Adult Educators
in Co-operative Development:
Agents of Change
ADULT EDUCATORS
IN CO-OPERATIVE DEVELOPMENT

AGENTS OF CHANGE

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This paper was originally a thesis submitted to the College of Graduate Studies and Research in Partial Fulfilment of the Requirements for the Degree of Master of Science in Agricultural Extension at the University of Saskatchewan, Saskatoon.
This Is Dedicated to My Sons

Torin Kent Debs
Erik Sven
Wilson Jay Stefan
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ABSTRACT

THIS WORK ATTEMPTS TO CONTRIBUTE TO OUR UNDERSTANDING OF THE role of the external agent and, in particular, the adult educator, in co-operative development. By focusing on the role of adult education in co-operative movements, we can better understand how education contributes to a change in attitude, to building trust and cohesion in groups, and to encouraging people to work together to make improvements in their economic situations and in their communities.

The objective of this work is to describe the role of adult educators and extension agents in the co-operative development process. To accomplish this objective, information is compiled from literature dealing with adult education, co-operative development, economics, and other disciplines, and from primary research presented as a case study. Information for the case study was gathered through study tours, personal and telephone interviews, and from literature describing co-operative development in North Dakota and Minnesota. The results of this research emphasize the importance of the active participation and encouragement of a variety of external agencies. The role of the change agent as co-ordinator and facilitator appears to be a crucial element in fostering collective action.

In summary, the role of the adult educator is to:

• facilitate a change of attitude;
• co-ordinate the expectation of reciprocal co-operation;
• assist in identifying common goals and a common vision;
• expand the frame of reference by providing information in an appropriate manner; and
• foster and nurture leadership within the constituent group.

Adult education programmes involved in co-operative development tend to employ similar methods, such as group learning, community capacity building, individual capacity building, discussion forums, and a broad education in economic, social, and political issues, as well as the more practical elements—literacy, life skills, and general information.

The adult education programme does not stand alone. A network of external agencies provides support and services to the programme and to the fledging co-operative. This network focusses on a common goal: to develop policy and resources to support and encourage education and collective action to address social and economic problems.
Chapter One

INTRODUCTION

BACKGROUND

CO-OPERATIVES PROLIFERATE ON THE CANADIAN PRAIRIES and around the world. In Saskatchewan, we have grown accustomed to and perhaps taken for granted the presence of the retail co-operative system, the Saskatchewan Wheat Pool, and the credit unions. Smaller, but no less important, co-operatives such as housing, day care, and agricultural co-operatives provide services and goods to members while allowing them to take advantage of economies of scale and to have control over the quality, quantity, and cost of these goods and services. These alternative organizational structures are so common that we think little of the situations and conditions contributing to their formation.

Those of us who choose to be co-operative members seldom are aware of, or give much thought to, the fact that there is a large body of academic literature devoted to the argument that rational decision makers will not choose to co-operate. The argument cites game theory, the free-rider problem, and self-interest to show that the incentives to cheat, defect, or free ride will override the incentives to co-operate. These problems will prevent the formation and/or long-term success of co-operatives or collective action (Marwell and Ames 1981; Olson 1971; Runge 1984, 1985, 1986; Williamson 1993; Williamson and Winter 1991).

How then do we explain the existence of so many long-standing, successful co-operative enterprises? Are co-operators irrational or naïve? Is economics the only factor influencing enterprise formation or are there others, such as social commitments, emotions, and fairness that contribute to the formation of co-operatives? Several researchers have examined these questions and provided insights into the factors that influence the decision to co-operate (Frank 1988; Fussel 1996; Ryan 1994; Brown 1995). These researchers observed that emotion, fairness, and altruism help to overcome the inclination to defect or free ride, thus enabling the formation of co-operatives.
One factor influencing the formation of co-operatives is the existence of a perceived need among the members. A group of farmers, for example, require a service that is not provided at the desired level, or a critical input is too highly priced. Co-operatives can address a wide range of social and economic problems. They can provide goods and services, create employment, and stimulate community development. Co-operatives are an efficient method of “purchasing and distributing inputs and services; of integrating production, marketing and rural enterprises; and of adding value to rural labour and agricultural products” (Fulton and Rosher 1993, 1).

Fairbairn et al. (1993) observed, however, that the presence of a perceived need does not always lead to co-operation, although it may be an obvious solution in many situations. The history of co-operative development shows that often an outside agent influences groups in their decision to co-operate, assisting with recognizing and analyzing their needs, assessing their options, helping to overcome barriers such as distrust and the risk of free riding, and building cohesion.

Throughout history, the reports of new co-operative development reveal adult educators as central figures (Alexander 1997; Chapman 1991; B. Fairbairn 1989; G. Fairbairn 1984; MacPherson 1979; Rogers 1992). History has labelled certain occurrences of co-operative development as movements: the Rochdale Co-operative Movement (Hall and Watkins 1937; Cole 1944; Thompson 1994); the Populist/Co-operative Movement in the United States (Goodwyn 1978); Mondragon (Whyte and Whyte 1988); the Antigonish Movement (Alexander 1997; MacPherson 1979); and the Prairie Co-operative Movement (B. Fairbairn 1989; G. Fairbairn 1984). The common threads tying these movements together are a high rate and incidence of co-operative enterprise formation, social change, increased political and social awareness, and collective action. Also evident in all these movements are adult educators working through, and with, a network of volunteers and supporting organizations.

The network connects the educators to the constituent group in at least two important ways. First, the network gathers information about the economic and social conditions and the educational needs of the constituents. The network then provides this information to the educators to assist in the development of appropriate programmes to address the identified needs. Secondly, the network assists in the distribution of educational programmes and materials to the constituent group. The educators, and others in the network, plan and deliver educational programmes focussing on the economic, social, and political issues, as well as literacy, life skills, and general information. These educational programmes use common methods of group learning, discovery, discussion, and debate. By studying the actions and principles of these adult education programmes in co-operative movements, we can see that they promoted social change, encouraged collective action, and challenged the status quo.
RESEARCH QUESTIONS

Co-operative development and co-operative movements have been studied and analysed by many disciplines and from many perspectives. We know that external agents play a part in co-operative formation (Fairbairn et al. 1993). The external agents may be governments, related industries, other co-operatives, universities, extension agents, and/or adult educators. Several important questions, however, remain unexplained. What is it that the external agents contribute? How do they make their contribution? What factors help people set aside their independence so that they can work co-operatively with others? What starts the spiral of co-operation? What feeds the spirit of co-operation so that it grows into a movement?

This work attempts to contribute to our understanding of the role of the external agent and, in particular, the adult educator, in co-operative development. By focussing on the role of adult education in co-operative movements, we will better understand how education contributes to a change in attitude, to building trust and cohesion in groups, and to encouraging people to work together to make improvements in their economic situations and in their communities.

The objective of this work is to illuminate and describe the role of adult educators and extension agents in co-operative development. To achieve this objective, this work will describe adult education programmes that have resulted in co-operative development, and will describe the work of several adult educators who have worked extensively in co-operative development.

This work will focus on the following questions as they contribute to our understanding of the process of co-operative development and the function of the adult educator in the co-operative development process.

Research Questions
- What is the role of the adult educator in co-operative development?
- What adult education methods are used in the development process?
- How are services and support provided during the development process?
Methodology

This paper will develop a description of the role of adult education and adult educators in co-operative development by means of:

• a summary of selected works describing adult educators and adult education programmes which have encouraged social change through education, co-operation, and collective action;

• a summary of a cross-section of writings examining the decision to form co-operatives from many perspectives, including economics, game theory, and group theory; and

• a case study of a present-day co-operative movement.

The summaries in chapters 2 and 3 are compilations of the work of several researchers and writers. The case study, in chapter 4, is developed from primary research conducted in North Dakota, Minnesota, and Saskatchewan from July 1995 to January 1998. The information was gathered through various methods, including:


• numerous personal and telephone interviews (a list is included in the references);

• research conducted during the membership campaign of a developing co-operative, Northern Plains Premium Beef, August 1996;

• a review of literature, including academic books and articles, co-operative publications, media reports, and nonacademic books and articles; and

• research conducted as part of the development and delivery of educational materials and programmes to encourage co-operative strategies in the agricultural sector in Saskatchewan.

Chapter 2 establishes a description of the role of adult educators in co-operative development by examining the work of three well-known adult educators—Alan Rogers, Paulo Freire, and Moses Coady. Circumstances and life experience led these men to work for social change through education, encouraging their constituents to improve their lives by means of education and their economic situations through co-operative action. Allen Tough’s theory of intentional change ties their work together.
Chapter 3 summarizes the works of authors and researchers in a variety of disciplines who examine the decision to form co-operatives. Despite the advantages of capturing economies of scale, increasing market power, and pooling risks and benefits, problems and barriers often prevent co-operative development. This chapter reviews several articles that describe the obstacles to co-operative formation and collective action, which include the prisoners’ dilemma, opportunism, and bounded rationality. This chapter also investigates factors that encourage people to co-operate, including emotion, fairness, assurances, and expectations.

Chapter 4 provides a case study of a co-operative movement highlighting the role of the adult educator. It compares the methods employed by modern co-operative developers to the adult education framework established in chapter 2. Chapter 4 also looks at how this modern movement is addressing some of the issues raised in chapter 3, “The Decision to Form Co-operatives.”

Chapter 5 summarizes the role of the adult educator or external agent in co-operative development, addressing the objectives and research questions raised by this paper. Chapter 5 also provides some concluding thoughts on the current status and future of adult education and co-operative development.
Chapter Two

The Role of the Adult Educator in Co-operative Development

Introduction

This chapter will describe the process of change and how adult educators and educational programmes encourage collective change in their constituents. It will summarize the writings of several authors and educators, making use of their observations to describe the role of adult educators in co-operative development.

The chapter describes a process by which people overcome adversity and empower themselves to create more positive circumstances. The process begins with a change of perspective and/or attitude. Once they come to believe that change is possible, people are able to build on internal strengths and resources. Through collective efforts, groups discover the possibilities of economic and social improvements.

The following stories illustrate that adult educators have a role to play in this process of change. They can be, and have been, instrumental in sowing the idea that change is possible, in providing support to the enhancement of individual and community strengths and resources, and in providing education that enables economic co-operation.

The adult educators examined in the next four sections of this chapter are Allen Tough, Alan Rogers, Paulo Friere, and Moses Coady. The final section provides an overview of the material that highlights the similarities in the work of these four men.
The Process of Change

In his book *Intentional Changes*, Allen Tough (1982) reports the results of a study on how people decide on, initiate, and follow through with major life changes. Although he looks at the individual and does not examine to a great extent how societies or groups make intentional change, the description of the process is useful in the study of co-operative movements, collective action, and social change. Tough notes that before the decision to change, people view external forces as having control of, or a powerful influence on, their lives. They blame these outside forces for their unhappiness, financial problems, stress, etc., and see themselves as victims with no choice but to accept their situation no matter how unhappy.

The “victim” will ask for better treatment, will ask others to influence the situation, and will complain. The victim feels powerless to make any significant changes, however, and may in fact be fearful of doing so. A state of resentful acceptance continues until the victim undergoes a change of attitude, sparked, in many cases, by an outside influence, which may be a counsellor, a good book, a good friend, and/or other neutral person. At this point, the victim begins to re-examine the situation, the resources at hand, and the possibility for change, which leads to a process of categorization that identifies the aspects of the situation that can be changed, that can be influenced, and that must be accepted.

The basic concepts of this idea are captured in a simple prayer commonly known as the Serenity Prayer: “God grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference.” Tough’s categorization process diverts the attention from “the things I cannot change” and encourages the learner to focus on “the things I can change.” The list of “things I can change” reveals inner resources, strengths, and attributes that were overlooked when the focus was on the external forces and the victim attitude prevailed.

An action plan is developed at the point where the inertia of the victim status is overcome and intentional change begins. The action plan shows how inner resources, strengths, and attributes can be increased and enhanced with the goal of improving life conditions. At this point, the victim ceases to be a victim and begins to take control over his or her own life.

Individuals and groups have undergone this metamorphosis in extreme circumstances of oppression and isolation. Although there may be examples where the change occurs sponta-
neously, the process is often facilitated by an external agent, who encourages a change in focus and guides the categorization process, the development of the action plan, and the involvement of other resources. The decision to change, the inner resources, the plan to achieve change, and the courage to act towards change belong to the individual.

Tough’s description of adults intentionally changing has many parallels in the stories of social change that follow. Farmers, miners, and fishers in Antigonish, and the oppressed peasants in Brazil were victims of the system in which they lived. They saw no recourse but to accept their lot in life until inspired to re-examine that situation and identify areas where they could make changes, however small. They were then able to pool their collective resources and undertake a course of action that would improve their situation and the economic and social conditions of their communities. The adult education programmes and practitioners assisting in these changes held a view of education best described as a philosophy of social transformation.

**The Work of Alan Rogers**

Alan Rogers drew from his experiences working with rural poor in developing countries to create an adult education model for social and economic development. Recognizing the inadequacies in the strategies imposed from the top down in relation to grassroots, community-generated development, Rogers established guidelines for adult educators in development. Using the Concept Distance Mapping Model and the Five-Step Model for Development, adult educators can help and encourage disadvantaged groups to create new opportunities for themselves.

Just as Development should lie at the heart of all programmes of adult education, so at the heart of every true Development programme there lies a process of educating and training adults…. Evaluation has demonstrated that the major barriers to Development lie not so much in the lack of knowledge or skills or resources but rather in attitudes—especially a lack of confidence or an unwillingness to change. And attitudes can only be changed through a programme of education and training. Or to put it another way, the process of changing attitudes as well as providing the new knowledge and skills and understandings which our Development programmes need is what is properly meant by education and training. So that Development agencies in general and change-agents in particular are in fact educators, “teachers” in the best sense, those who help others to learn, to change (Rogers 1992, 3).
A Perspective on Adult Education

Learning can be defined as making changes in knowing, thinking, feeling, and doing. These changes in attitude or behaviour arise from many forms of educational experiences as well as through life experience (Rogers 1992). The learning process varies among individuals. People in the same classroom or sharing an experience will process the information differently and incorporate the new knowledge differently. Learning is not usually viewed as a collective activity, therefore, even though the educational event is often structured in classrooms or groups. Although there is an exchange of ideas within the group, each individual in the group is processing the experience uniquely. This presents a challenge to extension agents attempting to encourage people to undertake collective change.

Rogers suggests that education either confirms or seeks to change the existing situation. Technical education promotes the skills required to provide the system with a skilled labour force. Education provides a means to improve a personal situation by enabling an individual to establish status in society. Education can be designed to assimilate people into the existing social structure and culture, reproducing these structures by encouraging adaptation to the dominant social and cultural norms. On the other hand, education can also be designed to enable learners to critically assess reality, change their society (or their situation within their society), and promote the development of individuals and their communities.

Rogers proposes that the objective of adult education should be to create self-directed learners and to end outsider-led education and training. As learners become more independent, the planner/teacher role becomes redundant. Rogers examines various adult education methods to determine how effectively they achieve the objective of creating independent learners.

Many adult education programmes are seen to be demand-led, with provision of education being based on what the learner wants to learn, not on what the provider decides they should learn. This should satisfy the criteria for the independence of learners. In practice, however, it has often resulted in the exclusion of the disadvantaged: the handicapped, women, the poorly educated, and those living in poverty or in remote locations (Rogers 1992). Educational opportunities are offered in accordance with how the educator perceives the needs of the learners. Those attracted are often individuals with previous education or the financial resources and leisure time to allow their participation. If a programme does not attract enough participants, it is viewed as unnecessary and cancelled. The result of this practice is that programmes have become clustered in areas that provide leisure-time activity for the advantaged (Rogers 1992). These may include many self-improvement or professional development opportunities that would be of benefit to a cross-section of society. The participants in these events, however, represent only a small percentage of the population.
In some cases, programmes are implemented and promoted to the disadvantaged group excluded from the demand-led courses. The primary purpose of these programmes is personal growth; any societal change is incidental. The result of this programming is the movement of individuals to a more preferred status, but it does not change circumstances for the group or social class. It does nothing to address the problems of poverty, unemployment, or discrimination, but merely allows some members of the group to move out of the cycle of poverty (Rogers 1992).

