

**SOLIKON**  
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**Capital and the Debt Trap**  
**Learning from Cooperatives**  
**in the Global Crisis**

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## 4 cases

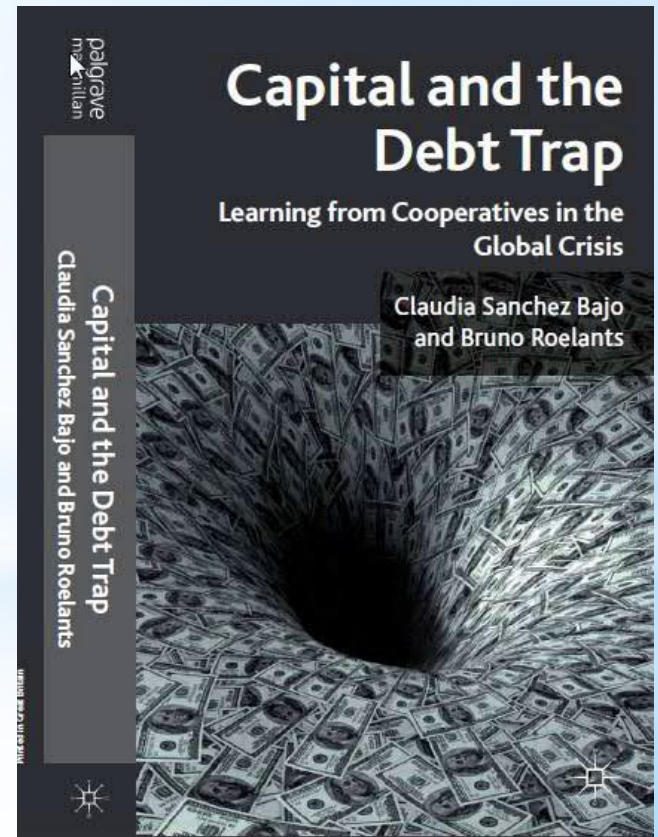
- \* Natividad Island, Mexico ( *Divers & fishermen co-operative* )
- \* Rhône-Alpes, France (Ceralep co-operative)
- \* Québec, Canada (Desjardins)
- \* Basque country, Spain (Mondragon)

**Types:** individual coops and coop groups

**Themes:** natural resources, industry, finance, production and distribution

**Having faced other crises:** the environment, 1929, 1980s and 1990s, aggressive buy-outs and absentee investors, liberalization within regionalism.

- \* Research mainly done in 2009 and 2010  
But book still valid



# \* Main issues analysed in the research

- ✓ The issue of CONTROL in “capitalism” and globalisation
- ✓ The issue of technological change and its impact on control and on economic functions
- ✓ The inter- linking of “toxic” and predatory practices in a shared framework, contrasted to “bubble-free” practices
- ✓ Why is equality important and how to bring about community change
- ✓ In depth management mechanisms in front of the crisis
- ✓ Stakeholders’ role in generating wealth in a ‘healthy’ sustainable economy
- ✓ The value of co-operatives in a global perspective

\* We must include, among the instruments of policy analysts and theories about human action, a “collective action theory by which a group of interested participants can voluntarily organize by themselves and retain the residuals of their efforts. “

\* Self-organized enterprises are everywhere and cooperatives in their majority are part of the latter

