplish much more than when individuals go their separate ways.

On an economic level, cooperatives foster regional economic self-reliance and independence from outside control, empowering local people. They create employment, circulate money within the community, and offer a wide range of goods and services. Because cooperative enterprises are owned by the members themselves, profits stay in the local area. Cooperatives thus increase the wealth and build the strength of the community.

In essence, successful cooperative enterprises transform a community by establishing economic democracy. Cooperative enterprise is the socio-economic system of the future. With global capitalism terminally ill, developing cooperatives as independent alternatives makes a lot of sense.

Virginie Perotin of Professor of Economics at Leeds University Business School synthesized research on “labor-managed firms” in Western Europe, the United States and Latin America, and found that, aside from the holistic social benefits of worker autonomy, giving workers a direct stake in managing production enables a business to operate more effectively. On balance, Perotin concludes, “worker cooperatives are more productive than conventional businesses, with staff working ‘better and smarter’ and production organized more efficiently.”

By prioritizing worker autonomy, co-ops provide more sustainable long-term employment, but not only because worker-owners seek to protect their own livelihoods. If a company runs into economic distress, Perotin says, co-ops are generally more adept at preserving jobs while planning longer-term adjustments to the firm’s operations, such as slowing down expansion to maintain current assets—whereas traditional corporations may pay less attention to strategic planning and simply shed jobs to tighten budgets.

[https://www.uk.coop/sites/default/files/uploads/attachments/worker\\_co-op\\_report.pdf](https://www.uk.coop/sites/default/files/uploads/attachments/worker_co-op_report.pdf)

There are far fewer co-ops in the United States than in the established French and Spanish co-op sectors, with only an estimated 300 to 400 US worker cooperatives “employing around 7,000 people and generating over \$400 million in annual revenues,” according to the United States Federation of Worker Cooperatives (USFWC). Co-ops can boost career mobility and seed homegrown job opportunities, while communities benefit from an ownership structure that keeps capital reinvested locally, not exploited or outsourced to faceless corporate chains.

Mondragon is one of the world’s largest industrial co-operative associations. The organisation was founded in 1956 in the Basque region of Spain to provide work and employment to local people at a time of great societal economic need. It has seen significant growth: composed of more than 260 different companies and subsidiaries, with over 75,000 workers in 35 countries, and annual revenues of over €12 billion, this constellation of worker-led ventures describes itself as ‘humanity at work’.

MONDRAGON, a social innovation ecosystem case study by the Young Foundation – April 2017.

<https://youngfoundation.org/wp-content/uploads/2017/04/Humanity-at-Work-online-copy.pdf>

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Investment in communities could be made by establishing cooperatives, funded by the Reserve Bank, to purchase existing enterprises and establish new ones. This would retain New Zealand ownership of the businesses, provide employment and upskilling of the workforce, and keep the profits in New Zealand to benefit the local and New Zealand economy.

This is particularly important in a world where jobs are increasingly being taken over by artificial intelligence and robotics, as ownership of businesses would still provide income by way of dividends, to workers replaced by technology.

Refer “Funding Our Future” for the viability of using Reserve Bank Funding.