The voluntary nature of adult-education programming reinforces the shortcomings noted above. Because participation is voluntary, programmes are designed to appeal to those already interested and motivated to participate. Even educators working with the disadvantaged must work with those segments where response is apparent. Voluntarism thus widens the gap between the educational haves and have-nots by relying on the learner to express a need. The programmes continue to reach only a small segment of the population and are viewed as irrelevant or inaccessible by the rest of the population (Rogers 1992).

**Rogers’s Five-Step Model for Development**

Rogers (1992) discusses a model for effective change that can be applied to many situations where it is desired, such as rural development, co-operative formation, and social change. His model promotes personal development, social change, and economic growth. “For planned change to occur, the participant groups must act” (Rogers 1992, 118). The model involves five steps: surveying the existing state, enhancing awareness, improving knowledge and skills, decision making, and action.

To achieve development and influence changes to social and economic structures, the model, which is based on the education and training of adults, must be used in its entirety. Rogers stresses that all steps are critical, but that the sequence can vary depending on the situation and characteristics of the group involved. Education and training must include attitude formation and change, and the participant group must be included in the decision-making process.

Allowing for variations in the sequence of steps has some impact on motivation and outcome. For example, consider a situation where the order of steps is:

1. survey the existing state;
2. enhance awareness;
3. decision making;
4. improve knowledge and skills; and
5. action.
In this situation, the motivation to learn can be expected to be high because the group has chosen the subject during the third step (decision making). The information provided in the fourth step has relevance to them. However, this narrows the choice of alternatives. The group gets detailed information in the one area but does not have the opportunity to examine other options in detail. Consider a different situation where the sequence is:

1. survey the existing state;
2. enhance awareness;
3. improve knowledge and skills;
4. decision-making; and
5. action.

The decision-making step is taken after a wide range of alternatives is explored in step two (enhancing awareness), and the knowledge and skills relevant to those alternatives are incorporated in step three (improving knowledge and skills). The group has a range of choices and the knowledge on which to base a decision. Their motivation to learn, however, may be low, as much of the information presented will appear to have little relevance to them.

A Closer Look at the Model

Rogers’s Five-Step Model for Development is useful in helping us to understand the role and actions of the external agent in group or community development. It illustrates how the external agent influences the actions and attitudes of the constituents.

Surveying the Existing State  The existing state is constantly changing within groups and communities, and there are variations among communities even if they have similar demographic characteristics. Past experience influences the way people interpret events and information. Available resources vary among groups and the perceived usefulness of similar resources will also vary. In northern Saskatchewan, for example, a group of indigenous people will view a forest as a source of wild game and other necessary items. They will see the maintenance of the forest as the most important priority. A group of people dependent on the lumber industry for employment living in the same community will feel that allowing a logging operation into the area is the most important consideration. The objectives of groups can vary greatly as well. In the context of rural Saskatchewan, we cannot assume that all farmers hold maximization of profits as their main objective; some may view land conservation as their ultimate goal.

In view of these issues, it is critical to learn what the community or group values and wants to achieve, and the survey should be developed with the participant group to ensure the appropriate questions are asked. The perceptions of the group members will be different.
from those of outsiders; extension agents must guard against imposing their views of reality on the participants.

**Awareness Enhancement** Rogers warns that awareness enhancement is not a lecture or an information campaign, and that the process should be structured to encourage the input of the participant group. As the process involves the sharing and acceptance of different viewpoints, the extension agent must be prepared to listen to the views of the people involved and to share in the discussion. In a nonjudgemental manner, he or she encourages the constituents to ask questions and examine, interpret, and readdress all issues and factors. The external agent will find it helpful to become aware of, and familiar with, influential people in the community, who may not necessarily be in an obvious position of power. The most influential people in the community may be the well-respected elders or leaders whom people seek out for advice on personal, financial, or spiritual issues.

An important part of awareness enhancement is helping group members identify what they can control, what they can influence, and what they must accept. The aim of the development model is to expand the areas of control and influence and to find ways around what must be accepted. By encouraging group members to think of their situation in terms of what they do and do not have control or influence over, the external agent or adult educator enhances their awareness of their situation and the possible alternatives. The process is also useful in bringing individuals to view their personal situation in this way. Tough’s (1982) description of an individual undertaking intentional change and Rogers’s description of the same process on a group level share the common element of identifying what can be changed, what can be influenced, and what must be accepted.

**Improving Knowledge and Skills** Adult education programmes should start where the people are, by recognizing that they know something about the issues. While working with rural poor in India, Rogers observed that people learn best by doing, and retain the knowledge if they fully understand it. Hands-on learning and the use of relevant examples, therefore, assist in the assimilation of new knowledge.

An important part of education is a change in attitude. As we learned from Tough, people undertake change when they stop focussing on the external forces that have power over their lives and start to look at their internal resources. We will see below that Freire observed this process in his work with disadvantaged peasants in Brazil. Rogers (1992) suggests that programmes to improve knowledge and skills should build on internal resources to encourage a “can-do” attitude and the belief that people can take control of and improve their own lives.

It is possible to clarify the effect of relevance of information on motivation through a discussion of “concept distance mapping.” Individuals construct patterns, or maps, of reality
as they experience it, incorporating and situating all new knowledge on the map in relation to themselves and their view of reality. If an experience is closely related to previous experience or current concerns, it will be positioned close to the individual on the concept map. Subjects perceived as complex, difficult, or illogical will be placed remotely from the individual. Individuals will position new ideas close to themselves at the centre of the map if they are familiar with the ideas and can see how the subject has relevance to their lives. Rogers observed that learners are more highly motivated to absorb information that has obvious value to them; they are likely to resist complex and unfamiliar subjects, which provide little benefit to them (Rogers 1992).

**Decision Making**  In participatory development, the groups control the development by controlling the decision-making process. They must be involved in the decisions and feel comfortable that the choice of action is theirs. They will be more motivated and more likely to follow through if they are aware of the alternatives and choose their own course of action.

**Action towards Change**  The selected project or programme should be undertaken with supervision. The participants can learn new skills and knowledge and develop new attitudes while taking part in the supervised practice run. This first attempt will often reveal areas where more training is needed or where adjustments are required. The action is a learning process in itself and helps to consolidate previous learning and experience.

The adult educator’s role is to help the group define the problem and select an appropriate solution, and then to guide the group through the stages of project development. Rogers’s position is supported by other literature. Community development workers warn that there are risks involved in working on group projects (Cary 1989; Rogers 1992). The group may become dependent on the development worker as a source of advice and may look to the worker to make the decisions. Becoming overly involved in the project makes it difficult to move on to other projects. And the project may fail because no one in the group has assumed a leadership role and group members have not learned to make decisions on their own.

Rogers’s process of surveying the existing state and awareness enhancement is similar to Freire’s dialogue and reflection (described below) and to Tough’s categorization process (described above). Understanding the situation and identifying within that situation what can be controlled, what can be influenced, and what must be accepted is an important step towards change. Participants in Rogers’s Five-Step Model will begin to focus on inner strengths and resources rather than be overwhelmed by the external forces influencing their situation. Once the areas that can be changed or influenced are identified, steps can be taken to acquire the skills, knowledge, and courage necessary to do so.
THE WORK OF PAULO FREIRE

To understand the basis of the social transformation philosophy in adult education and how this philosophy and the corresponding educational programmes fit in with the co-operative movement, one can look to the teachings of Paulo Freire. Freire’s *Pedagogy of the Oppressed* (1989), a classic in adult education literature, relates the philosophy and practices of this dedicated educator in his work with some of the most oppressed societies of the modern world. Paulo Freire viewed adult education as a political activity, either supporting the status quo or encouraging people to question the existing situation. Through a process of “conscientization,” Freire urged educators to raise awareness of the existing political and economic situation and to provide the tools to enable people to address some of the problems within that situation.

Paulo Freire (1921–1997) worked with the oppressed, “the disinherited masses in Latin America,” in a nondemocratic society. Amidst extreme conditions of poverty and oppression, Freire started a literacy programme that evolved into a social movement and stands as a truly remarkable example of adult education.

There is no such thing as a neutral educational process. Education either functions as an instrument which is used to facilitate the integration of the younger generation into the logic of the present system and bring about conformity to it, or it becomes “the practice of freedom,” the means by which men and women deal critically and creatively with reality and discover how to participate in the transformation of their world. The development of an educational methodology that facilitates this process will inevitably lead to tension and conflict within our society. But it could also contribute to the formation of a new man and mark the beginning of a new era in Western History (Freire 1970, 15).

Freire was well aware of the inequities of the world in which he worked and saw the futility of teaching his constituents how to cope or how to gain a higher status in the society. Instead, he chose the more difficult task of teaching people what they could do to make their societies less oppressive and make everyone better off. “Oppression is domesticating. To no longer be prey to its force, one must emerge from it and turn upon it. This can be done only by means of the praxis: reflection and action upon the world in order to transform it” (Freire 1970, 36).
Freire’s methods were based on “dialoguing” with people about their situation and their place and choice of actions within that situation. Dialoguing was the preferred method of communication because it involved interaction and discouraged lecturing people about situations and conditions that they knew better than anyone else. Dialoguing strives to help the people teach themselves and each other so that the problems defined and the solutions suggested have meaning to those who live them.

Those who recognize, or begin to recognize themselves as oppressed must be among the developers of this pedagogy.…

Pedagogy which begins with the egoistic interests of the oppressors (an egoism cloaked in the false generosity of paternalism) and makes of the oppressed the objects of its humanitarianism, itself maintains and embodies oppression.… It is an instrument of dehumanization (Freire 1989, 39).

There are two distinct stages in the pedagogy of the oppressed.

1. The oppressed learn about and understand the oppressive nature of their society and through practice and action make a commitment to transform society and reduce inequities.

2. The reality of oppression has been transformed. Through education, the oppressed gain self-worth, social and political awareness. They are able to use this new awareness and self-worth to make changes to their societies.

The “culture of the domination” is confronted in the first stage through a change in the way the oppressed perceive the oppression, and in the second stage, through the “expulsion of myths” created and developed by the oppressors. The people begin to understand that their position in society is not predetermined or something that they must simply accept. They begin to believe they can act to change their lives, and through action they gain self-respect and confidence.

Freire’s process of conscientization includes dialogue, reflection, communication, and action. It encourages educators to dialogue with the learner rather than lecture, referring to the lecture-style of teaching as “banking education,” where students are empty receptacles into which teachers deposit information. In the dialogue method, students and teachers discuss everyday problems and how to solve them, which enables both to gain a more realistic understanding of the situation and what can be done about it.

Time for reflection enables students and teachers to become comfortable with the new information and relate it to everyday experiences. Freire believed that reflection leads to action and that action without reflection is “pure activism.”
He viewed communication with others in similar situations as a critical element in social-reform education. Through dialogue, reflection, and communication, the understanding of the situation deepens and the resultant action is appropriate to the needs of the constituents.

Freire’s programme of literacy and process of conscientization had a positive impact on the people with whom he worked. Through education and discussion, these people experienced:

- increased awareness of self-potential;
- increased awareness of social structure; and
- increased capacity and ability to work towards social change.

The process of conscientization provided learners with an opportunity to analyse their own needs, debate and discuss with their peers, and decide as a group what action should be taken to improve their situation. Freire’s process of conscientization has some similarity to the process of intentional change observed by Tough (1982). Although the focus of Freire’s *Pedagogy of the Oppressed* is on groups rather than on individuals, the educator or outside agent uses the dialogue educational method to assist in changing the focus of attention from external forces to internal resources. The change of attitude from victim status to action status results at both the individual and the group level. Tough’s (1982) categorization concept and Freire’s (1989) dialogue, reflection, and discussion method are processes that help people (individually or in groups) critically assess their situation to identify the things they must accept and the things they can change. The next stage in the process of individual or social change is to acquire the knowledge and understanding necessary to achieve the desired result.

**The Work of Moses Coady**

*Introduction and Background*

Moses Coady, a priest, visionary, motivational speaker, and adult educator, worked with rural and working poor in the Canadian Maritime Provinces. Coady believed that adult education is an “instrument to unlock life for all people,” should encourage “real thinking,” and can “enable people to live fully.” He described the Antigonish Movement as “an effort to educate the people by assisting them to become masters of their own economic destiny” (Coady 1939, foreword).
To appreciate the motivation of Moses Coady and the founders and workers of the Antigonish Movement, it is necessary to understand the social, cultural, economic, and political environment of the Maritimes in the early part of the twentieth century. Prior to Confederation in 1867, Nova Scotia and the rest of the Maritimes enjoyed a “golden age” based on the fishing and ship-building industries. As the steamship replaced wooden vessels, the Maritime region became an export-based economy supplying raw products for processing elsewhere. The main industries were mining, fishing, agriculture, extractive, and resource-based activities (Alexander 1997; Dodaro and Pluta 1995).

The Maritime miners and their families existed in a precarious economic position, living in company towns where the company owned the houses, the stores, the hospital and health care, and the infrastructure, including roads, power, and water utilities. When markets and prices declined, the company response was to cut the wages of the employees. The miners refused to accept a reduction of already poor wages and undertook strike action, which was met with retaliation. Company stores refused credit to striking miners, and the company shut off water and power to the community. The persistence and determination of the miners challenged the power of the company, resulting in violence and death. To oversimplify the story, the miners and their families depended on one company for a source of income and goods and services. In this position, they were subject to exploitation and oppression with little, if any, recourse (Alexander 1997; Delaney 1985; Dodaro and Pluta 1995).

Maritime farmers and fishers were in a similar economically disadvantaged position. Although they had the ability to supply their own food, they were nonetheless dependent on large and indifferent corporations for their livelihood, obliged to sell their goods to the same company from which they purchased their inputs. In this exchange system, they had little market power and were subject to instability and uncertainty. They had no choice but to pay the asking price for production inputs and to accept the offered price for their products. Earnings from the sale of goods were soon spent on the purchase of the equipment and supplies they needed for production (Alexander 1997; Delaney 1985; Dodaro and Pluta 1995).

The Antigonish Movement

The poverty of these primary producers and workers in the extractive industries was a basic factor in the formation of the Antigonish Movement (Alexander 1997, 47).

Moses Coady, James Tompkins, and Hugh MacPherson, priests in the Catholic Church, began the discussions and actions that evolved into the Antigonish Movement. The social-reform teachings of the church encouraged these men to find ways to improve the situations
of their parishioners. What followed has become a classic example of adult education based on a philosophy of social transformation and collective action.

The purpose of the Antigonish Movement was “the improvement of the economic, social, educational, and religious condition of the people of eastern Nova Scotia” (Alexander 1997, 78).

Like Freire, Coady and his colleagues believed that through education they could help the miners, fishers, and farmers of Nova Scotia to a better life. In the words of Ida Delaney, one of the organizers of the movement, “The ultimate objective of the St. F.X. Extension movement was to bring about social change. Its leaders wanted to attack the causes of poverty and its attendant evils and remove them forever. They had a vision of a new social order in which there would be economic as well as political democracy” (Delaney 1985, 129).