Ostrom, E. *Governing the Commons*, 1990 P 24-25

\* A call for more Teaching and Research



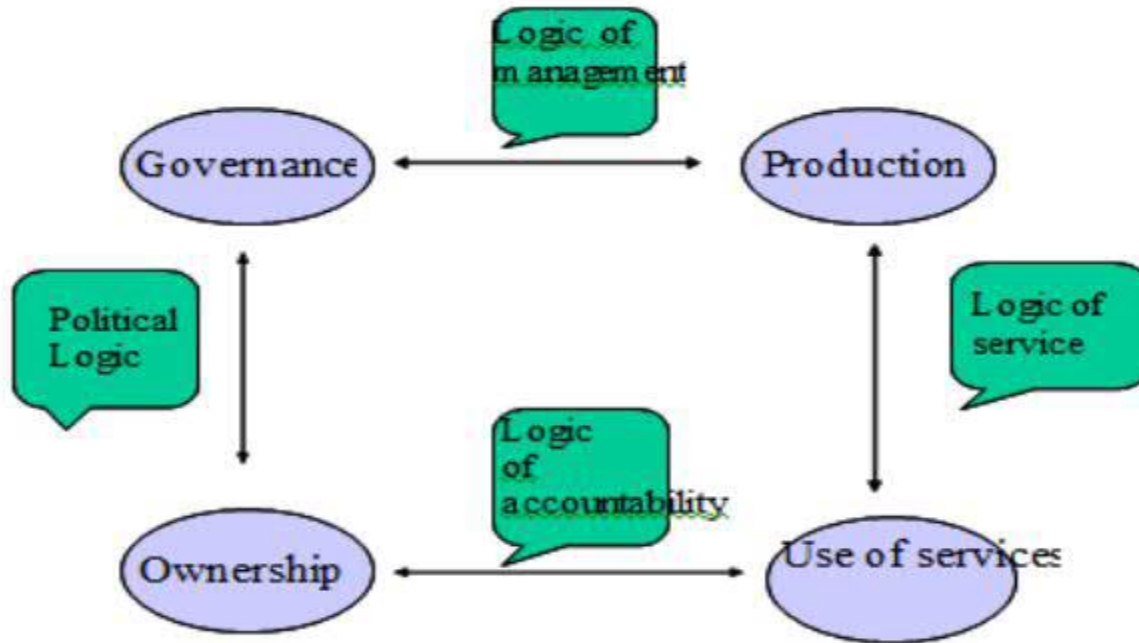
# \* What is a co-operative?

ILO Recommendation 193 of 2002 on the  
Promotion of Cooperatives *and the ICA definition:*  
a cooperative is “an autonomous association of persons united  
voluntarily to meet their common economic, social and  
cultural needs and aspirations  
through a jointly owned and democratically controlled  
enterprise”

“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”  
(part of 3<sup>rd</sup> co-operative principle)