Table 1: The Principles of the Antigonish Movement

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
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<tbody>
<tr>
<td>Value and Dignity</td>
<td>The belief that individuals regardless of economic status had value and dignity.</td>
</tr>
<tr>
<td>Education of the Masses</td>
<td>Education of the farmers, fishers, and miners was seen as the means to achieving social reform. Reform would not come from the top because those with the power to make changes had a vested interest in exploitation of the primary producers.</td>
</tr>
<tr>
<td>Improve the Economic Conditions</td>
<td>The movement focussed on the economic, the most pressing concern of the target group. People could not learn or act to improve their lives until their basic needs were provided for.</td>
</tr>
<tr>
<td>Learning through Discovery and Discussion</td>
<td>The movement provided education on a community or group basis. It was recognized that people learned from each other through a process of discovery and discussion.</td>
</tr>
<tr>
<td>Social Reform</td>
<td>Social reform requires changes to the social and economic institutions that impact the daily lives of the people. Education of individuals would have little impact if the individual continued to exist in a position of exploitation.</td>
</tr>
</tbody>
</table>


By examining the philosophy, actions, and methods of the Antigonish Movement, we learn how the powerless and oppressed were inspired to act to improve their situations. The basic principles of value and dignity, education for the masses, improving economic conditions, learning through discovery and discussion, and social reform guided the founders and workers of the movement. These principles, described in table 1, reflect the economic and
social milieu of the region and the belief of the founders that education could make a difference. “The ultimate objective of the Movement is the full and abundant life for everyone in the community” (Alexander 1997, 78). The vision of the founders was to enable and encourage people to learn and to work together to create opportunities for themselves, their families, their neighbours, and their communities.

The Leader

Although the Antigonish Movement was a result of the thoughts and efforts of many educators and workers, Father Moses Coady emerged as the visionary and charismatic leader. He had the ability to gather loyal and devoted workers to the cause and to deliver fiery and inspirational speeches to motivate the masses (Alexander 1997; Delaney 1985).

Three themes run throughout the teachings and writings of this charismatic educator.

1. Adult education is an “instrument to unlock life for all people.”
2. Adult education encourages “real thinking.”
3. The goal of the Antigonish Movement is to “enable people to live fully” (Alexander 1997; Coady 1939).

A closer look at these themes reveals the reason for the coupling of adult education and economic co-operation as the vehicle for social reform. Coady and his colleagues believed that the inequities in the social and economic structures must change to enable their constituents (farmers, miners, and fishers) to improve their economic position. Those in a position of power would not change the system from which they benefited (Alexander 1997; Coady 1939; Delaney 1985). If change was going to occur, the impetus must come from the common people (Coady 1939). The movement’s founders undertook the task of educating the people to improve their economic position and change the social system from the ground up. Empowering the exploited would force the social and economic institutions to reduce the inequities in the system.

To begin the process of empowerment, people first had to understand their situation and develop problem-solving skills. Coady stressed the importance of real, scientific, straight, and original thinking (Alexander 1997). It was observed that people learned best by solving everyday rather than hypothetical problems. Their basic needs must be met before they could think beyond the immediate concerns of food and shelter. Introducing the concept of co-operation was both a problem-solving strategy and a means of addressing the basic economic needs of the learners (Alexander 1997; Delaney 1985).

For Coady, the goal of “enabling all people to live fully” meant consideration for all fac-
tors affecting life: the physical, the economic, the institutional, the cultural, and the spiritual. Adult education should help people to see what was possible to attain and provide the means to attain it. The first consideration was the economic because of the desperate conditions the people faced. Once they had achieved some economic gain, however, attention would turn to improving the physical conditions, the institutional structures, the cultural opportunities, and the spiritual well being. Through attention to all the elements of existence, adult education could help people bring balance into their lives and communities (Alexander 1997; Coady 1939).

Whereas Freire, Rogers, and Tough describe the process of raising awareness in gentle terms such as “dialogue” and “identifying realms of influence,” Coady used tough language and took a direct approach (Coady 1939, 30). He believed the first step was “to break existing mind-sets” (1939, 30). Volunteers organized mass meetings of community people with Coady as the main speaker (Delaney 1985), where he delivered fiery speeches designed to jump-start the change in mindset.

Here is exploded intellectual dynamite to shatter the old mind-sets that have become as rigid as cement and encrusted with tradition. It is important that the people be shocked out of their complacency to begin an honest search for the truth (Coady 1939, 30).

Coady structured his speeches to “produce divine discontent” and to “bring them to a state of neutral which is the starting point for motion in the right direction” (Coady 1939, 35).

To encourage people to focus on the things they could control, Coady would explain the difference between a “good” reason and a “real” reason for the inadequacies in their current situation. Good reasons included “climate, geographical position, bad government, taxation or exploitation by some big, bad wolf in society” (Coady 1939, 32). The real reason was within the people themselves. Coady insisted that people work long hours to educate themselves and to work to change society. “If the masses of the people have become, in a sense, slaves, it is because they have not taken the steps or expended the effort necessary to change society” (1939, 17).

The second important step in the process was “to help people make up their minds anew to rebuild both themselves and society” (Coady 1939, 30). Believing people learned from example, Coady “demonstrated the possibilities” by telling stories of the achievements of Scandinavian and British co-operatives and the local example of the British Canadian Co-operative Society in Cape Breton.

The educational programmes reflected the importance of the learner: “The educator
must take men and groups of men where he finds them, and work with their background, interests and capabilities” (Coady 1939, 1).

This is a version of Rogers’s Concept Distance Mapping. Starting with the familiar, the educators gradually introduce new ideas to expand the knowledge base of the constituents.

Every large and general problem is a combination of small and particular ones to be solved one by one and that instead of stating the ultimate objective as the thing to be done, we should incite people to do these and these definite, near and homely tasks that tend toward it (Coady 1939, 39).

The Methods

The Antigonish educational programme employed three main components: the mass meeting, the study club, and the School for Leaders. A vast network of workers, including the staff at the Saint Francis Xavier University Extension Department and dozens of volunteers, showed uncommon dedication in providing educational opportunities for people in remote Maritime communities. The church, the schools, the university, and the government supported this work financially and otherwise. The most obvious result was the formation of numerous credit unions, co-operative stores and buying clubs, producer co-operatives, and other co-operative ventures. The impact on the lives, self-esteem, and confidence of the farmers, fishers, and miners, however, went far beyond the services of their co-operatives.

In 1928, the Extension Department was established at St. Francis Xavier University in Antigonish, Nova Scotia. With Moses Coady as director, and with support from the departments of Fisheries and Agriculture and the Catholic and Protestant churches, the department took a leading role in social change. The small staff at the Extension Department recruited an army of local volunteers, who played a key role in the movement’s success (Delaney 1985; Alexander 1997). From the department, the organizational hub of the movement, scores of extension workers spread across Nova Scotia, New Brunswick, and Prince Edward Island delivering educational programmes and organizing co-operatives. Their methods focussed on the three activities mentioned above: the mass meeting, the study clubs, and the School for Leaders.

The Mass Meeting Field workers from the Extension Department at St. Francis Xavier University worked with local people to organize general meetings in communities across the countryside. The meetings, held in the schoolhouse, the parish hall, or the community hall, were planned to inspire people to action, with Dr. Coady delivering one of his fiery speeches designed to motivate local people to change their situation. At the mass meetings, plans were made to hold a series of study club meetings (Alexander 1997, 80; Dodaro and Pluta 1995).
The Study Clubs  The study club meetings were held in people’s homes. Small groups would gather to discuss the problems in their communities and what they could do about them. The concept of co-operation was introduced and promoted as a strategy to address economic and social problems. Out of these study clubs emerged the leaders and the ideas that would create credit unions and co-operatives. Co-operative businesses began to address the most important issue in people’s lives—their dire economic situation. Periodically, the small study club groups, who were all discussing the same issues, would come together for a joint meeting to exchange information.

Their actual composition, election of leaders and meeting place—usually where most convenient—was left up to the individual club. Essentially, they were intended to provide an atmosphere where frank discussion and study could take place with all members as active participants and this favoured meeting in people’s homes or other familiar places. Generally, these meetings would have both an economic and a social dimension so that while their purpose was serious indeed, the atmosphere was both familiar and friendly (Dodaro and Pluta 1995, 7).

Formality was introduced to the system through an organization called Associated Study Clubs (ASC), which provided the mechanism for further organization and effective communication. Fieldworkers at St. Francis Xavier kept close contact with local initiatives through the ASC. As the movement spread across the province and the Maritimes, the ASC facilitated communication among communities and organized rallies to bring people together. These rallies provided the platform for people to celebrate their successes and to share their stories to inspire and encourage others (Delaney 1985).

The mass meetings, study clubs, and rallies ignited a flurry of co-operative formation. Credit unions and producer and consumer co-operatives were formed to provide local people with financial services, household goods, inputs to fishing or farming operations, and to process and market products.

The School for Leaders  The leaders and board members of these co-operative businesses required more formal education and training. Nineteen thirty-three saw the formation of the first School for Leaders, which was a six-week residential programme offering courses in co-operative business, history, bookkeeping, economics, public speaking, and citizenship. The course content was a combination of information and propaganda, with the goal of giving local leaders the tools and training to operate successful co-operative businesses and also inspiring and exciting them. The intention was to send these leaders back to their communities with a refreshed enthusiasm for creating and building co-operatives (Delaney 1985; Alexander 1997).
The Impact

Was the Antigonish Movement successful in its goal of improving the “economic, social, educational, and religious condition of the people of eastern Nova Scotia” (Alexander 1997, 78)? Perhaps not as completely as the visionaries who started the movement had hoped. Gains were made, however, in several areas.

The focus of the movement was the formation of co-operatives and credit unions to provide some economic relief for the hard-pressed farmers, fishers, and miners. The number of co-operative start-ups illustrates the result of this focus. In 1932, there were 179 study clubs with a membership of fifteen hundred operating in Nova Scotia. Co-operative development was in its infancy, with 8 credit unions and 2 co-operative stores in operation. The numbers of study clubs and co-operative enterprises increased steadily over the next six years. By 1938, ten thousand people were attending regular meetings of 1,110 study clubs. This activity resulted in the formation of 142 credit unions, 39 co-operative stores, 4 co-operative buying clubs, 11 co-operative fish plants, 17 co-operative lobster factories, and 7 other co-operatives in areas such as housing (Alexander 1997). In six short years, 10 co-operatives grew to 220 as people learned the power of working together.

Although the credit unions and co-operatives formed during this time had varying long-term success, lasting benefits resulted from the experience. People were able to develop new saving patterns, their money stayed in the local communities, and they were able to gain some market power through producer and consumer co-operatives (Alexander 1997).

From a broader perspective, the movement created a new social consciousness. Through the debate and discussion in the study clubs, participants gained a heightened political awareness. And through this increased political and economic awareness, a strong lobbying force emerged. People co-operating on a local level led to co-operation among communities, municipalities, and provinces. Once at the mercy of big corporations for all aspects of their lives, ordinary people were able to gain some control through co-operative business and community-controlled health and educational institutions. The graduates of the School for Leaders and the study clubs used their new skills and education in other community causes such as the labour movement. Individuals and communities developed self-help capacity, empowering them to make changes in their lives and giving them a sense of self-worth (Alexander 1997).

Perhaps of even greater significance were the psychological, social and ultimately moral effects of the Movement. The co-operatives and people oriented nature and ideology of the Movement called for people to be active participants in improving their lot. It promoted the idea that people had power over their economic environment and circumstances which shaped
their lives and the life of their community; that they, in fact, mattered and could become the “masters of their own destiny”. Thus the Movement countered the general feeling of moral hopelessness, powerlessness and even individual worthlessness as well as the sense of community stagnation and decline which gave rise to the Antigonish Movement in the first place (Dodaro and Pluta 1995, 8).

It is impossible to overstate the contribution of the workers and volunteers of the Antigonish Movement to co-operative development and adult education in Canada. From a position of concern for the plight of the impoverished, Coady and his colleagues developed a model for community education and betterment that remains to this day as a shining example of social transformation and community building.

**Summary**

The methods employed in the Antigonish Movement bear many similarities to those of Freire and Rogers. Once Coady “shocked people out of their complacency,” he and troops of workers engaged the people in a process of discovery, discussion, and debate. External resources provided education and information to groups of learners to assist them in acquiring the skills and knowledge necessary to “take control of their own destiny” and to change the social and political conditions that influenced their lives.

Like Freire’s conscientization process of dialogue, reflection, communication, and action, the Antigonish Movement used information, discussion, and action in their educational programmes. Through discovery, debate, and discussion, people became politically aware and self-confident. They began to take control of the economic and political institutions around them. The leadership skills they acquired in co-operative development helped them to create a new environment and change the social, political, and economic fabric of the country.

The work of Tough, Rogers, Coady, and Freire shares many common themes. All talked about the importance of a change in attitude that enables people to make decisions and take action to change their circumstances. Each of the educational programmes described above was designed to respond to the needs of its constituents. In order to accomplish this, the educators gained an understanding of those needs through dialogue and discussion with the constituent group.

The educational processes employed by these educators have similar attributes. Through a process of conscientization or a “survey of the existing state,” people increased their aware-
ness and understanding of their situation. The educational programmes provided information appropriate to the existing skills and knowledge base, starting where the people were and incorporating information as it became necessary. As their understanding increased, people were able to determine where they had the power to influence and change circumstances, and were then able to take steps to address some of the problems within the situation. The problems were broken down into smaller components, giving people problem-solving experience and creating a series of small successes. The constituent group was then capable of undertaking larger projects and extending their co-operative strategies to new areas of their lives.

To effectively change their economic and social environment, people must acquire knowledge and skills. The educational programmes described herein provided training in a wide range of knowledge areas, including literacy, life skills, business skills, and leadership skills. Armed with their new expertise, people were ready to take action to change their lives. Strategies of collective action and co-operation helped people to overcome some of the economic instability and to work towards social reform.

The description of the work and philosophies of Tough, Rogers, Freire, and Coady illustrates the role of adult education in co-operative development. An important initial step in the process is to assist the constituent group in identifying their areas of influence. This can be accomplished by examining the factors affecting their lives and identifying what can be changed and what must be accepted. Once the areas of influence are identified, the adult educator can assist the constituent group in acquiring new skills and building on existing resources, which will give the group the tools necessary to make the desired changes.

Adult education thus played an important role in co-operative development. To create co-operatives and build loyalty among the membership, it is critical that everyone has a clear understanding of the problems to be addressed, how co-operatives can address the problems, and the workings of co-operative business. Co-operatives are then built on a foundation of information and education.

Through these methods, the adult educators encouraged social change. Ordinary people learned that by working together they could make positive changes in their social and economic circumstances. Strategies of collective action, such as the formation of co-operatives, were used to solve the most pressing problems in their lives. Their co-operatives gave them some control over their economic situation, and this encouraged them to apply co-operative strategies to other problem areas. Co-ops offered a practical solution to social problems.

This chapter reveals co-operatives as vehicles for social change and adult educators as the agents of that change. The next chapter examines several theories of collective action and continues the discussion of how adult educators act to encourage social change through collective action.
Chapter Three

THE DECISION TO FORM CO-OPERATIVES

INTRODUCTION

THE PREVIOUS CHAPTER described the work of adult educators to encourage positive changes and collective action in their constituent groups. This chapter will explore some of the problems and barriers that may be encountered when undertaking a collective activity. Observations from several researchers working in various disciplines suggest that there is little incentive to initiate collective action. Other researchers offer explanations for why collective action occurs despite this lack of incentive. The chapter concludes with a discussion of how adult educators can assist groups to overcome the lack of incentive to co-operate and can facilitate collective action and co-operative problem solving.

OVERVIEW

Davis and North (1971) argue that development will occur when people perceive it is economically advantageous to alter their production activities. The implication is that if development is seen to be beneficial to the people in the industry, then development will occur. On the basis of this argument, external agents would have no role to play, since development will occur whenever it is beneficial.