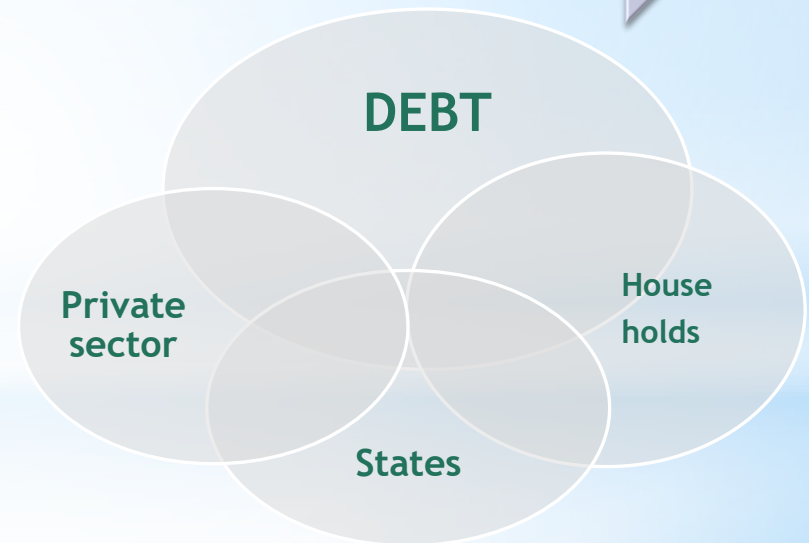
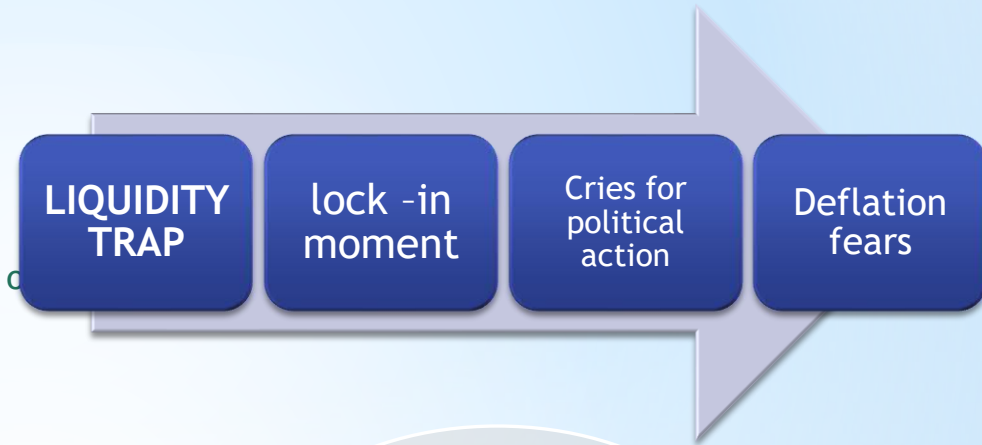
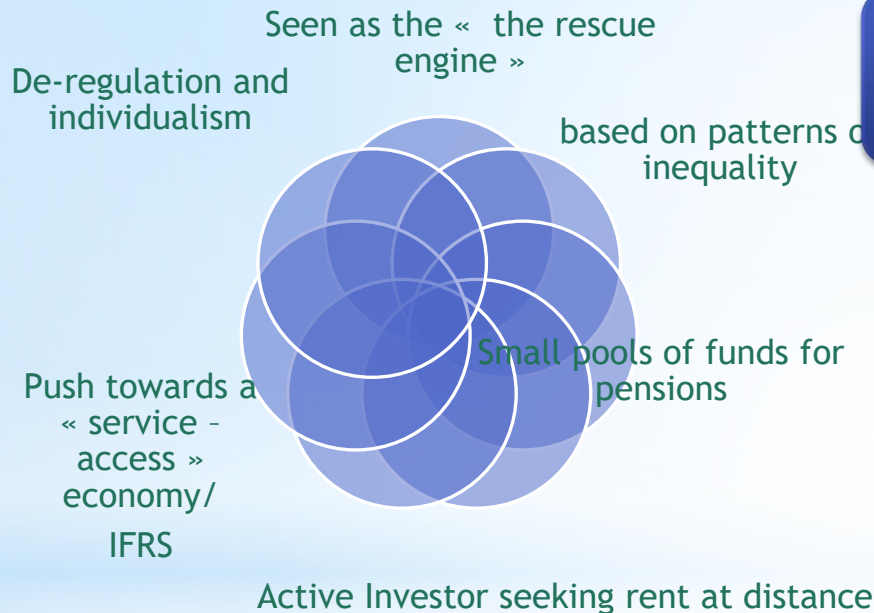
Cooperative members’ double nature:  
both stakeholders and owners-controllers.  
This mirrors the double nature of their enterprise.

# \* DIFFERENCES in ENTERPRISE LOGIC



# \* What has been the last crisis about? Three traps feeding into each other

## CONSUMPTION TRAP



The system is prone to implosion, according to leverage levels and default events

# \*What co-operatives do in front of a crisis?

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# \* Management strategies in front of the crisis

## Short Term

- \* Information in common
- \* With more equal pay scale, Cost reduction more legitimate and efficient
- \* Shared Flexibility (time, posts, labour management, compensation)
- \* With less leverage and Reserve funds better guarantees
- \* Safety funds and Support institutions to intervene

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## Longer Term

- \* Resources in common
- \* Implementation of new strategies
  - \* Restructuring
  - \* Services
  - \* Pensions
  - \* Education
  - \* Institutional innovation
  - \* Targeting better community needs
  - \* Funding
- \* In times of crisis, co-operative values are reinforced

## Rationale

- \* Long term (employment, activity, resources, territory, foreseeing good as well as bad times!)
- \* Common interest
- \* Protected common funds providing anchoring
- \* Best resilience is built earlier

\* Tasks may be delegated; but democratic powers (control) should not

- **Groups among co-operatives: horizontal coordination, with an evolution from territorial services towards specialization by sector of activity**
- **In the last decade, a simplification of levels of management**
- **Balancing economies of scale with autonomy/ participation**