Coase (1937) makes a somewhat similar argument, suggesting that if development that would be beneficial is not occurring, the reason lies in poorly defined property rights. The solution is to redefine property rights so that incentives are created for people to undertake development. Coase’s theory also does not allow much room for external agents or agencies, except perhaps to impose a new interpretation of property rights.

CENTRE FOR THE STUDY OF CO-OPERATIVES
Nor are external agents given much importance in Olson’s work, but for different reasons. In his much-quoted work *The Logic of Collective Action*, Olson argues that “rational, self-interested individuals will not act to achieve their common or group interests” (Olson 1971, 2) unless there is coercion or incentives to make individuals act in their common interests. Although all group members have a common interest in obtaining a collective benefit, they have no common interest in paying the cost of providing the collective good. Each would prefer that others pay, providing everyone receives the benefits whether they contribute or not.

Olson concludes that small groups will provide suboptimal amounts of collective goods and larger groups will provide little or none. The larger the group, the further the provision of the good will fall from the optimal amount, and the more the coercion or incentive costs will be. This conclusion rests on the assumption that individuals are self-interested and does not account for other objectives in decision making. It also ignores any influence of expectations, emotions, or fair-mindedness.

How, then, does Olson explain the existence of large organized groups such as unions and co-operatives? He observes that these groups have the common characteristic of organizing for some purpose other than to provide a collective good. The groups have the ability to mobilize themselves through other incentives and provide the collective good as an aside or add-on.

The only organizations that have the ‘selective incentives’ available are those that have the authority and capacity to be coercive, or have a source of positive inducements that they can offer the individuals in a latent group (Olson 1971, 133).

Collective action will occur if the group can provide private benefits to individuals as well as provide access to a public good. Once again, the role of the external agent is minimized.

Although these theoretical positions have some appealing features, they do not adequately capture the reality of co-operative development. Fairbairn et al. (1993) observed that the presence of a perceived need does not always lead to co-operative activity—a common form of collective action—even though such behaviour may be an obvious solution. Such observations cast doubt on the arguments of Davis and North and Coase. At the same time, other researchers observe that factors besides economics and individual choice are at play in most forms of collective action: “Obviously, some important variables must intervene between the economic factor and organized social action” (Lipset 1950, 34). The presence of these other variables suggests Olson’s theory is incomplete.
A number of factors contribute to collective action, including access to resources for development, the presence of a larger environment of prosperity rather than a severe price squeeze (Lipset 1950), and the presence of an outside agent or institution that will aid in the development (Fairbairn et al. 1993). The outside influence appears to be a catalyst or facilitator more than a leader or director. This observation leads to a number of questions: What is the role and function of the outsider? Where does he or she fit in the process? Are their actions those of a teacher, a leader, or an advisor? What should external agents know about the process to put them in a better position to encourage collective action and co-operation as development strategies?

Transaction Costs

In his classic 1937 paper, “The Nature of the Firm,” Coase suggests that one of the main reasons firms are formed is to reduce or eliminate transaction costs.

Outside the firm, price movements direct production, which is co-ordinated through a series of exchange transactions in the market. Within a firm, these market transactions are eliminated and in place of the complicated market structure with exchange transactions is substituted the entrepreneur-co-ordinator, who directs production (Williamson and Winter 1991, 19).

Coase proposes that the main reason for the formation of firms is that there are costs incurred in using the price mechanism in the allocation of resources. Each individual in the market must expend time and resources in the discovery of prices and the negotiation and implementation of contracts for each transaction they wish to make. Within the firm, these costs are eliminated or reduced because fewer contracts are necessary and information is available to all the decision makers within the organization.

Transaction costs incurred in price discovery and contract negotiation can be seen to influence the formation of co-operative enterprises as well as the more traditional firm structure. A co-operative, formed to provide a service or good to its members, acts in a similar manner to the firm described by Coase. Before joining the co-operatives, individuals must spend time and money in the search for the service or good required, and must enter into contracts for each transaction. In the case of a co-operative providing goods to its members, the co-operative will conduct the search for the good, investigate the quality and price, and enter into one contract to provide the good to all its members. This reduces the number of transactions and contracts, thus reducing the time and resources spent in the search.
**Bounded Rationality and Opportunism**

Williamson (1993) expanded on Coase’s theory that firms emerge in an exchange economy because the cost of transactions can be reduced within the firm in relation to the cost of conducting the transactions in the market. Williamson put forth the new institutional economics as a way of adding to the knowledge of why firms form, proposing that it was more effective in that it asks new questions rather than simply answering old questions with new data.

Two behavioural assumptions are important in transaction-cost economics:

1. The concept of bounded rationality recognizes that people make rational decisions but that there are boundaries or limits to their rationality. “Human agents are assumed to be intendedly rational, but only limitedly so” (Williamson and Winter 1991, 92). This suggests that comprehensive contracting is not feasible and therefore, that all complex contracting is incomplete. Bounded rationality implies that comprehensive contracting is infeasible and that exchange will occur through methods that enable adaptive, sequential decision making.

2. Human agents are opportunists and seek self-interest. Contracts or promises that are not supported by commitment or collateral will not always be honoured. Opportunism implies that a contract as a promise is naïve and that self-interested individuals will renege on contracts unless there is a structure in place to coerce or secure the contract with collateral.

The behavioural assumptions of bounded rationality and opportunism have implications for the formation and success of co-operatives. Incomplete contracts and infeasible contracts make it difficult for individuals to complete transactions. Co-operatives can perform the transactions for the members, creating a situation of sequential decision making. Rather than each member forming contracts with different firms, the co-operative contracts on behalf of the members and is better able to assume a strong negotiating position than many individuals working independently. Co-operative members are less likely to renege on contracts even in the absence of collateral or coercion because they have a stake in the success of their organization.

**Prisoners’ Dilemma, Expectations, and Assurances**

Three papers by Runge examine the factors involved in the provision of public goods and the use of common property (Runge 1984, 1985, 1986). The following summary attempts to apply the concepts developed in these papers in a broader sense to the question of why co-operatives form.
Runge (1985) looked at co-operation among group members in the context of an interdependent n-person game. This game involves three decisions: deciding on the rule, deciding on whether to co-operate with others and observe the rule, and deciding whether to continue to abide by the rule. His findings indicate that there is an inverse relationship between the level of voluntary co-operation and the need for coercion. As voluntary co-operation increases, the need for coercion decreases, and the social costs of enforcing the rule decrease. The decision to co-operate or to defect is a binary choice with externalities, which arise because the decision of each player affects the decisions of the others.

Runge illustrated the problem as a Multiperson Prisoners’ Dilemma (MPD), where each player has a dominant choice and a dominant preference. Each would prefer that all other players co-operate while they themselves defect or free ride.

Free riding is defined as the choice not to contribute to the provision of a public good when neither the contributors nor the noncontributors can be excluded from benefiting from the good. For example, the residents of a trailer park view an empty lot as a potential playground for their children. They convince the landlord to contribute the lot and some materials in exchange for their volunteer labour to clean up the lot and to build playground equipment. None of the children in the neighbourhood can be denied access to the playground once it is complete whether or not their parents contributed labour to the project. Those who do not contribute, but still have the benefits of a safe, clean park for their children, are free riders.

A game scenario is used to illustrate the free-rider problem. In this game, n is the number of persons in the game and k is the minimum number of players that can co-operate and still make gains. There is some amount, k >1, such that if k co-operate and the rest defect, the co-operators are still better off than if they also defected. If k=n, no one gains unless all the players are co-operating and there are no free riders. If k<n, some free riders can be allowed, but the free riders profit more than the co-operators. Runge’s illustration shows that defection is the dominant choice and some form of coercion is necessary to ensure collective action. In other words, without some form of coercion, people will not voluntarily form co-operatives. In order for collective action to be the dominant choice of potential co-operators, the method of coercion employed must increase the pay-off to co-operating and decrease the benefits of defecting.

Runge (1986) also examined the multiple-equilibria solution. A situation is Pareto-efficient if there is no way to make some people better off without making others worse off. Runge describes a Pareto-superior outcome as a situation that makes all members better off, and requires the co-operation of all or most of the players. The Pareto-inferior situation, where all or most players defect or choose not to contribute, results in all members being less...
well off than if they all co-operated. Runge argues that achieving a Pareto-superior solution requires an organized change in behaviour that may need to be coerced. Coercion decreases the benefits to defection in relation to co-operation. With some rule restrictions, this result may be achieved through voluntary co-operation. The rules would create a pay-off to co-operation and a penalty to non-co-operation. Once the expectation of a pay-off to co-operation is ingrained, the co-operation of most players is ensured.

Runge’s (1986) multiple-equilibria experiment showed that even with an expectation of pay-off, defection continues to be the dominant choice at low levels of co-operation. If a large portion of the players, or a “critical mass,” can be expected to co-operate, the chances of the other players choosing to co-operate increase. At the point where almost all players are co-operating, the benefits from defecting increase and it becomes advantageous to defect. The problem becomes rallying the critical mass necessary to encourage co-operation and maintain the commitment to co-operate.

Runge (1986) identified the assurance of the actions of others as a crucial factor in rallying the critical mass necessary to achieve the Pareto-superior solution of high levels of co-operation. The assurance that others will co-operate increases the incidence of voluntary co-operation by achieving the condition of the critical mass. The players will benefit most if everyone co-operates, but will realize some benefits if the critical mass co-operates. Each member’s expectations of the choices of others will become part of their decision.

In a third paper, Runge (1984) argued that co-ordination of expectations provides the incentive to create institutions. Co-ordination of expectations provides assurance of the actions of other group members and thereby insures the critical mass required to achieve the Pareto-optimal condition. Group members who are able to predict the co-operation of other members are more likely to choose to co-operate themselves. The assurance problem is based on the fair-mindedness of members: i.e., they are willing to give their share if others will do the same. Each member prefers a joint-contribution outcome; each is willing to contribute time and energy to the project if all others do the same. This outcome is Pareto-optimal in that all are made better off and none are worse off (i.e., no one member contributes significantly more time or resources than anyone else).

Runge argued that institutions are formed and survive if they successfully co-ordinate the expectations of the members regarding the actions of other members. Institutions provide information and reduce uncertainty and the cost of the search for new information. The resulting reduction of transaction costs effectively limits opportunism. The temptation to defect or cheat is resisted because members recognize the significant pay-off to collective action.

The relationship between expectations and behaviour is dynamic. If expectation of the
co-operation of others causes Member A to co-operate, the action of Member A will encourage others to co-operate. This interactive process creates a spiral of co-operation (or defection if the initial expectation is that others will not co-operate). As member expectation increases, co-operative behaviour increases, causing expectations of future co-operation to increase, and so on.

**Free Riding versus Playing Fair**

Marwell and Ames (1981) looked at the results of eleven experiments testing the free-rider hypothesis. Ten of the eleven resulted in a low incidence of free riding. The one experiment where it proved to be the dominant choice tested the responses of a group of graduate students in economics. The other rounds involved groups of university and high-school students.

As noted above, free riding is defined as the choice not to contribute to the provision of a public good when neither contributors nor noncontributors can be excluded from benefiting from the good. The hypothesis states that under these conditions it is irrational for a member to contribute voluntarily. The weak version of the Free-Rider Hypothesis says that voluntary contributions will provide the good at a suboptimal level. Under the strong version, the good is not provided through voluntary contributions.

The results of the Marwell-Ames (1981) experiments show that the strong version of the hypothesis does not hold: players repeatedly contributed substantial amounts (averaging 40–60 percent of resources) to the provision of the public good. The results do, however, support the weak Free-Rider Hypothesis: the good was not provided at the optimal level because all players held some of their resources in reserve.

The concept of fair play appears to have affected the outcomes of these experiments. Subjects were asked what they considered to be a fair investment in the public good and whether concern for fairness affected their own investment decision. The results show a correlation between the level of investment and their response to these questions. Those who contributed the most were those who thought high levels of investment were fair and were concerned with the fairness of their contribution.

The results of these experiments introduce the role of emotions and fairness to the discussion of how and why co-operatives form. Much of the previous discussion has dealt with writings in economics and behavioural studies, with arguments based on the assumption that people are self-interested and therefore will not contribute voluntarily to the provision of public goods, and will not co-operate when they can receive the benefits from the cooperation of others. Since everyone’s preference is to free ride while others contribute, the spiral of expectation and behaviour interaction will result in all players defecting or not co-
operating. Co-operation is viewed as the irrational choice. The results of the Marwell-Ames experiments and the incidence of co-operatives in real life encourage us to look for other explanations for the propensity to co-operate.

The Role of Emotions
Frank (1988) observed a paradox in the self-interest model. The paradox arises from observations of situations where the pursuit of self-interest prevents its attainment. Illustrating that people would often be better off in terms of finance, convenience, and time if they took no action, Frank listed the following examples: petty theft (where the cost of retaliation exceeds the cost of simply replacing the object), famous feuds (such as the Hatfields and the McCoys and the British/Argentine fight for the Falklands), voting, and restaurant tipping. In many of these examples, action, which in some cases was very costly, did take place.

Frank argues that emotions serve our interests in a manner not easily explained in economic terms. Many problems cannot be solved by rational action. To solve them, we must commit ourselves to a course of action, and this commitment, to serve our interests, must be credible to others. Threats of retaliation or promises of co-operation will influence the actions of others only if it is believed that the retaliation or co-operation will occur regardless of the costs. A person who has established a reputation for following through with commitments is in a firm bargaining position.

The self-interest model predicts that people will cheat if they can get away with it. Evidence shows, however, that in many situations people do not cheat. Frank’s model stresses the role of emotions such as envy, guilt, anger, and pride in solving the commitment problem. This has implications for the assurance problem described by Runge (1986). If group members expect others to co-operate and can judge this commitment on observations of trustworthiness, they are more likely to agree to co-operate.

In the example of the provision of a public good such as a safe, clean playground in a trailer park, everyone benefits the most if all members contribute. If others view the members initiating the project as trustworthy, the perceived benefits to contribution increase. And if members feel guilty sitting back while others do all the work, they will pick up their hammers and join in. The commitment or assurance factor and the role of emotions are crucial in rallying the critical mass necessary to ensure benefits to co-operation.

Critical Mass
The concept of critical mass is used in many disciplines and is central to the study of collective action, such as that found in social movements, fund raising, riots, strikes, barn raising,
and business cartels. It is widely understood that it takes some minimum number of people contributing to the collective activity to attract other contributors.

Brown (1995) views the concept of critical mass as a threshold point, which is not determined by a set number, large or small, but by how many people are needed to make a difference or to make collective action successful. “Snowballing” and “jumping on the bandwagon” are other terms sometimes used to describe this concept.

If people believe their efforts will make a difference in a given situation, they will extend that effort. One person trying to solve certain problems, however, often has little effect. If we observe a number of people attempting to solve a problem, we are more confident that if we join the effort, our contribution combined with the efforts of others will have more impact. Critical mass is “enough people” co-ordinating their efforts to make a difference. Others, seeing the success of people working together, will join in to help solve the problem (Brown 1995).

Marwell and Oliver (1993) develop a theory of critical mass in collective action based on the proposal that group outcomes cannot be determined from models of individual behaviour. By examining the interdependent actions of groups, group heterogeneity, and communication and interaction among members, Marwell and Oliver contribute to our understanding of the formation and success of co-operatives.

The model focusses on “the interdependence among actors, heterogeneity within groups, and the role of mobilizing agents” (Marwell and Oliver 1993, 2). The “interdependence among actors” is defined as behaviour that takes account of the effect of one person’s actions on the actions of others.

The theme of the writing is that collective action can result from the efforts of a small group of highly motivated and resourceful people. A critical mass of significant contributors is important in collective activity, which will occur if even a small number of them work together. The critical mass of highly motivated individuals will function as a mobilizing agent and rally others to contribute.

Applying this theory to co-operative activity answers some of the questions of why co-operatives form when the predilection, on an individual basis, is to defect. The critical mass of highly interested and motivated members mobilizes other members to participate (Marwell and Oliver 1993; Brown 1995). As long as this group remains motivated, some members can contribute at a lower level or even free ride without seriously jeopardizing the success of the enterprise. However, interdependence (the actions of others are taken into account when making a decision to act) implies that members observing the contributions of others will be assured of some benefits to their own co-operation, and therefore will be more likely to co-operate.
ADULT EDUCATION’S CONTRIBUTION TO THE DECISION TO FORM CO-OPERATIVES

In defining the role of the adult educator in co-operative development, the concepts outlined above show the importance of surveying the existing state to reveal those highly motivated individuals who will form the core of the project and inspire others to action. This is also the group that will assume leadership and direct the group when the external agent must move on to other projects.

In addition to encouraging leadership, the adult educator plays a role in co-ordinating the expectations of others. Runge (1984) discussed the importance of the co-ordination of expectations in rallying the critical mass and stimulating spontaneous or volunteer co-operation. An adult educator working with a group to explore the existing state and increase awareness of the problem, the available resources, and alternative solutions, can use this opportunity to guide the discussion to help group members to compare objectives and goals. It is also an opportunity to encourage cohesion in the group by illustrating the similarities of members’ objectives and goals, and by exploring the alternatives that can provide the desired outcomes.

Ryan (1994) and Fussel (1996) illustrate how facilitators and community development strategies can encourage collective action and co-operation to improve economic and social conditions. Ryan contributes to our understanding of collective action through his discussion of the importance of social capital and solidarity, within which increasing levels of trust and the assurance of reciprocal treatment are critical to collective action.

Social capital is defined as:

… a feeling of solidarity created by the actions of group members and embedded within the group’s structure. Social capital, unlike other resources, is not intentionally produced, nor is it produced for the sole use of individuals who are responsible for its production. Rather, it results as a by-product of action and is available for use by any of the group’s members. The accumulation of social capital serves as a valuable resource for future collective action (Ryan 1994, 12).

This solidarity or bonding occurs among people facing a common problem, wherein in-
individuals experience a sense of obligation to others in the group to act in a manner that will benefit the group as a whole. This sense of obligation arises from a shared identity and a sense of loyalty, which grows out of discussions and interactions around the common problem. The feeling of obligation is accompanied by an expectation that other group members experience similar feelings of solidarity and obligation. Continued group interaction contributes to increasing levels of obligation, expectation, and solidarity. Thus, social capital is created within groups and is a valuable resource that can be used to encourage collective action in the solution of future problems (Ryan 1994).

Fussel (1996) offers an explanation of how communities make decisions. According to his theory, community decisions are made within a frame of reference and are consistent with the prevailing social reality. A frame of reference is a set of values or beliefs about how the world operates. If problems arise that cannot be solved within the existing frame of reference, communities see no other course of action and believe they must simply accept the situation. To enable communities to move outside an existing frame of reference and create new possibilities, facilitators can enhance the community knowledge base and expand possibilities through a learning process described below under the heading “Experience-Knowledge Base.”

**Collectivity**

Ryan (1994) critiques the community development profession’s traditional treatment of collective action, observing that the profession has based its actions on the theory that group behaviour is an aggregation of individual, self-interested behaviour. He suggests some alternative views of collective activity.

Community development occurs when groups of people voluntarily participate in collective decisions to change existing situations. To do so, group members must come to a consensus that the action is necessary and desirable. This consensus is critical to establishing a common identity, shared expectations, and common goals.

Traditionally, community development practice has been based on the egoistic paradigm, the notion that people are motivated to participate in collective activity if their personal interests are served better through group effort than through individual action. Problems arise, however, in trying to aggregate self-interest to the level of collective action. If self-interest is the only motivation, collective action will not occur because people will recognize that they will benefit if everyone else contributes, even if they do not (i.e., they will free ride). Self-interest, therefore, is an obstacle to collective action, not the motivation for it. Ryan (1994) suggests several alternative explanations for collective action and co-operation; these are outlined in table 2, which also describes how the theories influence the decision to
form co-operatives. Ryan identifies conformity, loyalty, solidarity, and a sense of obligation as motivations for collective action.

**Table 2: Alternative Explanations for Collective Action**

<table>
<thead>
<tr>
<th>Theory</th>
<th>Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oversocialization</td>
<td>Based on Durkheim’s Model of Structural Functionalism. Individual behaviour is determined by roles derived from group norms.</td>
<td>Conformity to group norms is the motivation to participate in collective action.</td>
</tr>
<tr>
<td>Individuals are Rational Social Actors</td>
<td>The decision to participate in collective action is based on an individual’s calculation of the consequences. Group members make participation decisions based on prior and future obligations.</td>
<td>Within groups characterized by recurring interaction, actions are not solitary events and obligations to the group influence the decision to co-operate.</td>
</tr>
<tr>
<td>Bounded Solidarity</td>
<td>Individual interests are merged into a form of group consciousness that evolves over time and with continued interaction.</td>
<td>A sense of loyalty and common identity encourages group members to work together to solve common problems.</td>
</tr>
<tr>
<td>Social Capital</td>
<td>Individual obligations to the group are accompanied by an expectation of reciprocal treatment. Social capital is a synergism or capacity resulting from a series of obligations and expectations.</td>
<td>Social capital or solidarity increases the likelihood of collective action or co-operation.</td>
</tr>
</tbody>
</table>

Source: Ryan 1994

Ryan argues that the decision to co-operate is influenced by fairness, trust, fear of punishment, anticipation of rewards, interdependency, and altruism. His research suggests, further, that collective action is not based on self-interest but is influenced by the structural characteristics of groups and by repeated interaction among members. Providing information that helps people recognize the benefits gained from collective action can encourage co-operation, and increasing levels of trust and commitment promote co-operation through the assurance that others will reciprocate.

**Experience-Knowledge Base**

Fussel (1996) provides support for Rogers’s Concept Distance Mapping Model by describing the manner in which communities assimilate and use new information. As noted above,
communities use a set of beliefs and values as a frame of reference in decision making. Each community has its own framework, perspective, institutional structures, norms of behaviour, and interpretation of experiences. When a community experiences a problem, potential solutions are analysed within the existing social reality or frame of reference. If this frame of reference offers no solution, the community accepts the problem as inescapable. To allow for new possibilities, this framework must be expanded through a process of social change. By expanding the frame of reference and acquiring new knowledge, the community or group increases its options and its chance for success.

Experience and knowledge are connected. Experience affects our perception and our interpretation of information. Experience and knowledge together form the base of the set of beliefs and values used as a framework in making decisions. To expand the framework, the base of experience and knowledge must be expanded.

According to Fussel, development is a process to make life better by the “formation of a vision and collective action for resolution of perceived needs” (1996, 47). Development occurs when the social reality (framework of beliefs and values) changes to enable an expansion of choices and options. An external agent can facilitate this process by providing information in an appropriate manner at a suitable time.

Information introduced by the facilitator may be outside the social reality framework and hence will not fit the existing experience-knowledge base. In this case, the information is of no use to the group and the desired action will not follow. To avoid this situation, the facilitator or adult educator should introduce information that is consistent with the experience-knowledge base, but enables the expansion of that base and the corresponding adjustment to the framework or social reality. In other words, the educator should avoid “banking education” (Freire 1989) or “input learning” (Rogers 1992), i.e., providing information of the type and in the manner that requires acceptance without understanding.

Fussel views the facilitator’s role in development as a two-way process. The facilitator must acquire a solid understanding of the community’s experience-knowledge base and social reality. He or she will then be able to help identify problems and provide information and resources appropriate to the frame of reference, with the goal of expanding the framework or social reality to incorporate new possibilities. “Knowledge is relative to the frame of reference, not absolute, and evolves over time” (Fussel 1996, 50).

**Summary**

This chapter provides an overview of many issues involved in the decision to form co-operatives. Some arguments suggest that there are few incentives to form co-operatives and that some form of coercion is necessary to ensure co-operation. Other arguments
claim that social norms, emotions, and fair-mindedness can overcome the lack of incentives so that voluntary co-operation will occur. Adult educators have a role to play in this process, facilitating co-operation by: co-ordinating the expectation of reciprocal co-operation; gathering a critical mass or enough people to make a difference; encouraging leadership within groups; helping to define common problems and common goals; and providing information and education to expand the frame of reference and create new options.
Chapter Four

Case Study: A Modern Co-operative Movement

Introduction

The discussion in the preceding chapters shows that adult education has played a crucial role in the development of co-operatives to address economic and social issues. The case study presented in this chapter will illustrate that adult education continues to be important, demonstrating that the concepts set forth thus far have relevance in the development of co-operatives to address problems and recognize opportunities in modern agriculture.

This chapter provides a case study of a modern co-operative movement. From the mid-1980s to the late-1990s, Minnesota and North Dakota have experienced a rapid increase in the rate of new co-operative development. In fact, the accelerated birth rate of new co-operatives is attracting the attention of academics, social observers, economists, and sceptics in the rest of the United States and around the world. The phenomenon has been referred to as a “co-operative renaissance,” “co-op fever,” and a “co-operative revival” (Egerstrom 1994). Many factors are at work on the northern plains, but, as history would predict, at the heart of this new co-operative movement are adult educators with a vision of social transformation. The methods employed by modern co-operative developers are compared to the adult education framework developed in chapter 2. This chapter describes some of the changes in agriculture that are encouraging farmers to look for new strategies to improve their economic situations.

Background

The economies of North Dakota and Minnesota rely extensively on agriculture and agricultural business. Agricultural processing co-operatives are starting up in these two
states at an unprecedented rate (Patrie 1998). It is clear that external agencies are playing a critical role in this development; a closer examination of the activities in these states, in fact, reveals the active and proactive role of a wide range of individuals and institutions.

The activity in North Dakota and Minnesota as an example of development through collective action bears similarities to the story of the Antigonish Movement described in chapter 2. In North Dakota, there is a corresponding concern for the economic situation of farmers. To address these concerns, a co-ordinated effort has been implemented focussing on a co-operative solution to economic and social problems.

The Changes in Agriculture and the Impact on Farmers

Farmers in North Dakota and Minnesota are experiencing the influence of the industrialization and globalization of agriculture. This section provides an overview of these sweeping changes and attempts to describe some of the implications for family farms.

The agricultural system has recently undergone dramatic change, with alterations in technology and institutional structure and the globalization of agricultural markets increasing uncertainty and complicating decision making for producers. There are conflicting views on how these changes will impact farm management practices and the stability of family farm enterprises, but most observers agree that decision makers must consider a whole new set of factors as they decide what to grow and how to market their products. Table 3 (overleaf) contains a number of concepts used by Boehlje (1995) to describe how these factors have changed and how these changes affect farm management decisions.

Boehlje’s observations show that agriculture has evolved from focussing on commodities to focussing on differentiated, processed products. In the new agriculture, information is the prime source of control and the competitive advantage is in people, information, and relationships. Players in the new agriculture are more concerned with relationship risks than with price risks.
Table 3: Concepts in Agriculture

<table>
<thead>
<tr>
<th>Old Concept</th>
<th>New Concept</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodities</td>
<td>Specific attribute/differentiated raw material</td>
</tr>
<tr>
<td>Assets drive the business</td>
<td>Customer drives the business</td>
</tr>
<tr>
<td>Hard assets are the prime source of strategic</td>
<td>Soft assets are the prime source of strategic</td>
</tr>
<tr>
<td>competitive advantage</td>
<td>competitive advantage</td>
</tr>
<tr>
<td>Blending of commodity product from multiple</td>
<td>Separation of identity-preserved raw materials</td>
</tr>
<tr>
<td>sources</td>
<td></td>
</tr>
<tr>
<td>Owning assets</td>
<td>Control of assets</td>
</tr>
<tr>
<td>Money/finance/assets are the prime source of</td>
<td>Information is the prime source of power and</td>
</tr>
<tr>
<td>power and control</td>
<td>control</td>
</tr>
<tr>
<td>Insourcing (produce your own) inputs</td>
<td>Outsourcing (buy from someone else) inputs</td>
</tr>
<tr>
<td>Market (price) risk</td>
<td>Relationship risk</td>
</tr>
<tr>
<td>Independence</td>
<td>Interdependence/systems</td>
</tr>
<tr>
<td>Stability</td>
<td>Change/chaos/flexibility</td>
</tr>
<tr>
<td>Technological change and innovation</td>
<td>Institutional change and innovation</td>
</tr>
<tr>
<td>Public/open information/research and development</td>
<td>Private/proprietary/closed information/research</td>
</tr>
<tr>
<td></td>
<td>and development</td>
</tr>
<tr>
<td>Resource users and exploiters</td>
<td>Resource protectors</td>
</tr>
<tr>
<td>Agriculture is an art form</td>
<td>Agriculture is primarily science-based</td>
</tr>
</tbody>
</table>

Source: Boehlje 1995

Perceptions influence agricultural policy, which in turn influences farm management decisions. Boehlje sets out several changes in perception that will influence future agricultural policy and the structure of the industry. A number of these are outlined in table 4. Over the past few decades, agriculture has evolved to become an interconnected food production and distribution system. Attitudes, too, have changed; farmers no longer think of themselves as commodity producers but rather as producers of food. New organizational structures enable the efficient flow of information and product through the distribution system. Food safety issues and environmental concerns influence the consumer’s decision on what to buy.
### Table 4: Perceptions in Agriculture

<table>
<thead>
<tr>
<th>Old Perception</th>
<th>New Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture is farming</td>
<td>Agriculture is the food production and distribution system</td>
</tr>
<tr>
<td>Family farming/small business</td>
<td>Industrialized/corporate agriculture</td>
</tr>
<tr>
<td>Raising commodities</td>
<td>Manufacturing food products</td>
</tr>
<tr>
<td>Consumers fear high food costs and food shortages</td>
<td>Food costs are a decreasing part of the consumers’ budget and world-wide sourcing reduces the prospects of shortage</td>
</tr>
<tr>
<td>Consumers believe their food is safe</td>
<td>Consumers question the safety of their food</td>
</tr>
<tr>
<td>Significant political influence</td>
<td>Limited political influence</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Ecology</td>
</tr>
<tr>
<td>Economic well-being of rural communities depends upon farming</td>
<td>Economic well-being of rural communities depends more on off-farm activity</td>
</tr>
</tbody>
</table>

Source: Boehlje 1995

Boehlje’s observations of the changes in concepts and the alterations in the way we think about farming illustrate how family farming is increasingly interwoven into the food distribution chain. The move from independent production to interdependence with upstream markets and downstream suppliers integrates the family farm with other segments of the chain. At the same time, concern for the environment, for protecting the productivity of land and natural resources, and for food safety puts farmers under pressure as the caretakers of the earth and the providers of food.

Agriculture is increasingly vertically integrated (Barkema 1993; Boehlje 1995; Coffey 1993; Cook 1994; Drabenstott 1994; Hefferman 1984; Hefferman and Constance, 1994). Broadly speaking, there are two modes of integration: 1) corporate farming, where a nonfarm firm owns the resources and controls the decision making; and 2) contract farming, where the farmer owns the land but shares decision making with a nonfarm firm. The nonfarm firm has a claim on a portion of the resources and/or holds a contract or title of ownership for the product.

In the contract farming system, the farmer has an agreement with a processor of product or a supplier of inputs. Production contracts, or forward contracts, are made before seeding.
or before undertaking production, and the farmer is paid to produce an agricultural commodity at a unit price set by the nonfarm firm. The contract farmer is a piece-worker, supplying labour power and the mode of production, while the contracting firm often supplies the inputs such as seed, fertilizer, feed, and stock. The contract stipulates production practices such as fertilizing regimes, pest control, or feeding rations. The contracting firm holds title or ownership of the commodity and controls production and markets. Firms use contracting to increase direct control of production and to guarantee a specific quantity and quality of product to facilitate processing. The system helps to organize and mechanize production and speed adoption of new products and techniques (Cook 1994).