# \* Natividad Fishermen Co-operative, Baja California

## Chapter 5 of the book



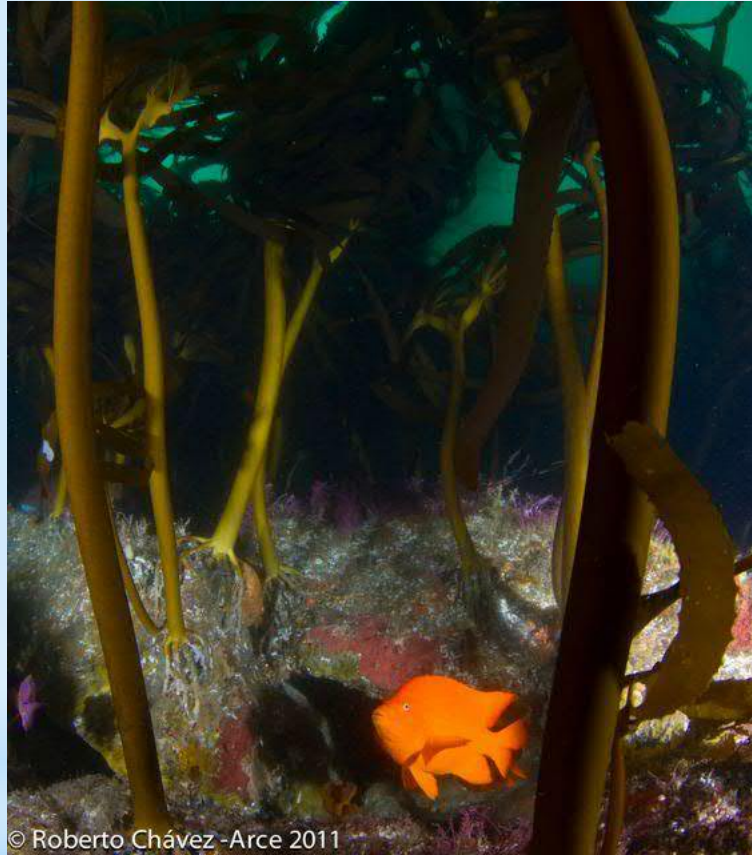
# Divers and Fishermen Co-operative in Natividad Island: in front of the environmental crisis they

1. Includes scientific members
2. Restrict fishing according to stocks in-time and various depths, restricts full membership accordingly
3. Monitors all, including pirates
4. Managed to obtain status of national park, develops tourism
5. Managed to industrialise, create its own brand, exports Asia
6. Co-operates with others (universities, US NGOs Reef Check, etc)
7. Energy use and investment also ecological
8. Labor rights, pensions, but austere life





## Eco-Tourism



During a research project, which involved active participation by the community, Stanford University and the Economic Research Institute of the National Autonomous University of Mexico: 2006, a kelp forest reserve / Video:

[http://www.youtube.com/watch?feature=player\\_embedded&v=QC3rerPv700](http://www.youtube.com/watch?feature=player_embedded&v=QC3rerPv700)



With Reef Check 2013

<http://reefcheck.org/news/print.php?id=980>

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Ceralep French porcelain insulators manufacturer for almost one century, saved by its workers and growing amidst the crisis

# \* CERALEP in France

## A worker buyout

After a series of takeovers, management techniques of distant pension funds, and the transfer of the enterprise's know how to others, workers bought the enterprise.

Not all workers on board. After obtaining property, the enterprise went back to growth including employment, sales and exports, upgrading gradually technology and products.

With advisory and coaching by co-operatives' specialized institutions, also an ex-Coca Cola manager voluntary support, shocked by a friend's suicide.

Rate of survival SCOP 71% against 66% for all French enterprises (INSEE), End 2010, 27% SCOP more than 20 years old, against 18% for all companies.

Key factor: indivisible reserves, in average 40 to 45% of results go to these reserves.