Contract production holds many advantages for the contracting firm, establishing price, quality, and the supply schedule, which contributes to the efficiency of processing plants by ensuring they run consistently at capacity. The system protects the contracting firms from the risks associated with weather, pests, disease, and labour disruptions (Cook 1994).

The trend towards vertical integration is evident in many industries, including fresh and processed vegetables, turkeys, broilers, eggs, citrus fruits, potatoes, sugar, seed crops, fluid milk, and pork (Hefferman and Constance 1994; Drabenstott 1994; Hurt 1994). Hefferman and Constance (1994) observe that in 1980, 89 percent of broiler production occurred through contracts, 10 percent on corporate farms, and only 1 percent by independent producers. In this, the most industrialized and vertically integrated sector of the food industry, growers are small players in the transnational game characterized by economic concentration. “By 1990, fewer than 60 integrated broiler firms controlled production, with the top four firms controlling about 45 percent of the industry” (Hefferman and Constance 1994, 33). The largest broiler processor, Tyson Foods, is also the second-largest pork producer and in the top twenty-five in beef and pork processing. ConAgra, the second-largest broiler processor, is in first place in turkey processing, sheep slaughtering, flour milling, and seafood processing. It is second in beef, pork and broiler processing, cattle feedlots, and catfish processing. Drabenstott (1994) predicts continuation and, in fact, acceleration of this trend.

The accelerated trend towards vertical integration and industrialization is explained as the market impact of the new consumer and the new producer. Today’s consumer is more demanding, more informed, and is capable of dictating preferences to the food industry. Food companies can no longer convince the consumer to accept mass-produced, generic products. Consumers demand choice, quality, consistency, and value, and today’s producer and the food industry are capable of providing exactly what the consumer wants. Advances in biotechnology and information technology make it possible to engineer food at every level from farm gate to dinner plate. Biotechnology enables the isolation and incorporation of specific traits in plants and animals, effectively providing low-fat, low-cholesterol food for health-conscious consumers. Information technology enables the industry to monitor consumer preferences and track products throughout the value chain, incorporating this information at all levels (Drabenstott 1994).
These changes necessitate changes in marketing channels. Preservation of product identity is required to assure the character-specific product reaches the consumer demanding it. Commodity markets, where products are gathered, mixed, and passed to processors that produce standardized food goods, are not structured to accommodate the designer products of the modern food chain. More direct marketing channels, such as production contracts and vertical integration, are required to maintain the identity of genetically altered or organically grown agricultural products.

Drabenstott (1994) predicts vertical integration and industrialization will lead to two types of agriculture: commodity agriculture characterized by low profit margins, low cost, and high volume for producers and processors; and specialized production characterized by high profit margins due to the opportunity to add value. “The question will be how the profits are divided between producers and integrators” (Drabenstott 1994, 6).

**New Generation Co-operatives**

Egerstrom (1994) believes that farmers on the US northern plains are reorganizing to meet the challenges of a restructured agriculture. In North Dakota, Minnesota, and neighbouring states, more than seventy farmer-owned co-operatives are in various stages of development (see table 5 and the section titled “Vertical Integration through Co-operation,” below, for examples of these new co-operatives).

Cooperatives are the most efficient vehicles for developing value-added business ideas and raising community capital to turn ideas into action. These businesses raise the value of area raw materials, such as farm commodities, and give producers a portion of processing profits at a time when commodity prices are low and producer incomes are inadequate for family and farm expenses. They also provide jobs and gainful employment in rural communities for people no longer associated with the land. And those jobs, in turn, give communities a need for retail services, vibrant schools, churches and community services (Egerstrom 1994, Make No Small Plans, 13).

Egerstrom is referring to a wave of co-operative development so visible and extensive that it has been called a co-operative revival, a rural renaissance, and co-op fever.

From 1990 through 1997, a total of 67 co-operatives were formed, or an average of 8.3 per year. More important, however, was the type being formed. The term “Co-op Fever” applies moreso to the value-added or processing co-
operatives than to traditional marketing or supply co-operatives. Of the 67 new co-operatives in the past 5 years, 26 added value to agricultural products. These co-operatives ranged in size from 15 members to more than 2,000 and in dollar value from several hundred thousand to $261 million (Patrie 1998, 5).

Table 5 lists the North Dakota value-added co-operatives referred to in the preceding quote and some of the New Generation Co-operatives formed in Minnesota and South Dakota. Table 5 also gives the location of the co-operative and its product.

Table 5: New Generation Co-operatives in North Dakota, Minnesota, and South Dakota

<table>
<thead>
<tr>
<th>Co-operative</th>
<th>Location</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al-Corn Clean Fuels</td>
<td>Claremont, MN</td>
<td>Ethanol</td>
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<tr>
<td>American Crystal Sugar</td>
<td>Moorhead, MN</td>
<td>Sugar</td>
</tr>
<tr>
<td>Central Dakota Cattle</td>
<td>Maddock, ND</td>
<td>Feeder calves</td>
</tr>
<tr>
<td>Central Dakota Growers</td>
<td>Jamestown, ND</td>
<td>Potato storage</td>
</tr>
<tr>
<td>Central Minnesota Ethanol</td>
<td>Little Falls, MN</td>
<td>Ethanol</td>
</tr>
<tr>
<td>Chippewa Valley Agrifuels</td>
<td>Benson, MN</td>
<td>Ethanol</td>
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<td>Churchill Co-operative</td>
<td>Hector, MN</td>
<td>Livestock</td>
</tr>
<tr>
<td>Corn Plus</td>
<td>Winnebago, MN</td>
<td>Ethanol</td>
</tr>
<tr>
<td>Corn-er Stone</td>
<td>Luverne, MN</td>
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</tr>
<tr>
<td>Dakota Dairy Specialties</td>
<td>Hebron, ND</td>
<td>Cheese</td>
</tr>
<tr>
<td>Dakota Growers Pasta</td>
<td>Carrington, ND</td>
<td>Pasta</td>
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<tr>
<td>Drayton Growers Pasta</td>
<td>Drayton, ND</td>
<td>Pasta</td>
</tr>
<tr>
<td>Dakota Prairie Beef</td>
<td>Gascoyne, ND</td>
<td>Fed cattle</td>
</tr>
<tr>
<td>Farmers Choice Pasta</td>
<td>Leeds, ND</td>
<td>Pasta</td>
</tr>
<tr>
<td>Farmers Union Feedlot</td>
<td>Jamestown, ND</td>
<td>Fed cattle</td>
</tr>
<tr>
<td>Glacier Frozen Foods</td>
<td>McIntosh, MN</td>
<td>Vegetables</td>
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<tr>
<td>Golden Growers</td>
<td>Fargo, ND</td>
<td>Corn syrup</td>
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<td>Great Northern Garlic Growers</td>
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<td>Garlic</td>
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<td>Heartland Corn Products</td>
<td>Winthrop, MN</td>
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<tr>
<td>Heartland Feeders</td>
<td>Park River, ND</td>
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<tr>
<td>Heart of the Valley</td>
<td>Mayville, ND</td>
<td>Vegetables</td>
</tr>
<tr>
<td>Iso-Straw</td>
<td>Finley, ND</td>
<td>Particle board</td>
</tr>
<tr>
<td>Company Name</td>
<td>Location</td>
<td>Product</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Midwest Investors</td>
<td>Renville, MN</td>
<td>Eggs</td>
</tr>
<tr>
<td>MINAQUA Fisheries</td>
<td>Renville, MN</td>
<td>Fish</td>
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<tr>
<td>Minn-Dak Farmers</td>
<td>Wahpeton, ND</td>
<td>Sugar</td>
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<tr>
<td>Minnesota Agro-Forestry</td>
<td>Alexandria, MN</td>
<td>Fiber</td>
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<tr>
<td>Minnesota Corn Processors</td>
<td>Marshall, MN</td>
<td>Sweeteners</td>
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<td>Minnesota Energy Co-op</td>
<td>Buffalo Lake, MN</td>
<td>Ethanol</td>
</tr>
<tr>
<td>Minnesota Family Farms</td>
<td>Kenyon, MN</td>
<td>Livestock</td>
</tr>
<tr>
<td>Minnesota Lean</td>
<td>Brownsdale, MN</td>
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</tr>
<tr>
<td>Minnesota Valley Alfalfa Producers</td>
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<td>MOPRO Co-operative</td>
<td>Glenville, MN</td>
<td>Poultry</td>
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<td>North American Bison</td>
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<tr>
<td>North American Fish Farmers</td>
<td>Biford, ND</td>
<td>Fish</td>
</tr>
<tr>
<td>North Central Cattle Feeders</td>
<td>New Town, ND</td>
<td>Feeder calves</td>
</tr>
<tr>
<td>North Dakota Pigs</td>
<td>Fargo, ND</td>
<td>Hogs</td>
</tr>
<tr>
<td>Northern Lights Vegetable</td>
<td>Brooten, MN</td>
<td>Vegetables</td>
</tr>
<tr>
<td>Northern Plains Premium Beef</td>
<td>Mandan, ND</td>
<td>Beef</td>
</tr>
<tr>
<td>Northern Produce</td>
<td>Hatton, ND</td>
<td>Carrots</td>
</tr>
<tr>
<td>Ostrich Producers</td>
<td>Minnetonka, MN</td>
<td>Ostrich meat</td>
</tr>
<tr>
<td>Phenix Manufacturing</td>
<td>Mankato, MN</td>
<td>Environ</td>
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<tr>
<td>Prairieland Producers</td>
<td>Randall, MN</td>
<td>Meat</td>
</tr>
<tr>
<td>Quality Pork</td>
<td>Crosby, ND</td>
<td>Feeder pigs</td>
</tr>
<tr>
<td>Snoflake Products</td>
<td>Warren, MN</td>
<td>Vegetables</td>
</tr>
<tr>
<td>South Central Minnesota Agrifuels</td>
<td>Clarks Grove, MN</td>
<td>Fuels</td>
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<tr>
<td>South Dakota Soybean</td>
<td>Volga, SD</td>
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<tr>
<td>Southern Minnesota Beet Sugar</td>
<td>Renville, MN</td>
<td>Sugar</td>
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<tr>
<td>Tri-State Corn Processors</td>
<td>Rosholt, SD</td>
<td>Ethanol</td>
</tr>
<tr>
<td>TruAl Inc.</td>
<td>Truman, MN</td>
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<td>United Mills</td>
<td>Renville, MN</td>
<td>Livestock feed</td>
</tr>
<tr>
<td>United Spring Wheat</td>
<td>Fargo, ND</td>
<td>Frozen bread</td>
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<td>United Sugar</td>
<td>Bloomington, MN</td>
<td>Sugar</td>
</tr>
<tr>
<td>ValAdCo</td>
<td>Renville, MN</td>
<td>Hogs</td>
</tr>
<tr>
<td>Walton Bean Growers</td>
<td>Englevale, ND</td>
<td>Edible beans</td>
</tr>
<tr>
<td>Western Dakota Pork</td>
<td>Scranton, ND</td>
<td>Slaughter hogs</td>
</tr>
</tbody>
</table>

**Characteristics of New Generation Co-operatives**

The instrument of choice in creating this revival is the New Generation Co-operative (NGC). New Generation Co-operatives can be described as producer-owned, restricted-membership co-operatives formed to process the agricultural products of their members. Capital requirements are met, to a large extent, by members purchasing delivery rights up-front. Low levels of debt, and member commitment secured through delivery-right shares, increase the potential for the long-term success of projects adopting this organizational structure (Patrie interviews 1995, 1996, 1997).

These co-operatives are seen as the instruments by which rural people can take control of their lives and their livelihoods in the face of sweeping globalization, encroaching vertical integration, and increased concentration of power in the hands of transnational corporations. The purchase of a membership share gives the member the right to one vote in the co-operative and the right to purchase delivery-right shares. Each delivery-right share purchased represents the right and the obligation to deliver one unit of the product to the co-operative per year. The delivery contract acts as a two-way mechanism: the member is committed to deliver and the co-operative is committed to take delivery. The contract sets out the standards for quality, and delivery is regulated to keep the plant running at capacity at all times. If the member is unable or unwilling to deliver on the share, the co-operative purchases the product elsewhere and charges the costs against the member’s equity. The delivery-right shares in NGCs are tradable and transferable. Shares have value and can be sold to other producers with the approval of the board of directors. They can also be passed on to the next generation along with other assets (Hanson interview 1996).

The sale of these delivery rights is a mechanism for securing start-up capital, with member-equity investment representing between 35 and 50 percent of the start-up costs. The obvious benefit to the co-operative of low debt is augmented by the benefit of member commitment, which is locked in through the contract and the investment. The member has made a large investment and will act to ensure the success of the venture. The variations on the co-operative model incorporated into the NGCs are seen to solve many of the problems faced by traditional co-operatives such as free riders, opportunistic behaviour, horizon problems, and capital acquisitions (Harris et al. 1996).

The share structure of the NGC is characterized by three classes of shares: membership shares, equity shares, and preferred shares. The membership share gives the holder the right to vote and the right to purchase equity, or delivery-right shares. Only producers of the commodity can hold membership shares. Each equity share purchased gives the member the right and the obligation to deliver one unit of farm product to the co-operative for processing. The third class of share is the preferred share, which carries no voting rights or delivery rights and offers a limited rate of return (Patrie interviews 1995, 1996, 1997).
The purchase of delivery-right shares represents a significant investment on behalf of producer-members and a significant equity infusion for the co-operative. The North American Bison Cooperative, for example, sold 180 membership shares at a cost of US$100 each. These 180 members then purchased a minimum of 10 delivery-right shares at a cost of US$250 each, a minimum investment of US$2,500 per member (Sexhus interview 1997; Patrie interview 1995). This member investment resulted in an equity infusion to the co-operative of more than US$1 million (Patrie 1998).

The elements that distinguish the NGC from the traditional open co-operatives are closed membership, delivery-rights contracts, and high equity investment tied to the delivery right and to the rate of return on investment.

Several attributes of these new generation co-operatives are:

- Equity investment is required prior to establishing delivery rights.
- Producer agreements between the co-operative and the producer link delivery of products to equity units purchased. Total delivery rights make equal processing capacity available for sale.
- Purchase of commodities is authorized by the co-operative for undelivered contracts.
- The transferability-of-equity feature means that shares can be sold to other eligible producers at prices agreed to by the buyers and sellers. Equity shares appreciate or depreciate in value based on the earning potential they represent. Although the co-operative’s board of directors doesn’t set prices, it must approve all stock transfers so that shares do not get into the hands of ineligible persons.
- High levels of cash patronage refunds are issued annually to the producer. Since equity is achieved in advance of business start-up, a majority of the net can be returned annually to the producers in cash. (Patrie 1998, 2)

Although these organizations look like investor-oriented firms, they hold staunchly to the basic principles of co-operation set out by the Rochdale Equity Pioneers in 1844: democratic control and one member, one vote (Craig 1993). Voting rights are tied to membership independent of the level of investment (Patrie interview 1995).

*A Community of Co-operatives*

Renville, Minnesota, is home to a number of New Generation Co-operatives. The Renville co-operatives illustrate how farmers are acting co-operatively to add value to farm products
and integrate upwards in the distribution chain. This section briefly describes some of the Renville New Generation Co-operatives

ValAdCo is a farmer-owned co-operative incorporated in 1991 with 100 corn-producing members. It was established to add value to the shareholders’ corn by feeding it to hogs. Earnings of the co-operative are distributed to the members in proportion to the bushels of corn delivered. ValAdCo produces genetically superior gilts for resale to hog-breeding operations. The co-operative operates a 1,250-sow crossing farm and two 2,500-sow commercial farms near Renville, and a 2,500-sow crossing farm near Olivia (Minnesota Association of Cooperatives 1996).