Maison Alphonse-Desjardins in Lévis, Quebec

## Alphonse Desjardins, un bâtisseur ouvert sur le monde

À la fin du XIX<sup>e</sup> siècle au Canada, les services d'épargne et de crédit sont peu accessibles. Les prêts usuraires engendrent la misère. Pour contrer ce phénomène, Alphonse Desjardins entreprend des recherches sur le crédit populaire en Europe. Le 6 décembre 1900, il invite les gens de Lévis à fonder la première coopérative d'épargne et de crédit en Amérique: la Caisse populaire de Lévis. Plus qu'une simple institution financière, cette coopérative allait devenir un formidable outil de développement.



The room where Dorimène Roy Desjardins managed for years the first credit co-operative (the Board of Directors paid her 50\$ a year)



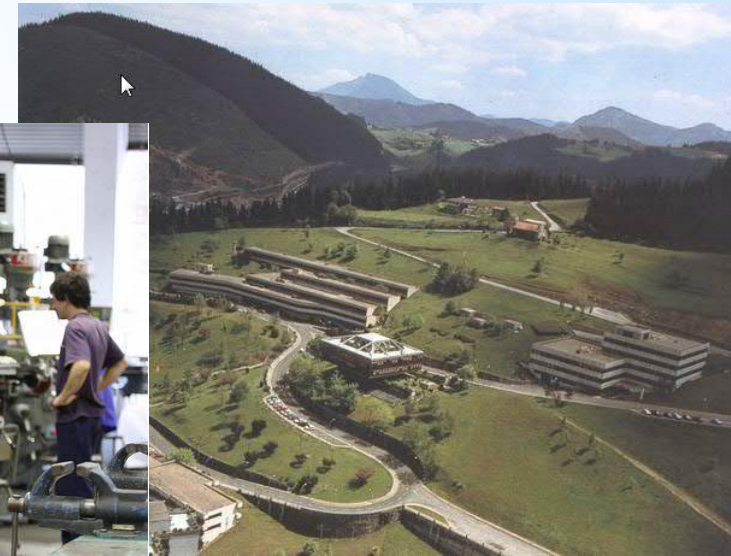
BANQ-Q (fonds famille (Boit) 290000, 7 535)

DESJARDINS, Quebec,  
Canada



# Mondragon Congress, standing committee, governing council, divisions, co-operatives and abroad other types of companies

\* <http://vimeo.com/50813127> Watch film



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# Solidarity tools in Mondragon

## 1. Solidarity and Mutual Assistance through MCE principle 7

‘Intercooperation’ through 2 network elements:

### a) Joint Institutions -Jointly created and Controlled plus Network level Funds

#### I. Joint Institutions:

Social security and insurance Lagun-Aro

Finance Caja Laboral Popular

Technology R&D Ikerlan etc.

#### II. Network-level funds:

Central-intercooperation fund

Education and cooperative promotion fund (cooperative and professional training for member, research and technologi

Corporate solidarity fund (loss reduction)

### b) Firm to Firm cooperation and in certain policies and issues

a) Division level profit pooling

b) Others, for innovation



# Main measures in the short term in the Mondragon experience:

GOAL: keep workers on the work. WHY?

At the firm or enterprise level:

1. Cutting pay and interest payments for a specific period of time, with profit sharing mechanisms, in working time, vacation, salary. All this is compensated afterwards once the economy picks up.
2. Internal transfers between enterprises that have little work for the number of employees and enterprises that are doing well in the crisis and need more workers (eg they export or are growing)
3. Re-training
4. Redundancy of temporary and sub-contracted workers who are not members of the cooperatives.

## Bibliography and Video :

1. Sanchez Bajo & Roelants (2013) “Capital and the Debt Trap, learning from cooperatives in the global crisis”, Palgrave MacMillan
2. **The resilience of the cooperative model, CECOP** Publications, Roelants, B, Dovgan D, Eum H and Terrasi E (2012) at [http://www.cecop.coop/IMG/pdf/report\\_cecop\\_2012\\_en\\_web.pdf](http://www.cecop.coop/IMG/pdf/report_cecop_2012_en_web.pdf)
3. Watch the **film TOGETHER** <http://vimeo.com/50813127>

Why is this discussion  
valid today?

\*Thank you!

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