Midwest Investors, Inc. (MII) is a marketing co-operative organized to invest in the production of eggs and egg products and other ventures in an attempt to diversify the investments of member-farmers. Golden Oval is MII’s egg-production and processing division. On sixty acres near Renville, sixteen Golden Oval barns house one hundred and twenty-seven thousand birds each. The eggs are broken and separated in the egg-processing plant and then sold through agreements with two companies who further process the liquid eggs for the retail and food service industries. The 383 members of Golden Oval produce feed grains (Minnesota Association of Cooperatives 1996).

ValAdCo, Golden Oval (MII), and Coop Country Farmers Elevator formed another co-operative, United Mills, which receives grain from ValAdCo and Golden Oval members and processes it into specialized feed mixed for the ValAdCo hogs and the Golden Oval hens (Minnesota Association of Cooperatives 1996).

Local farmers can be, and often are, members of ValAdCo, MII, and Coop Country Farmers Elevators. Members of ValAdCo and Golden Oval (MII) hold delivery-right shares with the co-operatives, receiving market price on delivery and a share of annual earnings (Egerstrom 1994; Campbell 1995; Year in Cooperation 1995). Other Renville co-operatives include Southern Minnesota Beet Sugar Cooperative and MINAQUA Fisheries.

These co-operatives are examples of farmers pooling resources and risks to integrate upwards from farm operations to processing sectors of the food industry. The economies of scale realized through the size of these operations would be impossible for most individual farmers.

**Vertical Integration through Co-operation**

How does contracting with a New Generation Co-operative differ from contracting with a nonfarm corporation? In the NGC, the grower is the owner and will share in the earnings of the plant in proportion to the volume of delivery/the number of shares owned/the amount
of investment made. The co-operative does not retain earnings for future expansion, which will be funded through the sale of additional shares. The low debt position means the co-operative can realize earnings within a few years of start-up. Members receive a percentage of these earnings based on the number of delivery-right shares they own, which reflects the amount of their initial investment.

The production contracts used by nonfarm firms represent top-down vertical integration. Large agricultural corporations reach down the value chain to gain control over production while off-loading the risk of weather, crop failure, and labour onto the producer (Cook 1994). The structure of New Generation Co-operatives allows farmers to reach upward to gain a share of the profit centres available in processing, distribution, and marketing.

The NGC model holds some potential for producers to develop their own organizational structures that can take advantage of the benefits of vertical integration of the processing sector while maintaining an element of control for the commodity producer. Although not foolproof or perfect, this tool has allowed many co-operative members to gain a little more control of their own futures and to contribute to the development of their communities.

Nonfarm firms dictate the terms of the contract, with farmers who refuse to play soon being eliminated through a lack of marketing opportunities. NGC owner-members, on the other hand, can sit on the board of directors and maintain and exercise control over the terms of the contract.

Farmers holding contracts with nonfarm firms assume production risks with few offsetting benefits. The contract locks in prices, and while this may protect farmers from price reductions, it also prevents them from benefiting from price increases. In the NGC model, farmers assume the production and price risks, but these are somewhat offset by access to the earnings of the co-operative. If the co-op benefits from a low farm-gate price, the returns to processing will increase and farmer-members will receive a percentage of those returns.

The contracting firm controls information on market trends and consumer preferences. Farmers have knowledge of local conditions and production. When farmers form co-operatives and integrate upward in the distribution chain, they are able to access market and end-user information. Combining market information with details on production and local conditions puts farmers in a position to respond quickly and accurately to market trends.

The Development Strategy

At the end of the 1980s, North Dakota was experiencing many problems, such as declining farm numbers, out-migration, and decreasing rural incomes. In an agriculture-based economy, the effects of this decline were felt throughout the state. Dennis Hill, execu-
tive vice-president and general manager of the North Dakota Association of Rural Electric Cooperatives (NDAREC) and co-chairperson of Growing North Dakota commented: “The rural electric cooperatives decided they were in the best position to take action, so we adopted a new economic development philosophy that emphasized rural development through cooperative development” (Hill in Campbell 1995 62 (5), 13).

NDAREC implemented a formal rural development programme, hired a rural development director, and became involved in the planning of an economic development programme called Growing North Dakota. NDAREC worked with many other organizations to develop a comprehensive package of programmes aimed at fostering rural and economic development in the state. Presenting a united front with the involvement of many organizations helped them to lobby the government and have the package of programmes implemented in legislation.

Then-Gov. Sinner appointed a committee of 34 to carry the bill through the 1991 legislature. This broad-based committee of development officials, administrators, and users of development services were successful in getting the State legislature in 1991 to pass “Growing North Dakota” legislation which dedicated $22 million from the profits of the Bank of North Dakota to economic development (Patrie 1998, 7).

This enabling legislation was a key element in fostering “co-op fever” and in the enthusiasm surrounding it: “The greatest contribution of this legislation to ‘Co-op Fever’ may have been the creation of expectancy—some projects on the drawing boards could now be moved forward” (Patrie 1998, 7).

The North Dakota Association of Rural Electric Cooperatives and the North Dakota Association of Telephone Cooperatives (NDATC) have participated actively in the development programme. Since 1989, NDAREC and NDATC have had the authority to make ten-year, interest-free loans (with a maximum of $400,000 per project) to rural enterprises (Patrie 1998). They are encouraged in their efforts to support rural development by their boards of directors, many of whom are farmers. They have been instrumental in gathering support and enlisting the services of many other institutions, which actively participate in the network of support and provide financial, advisory, and moral support to new co-operatives. NDAREC and NDATC are members of the North Dakota Coordinating Council for Cooperatives (NDCCCC) along with Farm Credit Services, North Dakota Farmers Union, North Dakota Credit Union League, and other co-operatives. NDCCCC sponsors the Center for Cooperative Development, which supports a co-operative development specialist and a rural development director, who are high-profile, highly visible actors in development circles. Together they have contributed vision, enthusiasm, and many hours of time and effort, but they do not work alone.
An essential ingredient in the Rural Development Programme’s success is the partnership with various government entities—local, state, and federal. The non-partisan programme is the type of venture that cannot be accomplished alone. Its success requires the input of many individuals, organizations, and institutions (Rural Development Programme 1995, 8).

The partners in the Growing North Dakota programme include the government, the university, the Minnesota Association of Cooperatives, the Cooperative Foundation, and financial institutions such as the St. Paul Bank for Cooperatives and the Farm Credit Service.

Many of the institutions have a mandate to provide services in many states. Others assume an attitude of encouraging co-operative development and economic growth and choose to ignore state and even national borders. The following section examines these institutions in more detail, outlines the services provided to developing projects, and describes the philosophy behind their actions.

The Network of Support

The process at work in North Dakota started with a comprehensive and focussed rural development strategy, Growing North Dakota, which established the infrastructure that provides the resources and the machinery critical to development. Representatives of various organizations in the state created a network of support, information sharing, and enthusiasm. Government and quasi-government organizations did not drive the development; they supported it. The impetus for development came from producer groups, and the government played the role of advocate, encouraging a positive attitude and supporting projects by helping to remove some of the barriers. This environment created conditions that encouraged the growth of many different kinds of industries and enterprises, including New Generation Co-operatives.

In North Dakota and Minnesota, rural development workers work in conjunction with co-operative educators, co-operative development agencies, government agencies, financial institutions, and a range of consultants and advisors. This support network of external agents effectively provides resources to developing co-operatives. Rudy Radke is an area extension specialist at the North Dakota State University and a player in the support network. According to Radke, the network is effective in its efforts to encourage co-operative development for the following reasons:

1. All organizations work towards a common goal: to improve rural economies and rural communities.
2. Representatives of these organizations understand the co-operative model and are enthusiastic about the social and economic advantages of this structure.

3. Information is constantly flowing among the organizations and the rural population.

4. The needs specific to each group can be quickly identified and addressed by the extensive resource pool.

5. These efforts are resulting in an attitude of optimism and the development of numerous co-operative ventures (Radke interview 1996).

The spirit of co-operation starts with the farmer but is encouraged and fuelled by the external support network. The roots of this network emerge from institutions with a vested interest in rural economies. The rural utility co-operatives, the Farm Credit System, and existing co-operatives such as Coop Country Elevators and Land o’ Lakes recognize that their existence depends on a healthy rural economy and a stable rural population. Dennis Hill of the North Dakota Association of Rural Electric Cooperatives says this realization was the impetus behind the allocation of substantial resources to rural development strategies. The continued existence of organizations and institutions serving rural populations is dependent on maintaining a rural population. Those organizations have been instrumental, therefore, in developing the common goal of rural revitalization and creating the focus and determination to achieve that goal (Hill interview 1996).

Allen Gerber, former executive director of the Minnesota Association of Cooperatives (MAC), says there are two types of development strategies at work. Minnesota has adopted a “slow-fix” model, in which many organizations and institutions work towards the common goal but have no central co-ordinating person or entity. North Dakota has adopted the “quick-fix” solution, creating, with NDAREC’s lead, a position for a rural development specialist, filled at the time of writing by Bill Patrie. Patrie’s work with rural groups and co-ordination of the many organizations involved in rural development has contributed to what Gerber refers to as the “quick fix.” Neighbouring states may have both models at work, but there is considerable overlap and collaboration among the players. Borders do not limit the exchange of information, and enthusiasm flows easily across boundaries. The two strategies have a similar result: the development of many new co-operatives, the revitalization of rural economies, and the emergence of a positive, optimistic attitude (Gerber interview 1996).

Cooperative Development Centers  The regional programme Growing North Dakota is linked to a national effort through the National Rural Cooperative Development Task Force, established by the National Cooperative Business Association in 1989 to:

Ensure that the proven effectiveness of cooperatives in meeting the needs of rural people was included in federal rural development policy. The Task
Force sought to re-establish a meaningful public/co-op sector partnership to expand the capacity to provide for much-needed cooperative research, education, and development for cooperatives of all kinds (James 1995, 4).

The 1990 *Food, Agriculture, Conservation, and Trade Act* gave the authority to create centres for co-operative development. The centres are funded by private support augmented by funding from the United States Department of Agriculture’s (USDA) Rural Development Administration through an agreement with the Cooperative Development Foundation. The centres and their partners form the core of the network for co-operative development. The programme goal is to establish co-operatives and to use co-operation as a development strategy. Although co-operatives are the focal point, the centres encourage other organizational structures such as strategic alliances, networks, and associations that employ collective activities in problem solution (Network of Centers for Rural Cooperative Development 1996). Table 6 lists the ten co-operative development centres, their directors, and their locations.

**Table 6: The Ten Cooperative Development Centers**

<table>
<thead>
<tr>
<th>Cooperative Development Center</th>
<th>Director</th>
<th>Location</th>
</tr>
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<tbody>
<tr>
<td>Dakotas</td>
<td>Bill Patrie</td>
<td>Mandan, North Dakota</td>
</tr>
<tr>
<td>Western</td>
<td>Mahlon Lang</td>
<td>Davis, California</td>
</tr>
<tr>
<td>Great Plains</td>
<td>David G. Barton</td>
<td>Manhattan, Kansas</td>
</tr>
<tr>
<td>Northeast</td>
<td>Andy Ferguson</td>
<td>Greenfield, Massachusetts</td>
</tr>
<tr>
<td>Mississippi Delta</td>
<td>Annette Pagan</td>
<td>Morrilton, Arkansas</td>
</tr>
<tr>
<td>Upper Midwest</td>
<td>E.G. Nadeau</td>
<td>Madison, Wisconsin</td>
</tr>
<tr>
<td>The Southeast</td>
<td>John Zippert</td>
<td>Epes, Alabama</td>
</tr>
<tr>
<td>Pacific Northwest</td>
<td>Audrey Malon</td>
<td>Seattle, Washington</td>
</tr>
<tr>
<td>Eastern Arkansas Delta</td>
<td>Barry Colley</td>
<td>Brinkley, Arkansas</td>
</tr>
<tr>
<td>Rocky Mountain</td>
<td>Dave Carter</td>
<td>Aurora, Colorado</td>
</tr>
</tbody>
</table>

Source: James 1995; Network of Centers for Rural Cooperative Development 1996

The Dakotas Center, directed at the time of writing by Bill Patrie, is housed with the offices of the North Dakota Association of Rural Electric Cooperatives in Mandan. Many in-
stitutions work closely with the center to assist in the development of new co-operatives. Partners of the Dakotas Center are:

- North Dakota Association of Rural Electric Cooperatives
- North Dakota Association of Telephone Cooperatives
- Farm Credit Services of Mandan
- North Dakota Farmers Union
- North Dakota State University
- North Dakota Association of Credit Unions
- North Dakota Coordinating Council for Cooperatives

The directors of the centers, such as Bill Patrie, function as change agents, facilitating collective action by working closely with groups to co-ordinate group activities, provide information, build group cohesion through conflict resolution and emphasis of common goals, and link groups to outside resources at appropriate times. Their actions and roles are described in more detail in the section below titled “The Change Agents.”

The Partners in Cooperative Development

As illustrated by the list of partners to the Dakota Center, a wide variety of institutions are committed to promoting development through collective action. Each institution provides a valuable and effective service to developing projects, and all are important links in the network of support. This section briefly describes some of the agencies involved in supporting co-operative development.

Minnesota Association of Cooperatives

The Minnesota Association of Cooperatives is a nonprofit, nonpartisan trade association that represents co-operatives in that state. MAC members pay annual membership dues, and the contributions of local and regional member co-operatives enable the association to provide services to new and emerging co-operatives. Co-operative development has been fostered through MAC’s efforts in education, lobbying, and public relations. MAC’s mission is “to promote, support and advance the interest and understanding of cooperatives through public relations, education, and legislative efforts” (Year in Cooperation 1 (1): 4).

Allen Gerber, executive director of MAC in 1997, edited the association publication Year in Cooperation, a co-operative development magazine that is an important vehicle of information exchange. Representatives of the St. Paul Bank for Cooperatives, The Cooperative Foundation, The Northcountry Cooperative Development Fund, and many others submit informative and educational articles about co-operative activity, development, and performance. Year in Cooperation is another method of fuelling the enthusiasm so necessary to encourage development.
The Cooperative Foundation

The Cooperative Foundation is an upper-midwest, regional, private foundation founded in 1945. It provides grants and uses service agreements to fund projects that fit its mission, which is “to encourage, support, promote, and expand co-operatives through research, teaching, extension, innovation, and development (Working to Build Cooperatives 1995). The Cooperative Foundation, under the direction of its president, William Nelson, encourages the use of the co-operative business model for economic and community development through its actions and its involvement with the network of state co-operative councils, national organizations, local and regional co-operatives, consulting groups, and public agencies.

The foundation is funded through member contributions and offers limited financial support to co-operative groups. Education has been its main focus. The Cooperative Foundation supports:

- The Midwest Cooperative Education, Research and Extension Consortium,
- The Cooperative Development Services Fund,
- The Northcountry Cooperative Development Fund, and
- The Association of Cooperative Educators (Working to Build Cooperatives 1995).

North Dakota State Agriculture Department

The North Dakota State Agriculture Department provides support to development through a number of programmes, and works with other institutions to promote and encourage collective solutions. The impetus for development comes not from the government but from rural residents and is fuelled by the encouragement of co-operative development agents. Government representatives such as Sarah Vogel, who served as state agriculture commissioner in 1995, are vocal and enthusiastic supporters of development projects but maintain an arm’s length, detached position. An important part of the environment for co-operative development is a “can do” attitude. Along with creating programmes and funds, government representatives encourage this by maintaining and portraying a positive attitude themselves. AgPUC, Marketplace, Growing North Dakota, North Dakota Future Fund, and Technology Transfer Incorporated are examples of government programmes implemented to foster development (Vogel, Patrie interviews 1995). These programmes are described overleaf in table 7.

United States Department of Agriculture

The federal department of agriculture supports co-operative development through a variety of informational publications. The USDA (1996) booklet How to Start a Cooperative, for example, outlines the development process and draws attention to key issues contributing to the success of new ventures. The recently released Creating “Co-op Fever”: A Rural Developer’s Guide to Forming Cooperatives (Patrie 1998) describes the “co-op fever” phenomena and provides guidelines for practice and
principles for other co-operative developers. Publications of this type are produced and distributed by the Agricultural Cooperative Service.

Table 7: North Dakota Programmes Supporting Development

<table>
<thead>
<tr>
<th>Programme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgPUC (Agricultural Products Utilization Commission)</td>
<td>AgPUC is a state agency that provides grants in the form of matching dollars to cover legal fees and feasibility studies for new projects and for initial organizational expenses.</td>
</tr>
<tr>
<td>Marketplace</td>
<td>Marketplace is an annual event providing a forum where farmers and innovators can share their ideas and experiences with others. Projects at various stages of development use Marketplace to promote their ideas and products and recruit new members.</td>
</tr>
<tr>
<td>Growing North Dakota</td>
<td>Growing North Dakota assists the development of projects and provides financing through private and public funding sources. The programme is administered by the North Dakota Department of Economic Development and Finance.</td>
</tr>
<tr>
<td>North Dakota Future Fund</td>
<td>The NDF provides equity investment for developing projects and is credited with creating 5,100 new jobs between 1990 and 1995.</td>
</tr>
<tr>
<td>Technology Transfer Incorporated</td>
<td>TTI assists the commercialization of new technology. Both TTI and NDFF emerged from the Growing North Dakota programme and are used extensively in new business start-ups.</td>
</tr>
</tbody>
</table>

Source: Rural Development Programme Report, NDAREC 1995

The USDA’s Rural Business and Cooperative Development Service publishes a magazine, Rural Cooperatives, formerly called Farmer Cooperatives. This monthly publication carries information about new development as well as reports on the status of long-established co-operatives such as Land o’ Lakes. The content of the articles ranges from news reports to summaries of scientific papers analysing co-operative performance. Publications such as this are important vehicles of information transfer, helping to keep everyone informed of the activity and fostering the “can do” attitude.

The Quentin N. Burdick Center for Cooperatives The Quentin N. Burdick Center for Cooperatives is an endowed programme at North Dakota State University and provides leadership in education and research at state, regional, national, and international levels.

The mission of the Quentin N. Burdick Center for Cooperatives is to conduct, promote, and coordinate university education and research on cooperatives, to strengthen cooperatives’ operation, and to work toward expanding employment and economic opportunities through cooperatives (NEWS 1994).
The center offers courses in co-operative philosophy, principles, and management strategies to university students, and delivers training programmes for co-op managers and delegates. It plays a key role in new co-operative development through the delivery of a training programme for the boards and management of new and emerging co-operatives (Dr. David Cobia (director, Quentin N. Burdick Center for Cooperatives) interview 1996; The Quentin Burdick Center for Cooperatives Newsletter).

**North Dakota State University Extension Service**  The North Dakota State University Extension Service and the High Value Irrigated Crops Task Force jointly fund a position titled area extension specialist. The specialist at the time of writing, Rudy Radke, provides information on the production of irrigated crops and helps to co-ordinate the development of business projects. Radke provides a linkage between commodity groups and rural development agents, university, government, and other resources (Radke interview 1996).

**Farm Credit System**  The Farm Credit System (FCS) was created by Congress in 1916 to ensure a source of credit for agriculture and rural America. The system’s banks and associations do not take deposits but raise funds through the sale of bonds and notes in the capital markets. These funds are available for loan to rural customers through 236 Farm Credit lending institutions. Farm Credit supplies about 25 percent of the credit needs of agriculture and has made approximately US$5.5 billion in loans to half a million borrowers (Farm Credit System Information Guide 1996).

Due to a recent broadening of their mandate, the Farm Credit System can also lend to producers to enable them to invest in new co-operatives, a service that will be implemented in co-operation with the St. Paul Bank for Cooperatives. According to Michael O’Keeffe, executive vice-president FCS of Mandan, the Farm Credit Act was interpreted in a manner that gave the FCS this broader mandate. The realization that they would “not exist if not for the farmers” has encouraged them to develop a relationship with rural customers that will be mutually beneficial. The common focus of revitalizing rural economies led FCS to extend loans to co-operative ventures as well as continuing with their traditional loans for production and operation at the farm level (O’Keeffe interview 1996).

**The St. Paul Bank for Cooperatives**  The St. Paul Bank for Cooperatives offers credit and related financial services to agricultural co-operatives, rural utilities, and other eligible customers. The bank has four regional offices located in St. Paul and Mankato, Minnesota; Stoughton, Wisconsin; and Fargo, North Dakota.

In the early 1970s, the St. Paul Bank for Cooperatives was involved in the creation of American Crystal Sugar. At the time, the company operating the local sugar-beet processing plant was preparing to shut down operations in Minnesota, and the sugar-beet producers were about to lose the market for their product. To prevent this and to stabilize the processing and marketing of their commodity, local producers formed a co-operative and purchased
the processing plant. The result, American Crystal Sugar, is seen as the first of the new generation of select membership, high-equity, co-operative processing facilities. Working with the farmers in their effort to take control of the processing of their products helped form the philosophy of the bank in relation to farmer co-operatives. Sugar-beet co-operatives were the forerunners of the New Generation Co-operative movement. Through their successes and failures, the farmer groups and representatives of the bank were able to develop a checklist of important points to consider in new ventures. The long-term success of these first initiatives contributed to the confidence of both the farmers and the bank in their approach to new ideas (Estenson, Gerber interviews 1996).

This lengthy involvement of the bank with farmer co-operatives has created a kind of institutional memory (Gerber interview 1996). Long-term employees draw on many experiences as they guide groups through the start-up of new enterprises. With a mission “to build sound, well-managed cooperative associations, and sound rural communities” (St. Paul Bank for Cooperatives Annual Report 1994), the bank is willing to take risks that other financial institutions will not tackle. Their mission enables them to look at different factors than commercial banks and to play an active role in the development process.

Lee Estenson, the bank’s vice-president, describes the three major components of the bank’s role:

1. It is a business-planning resource, providing advice on developing business plans, lending money for the initial feasibility study, and linking groups with other consultants or resources such as AURI (Agriculture Utilization Research Institute).

2. It offers front-end guidance, identifying potential problems, risk factors, and essential elements, and educating group members in the essentials of good business planning.

3. It lends to the co-operative: “Money is secondary; the first concern is to create a viable, successful venture that will improve the situation of members, not contribute to their debt load” (Estenson interview 1996).

Because its mission is to build co-operatives and communities that will benefit rural people for the long term, the St. Paul Bank stresses the need to exercise caution and to insist on commitment from the members before agreeing to provide debt financing. The mission focusing on building strong co-operatives is an incentive to provide groups with information and guidance even though the bank is not making loans to the venture. The bank has been involved in projects where no debt financing is provided but where bank representatives have been active in providing information to members. This service helps farmers feel comfortable with their decision to participate by outlining the risks and opportunities involved in these projects.

An example of the bank’s activities in this regard is the work done with the member-owners of the Phenix Manufacturing Company (PMC), a producer co-operative involved in a
joint venture with Phenix Biocomposites Inc. (PBI) in the production of Environ, a unique building material manufactured using soybean flour and recycled newspapers. PMC’s one thousand farmer-members have invested US$10 million to build a processing plant. The PMC co-operative owns the plant and 20 percent of PBI, with the option to purchase an additional 15 percent. A PBI official notes that the co-operative is an ideal partner because the farmers understand the importance of research and are willing to take risks. In addition, the information flow in the co-operative structure enables the requirements of the manufacturing process to effect change in the production practices at the farm level. The quality of the product is affected by the characteristics of the variety of soybean used in production, and farmer-members are quick to adapt new varieties or change production practices once they are informed of the benefits to the end product. Their commitment to the success of the venture ensures the availability of appropriate raw materials (Riebel interview 1996).

Environ is made from soybean protein resin and recycled newsprint. It looks like granite but is lighter and “cuts like wood.” The manufacturer promotes it as an environmentally friendly product that utilizes waste paper products through a process that results in no toxins or wastes. The project is viewed as high risk not only because it is a new process and a new product, but also because it is the first co-operative venture to turn an agricultural product into a nonfood item. The product must gain acceptance in the building-materials market, where wood, tile, and other traditional products hold firmly established positions. Company officials are optimistic that the uniqueness of the product and the environmental benefits of the process will ensure success. If their optimism holds true, the returns to the original investors could be substantial. The success of Environ would turn soybean flour from a low-value product into money for soybean producers. If Environ fails to capture a portion of the building-materials market, the investors will be able to recoup little of their original investment. Since the process is unique, the equipment and facilities it makes use of cannot readily be converted to other uses. In view of this high-risk, high-potential position, the members welcomed the assistance of St. Paul Bank officials. Although the bank was not involved in financing this venture, bank representatives attended planning meetings to explain the risks and the financial and legal responsibilities of the member/investors. This helped members to be aware of the risks and to incorporate risk-reduction techniques into their business plan (Riebel interview 1996).

The Change Agents

In the front-line trenches of development are the directors of the ten Cooperative Development Centers (CDC) (see table 6). These change agents take on the role of facilitators and co-ordinators in working with producer groups. They act as pathfinders to finan-
cing and other resources, and form linkages to and among the external institutions. Keeping everyone informed of the latest developments helps to fuel the enthusiasm and maintain the momentum.

The directors and staff of the CDCs make the following observations about co-operative development and its economic purposes.

Cooperative development is joint activity undertaken for mutual benefit based on democratic member control and ownership. Members of the Network operate with a broad definition of “cooperative,” which includes networks, alliances, collaborative partnerships, and other organizational forms that foster development through linkages. The underlying economic reasons for cooperative development [itemized below] create a framework for the methodologies used for development based on the client/member profiles and resources.

- To alleviate poverty: economic development activity that focusses on people with limited resources; a cooperative approach that empowers people to make decisions, to gain access to needed resources, and to generate incomes.

- To develop, retain, and expand opportunities: economic development activity that focusses on existing businesses or service providers; a cooperative approach through which new starts or existing businesses join together to service and grow by reducing costs, developing markets, and improving purchasing power.

- To create innovative solutions: economic development activity on the cutting edge; new cooperative solutions to meet economic and social needs resulting from changes in demographics; global, national, and local economies; culture or life-styles (Network of Centers for Rural Cooperative Development 1996, 4).

The directors of the Cooperative Development Centers are as different as the populations they serve and the problems they attempt to solve. Target groups range from the ranchers and farmers of the northern plains facing problems of fluctuating markets and prices, to urban youth struggling with unemployment, to rural blacks striving to overcome poverty and lack of opportunity. Audrey Malan, former director of the Northwest Rural Cooperative Development Project, commented that the personalities and skills of the ten directors vary according to the target group with which they work (Malan interview 1996). Their one common attribute, she says, is dedication: dedication to co-operative solutions to
problems and dedication to improving the economic and social environment for the people they strive to help. Co-operative developers have the ability to identify with and understand the concerns of their constituent group: “First you have to like farmers and be able to talk to them. You have to know about sound business practices and be enthusiastic about the co-operative model for problem solution” (Patrie interview 1995).

In 1994, at Madison, Wisconsin, CDC officials jointly established professional standards for co-operative development practitioners. Known as the Madison Principles, these standards are used to guide the developers and the projects throughout the development process.

**The Madison Principles**

- Individuals providing technical assistance subscribe to the highest level of ethics and shall declare any conflict of interest, real or perceived, so that they can be a credible source of objective feedback and an articulate advocate of the project.

- Cooperatives are tools for development and should promote both social empowerment and economic goals.

- Applied appropriately, cooperatives have value to all population groups and for all businesses and services in the public and private sectors.

- Each cooperative responds to its unique economic, social, and cultural context; as a consequence, each cooperative is different.

- There are essential steps that must be taken in a critical path to succeed.

- An enthusiastic group of local, trustworthy leaders is a prerequisite for providing technical assistance. The effective cooperative development practitioner nurtures that leadership by helping them shape a vision that will unite members and provide ongoing training.

- Cooperatives only work when they are market driven; the development practitioner seeks to ensure that accurate market projections precede other development steps.

- Member control through a democratic process is essential for success.

- Success also depends on the commitment of member time and financial resources.

- There must be tangible economic benefits for members.

- The cooperative’s products and services must generate sufficient revenue.
so that the effort can be financially self-sustaining. Provision must be made to share any surplus equitably.

- Market opportunities exist throughout the world. Cooperative and market development should transcend national boundaries.

- Successful, established cooperatives should assist emerging cooperatives to develop. New and emerging cooperatives should be encouraged to communicate with and learn from successful cooperatives (Network of Centers for Rural Co-operative Development 1996, 46).

The work of Bill Patrie, rural development co-ordinator for North Dakota, is used here as an example of the function of the change agents and explores how this work relates to what we have learned about adult educators in co-operative development.

Bill Patrie is referred to as “the leader of the co-operative renaissance” in North Dakota (Karaim 1995, 20). As the director of The Dakotas Center, Patrie has travelled throughout North Dakota and beyond to speak to thousands of farmers. He has made presentations to many conferences and meetings and been instrumental in the start-up of dozens of New Generation Co-operatives, among them the North American Bison Cooperative and Dakota Growers Pasta Company. Before his current position, Patrie spent four years on the North Dakota Economic Development Commission attempting to lure industries to the state. “He came to believe that there was a better way for rural Americans, and that was to take responsibility for their own economic future” (Karaim 1995, 20).

Patrie provides technical advice and encouragement, and helps groups sort out their differences and formulate common solutions to common problems with the “ability to keep people talking” (Karaim 1995, 22). Patrie points out that there are several important aspects to his abilities and actions:

- a knowledge of economic and co-operative development;
- the ability to act as an advocate and not as champion; and
- independence from political pressures (Patrie interview 1996).

There are two levels of expertise needed. The first level in rural development is in general economic development. Coop development doesn’t work if you don’t understand economic development. If you can’t get the numbers right and make a project fly on paper, who cares what your organizational skills are. You need them both (Patrie in Campbell 1995 62 (5), 21).

Allen Gerber (former executive director of the Minnesota Association of Cooperatives)
thinks there is more to it than business sense and organizational skills. Gerber suggests that a good co-operative development agent must combine dedication with a “low ego.” He believes Patrie is successful in his efforts because he is working for the benefit of the groups and the communities. He is able to build up the confidence and the enthusiasm of the people because his self-interests are second to the interests of the farmers (Gerber interview 1996).

Patrie deals with all people in the same respectful, interested, and interesting manner. Whether you are a state senator who could be a powerful ally or a visitor curious about New Generation Co-operatives, you are treated with the same courtesy and your questions are answered fully. Patrie is careful to provide background information, bringing everyone to the same level of understanding before providing the specifics (Patrie interview 1995).

Chapter 2 notes that an essential skill for the facilitator is the ability to allow and encourage leadership from within the group. Projects must stand on their own when change agents move on to other tasks. Patrie supports this position: “We are never the champions of the project. People want us to be, but that would be a terrible mistake. It depends on local, credible leaders. Farmers listen to other farmers, not economic analysts” (Patrie in Karaim 1995, 22).

Dennis Hill, executive vice-president of the North Dakota Association of Rural Electric Cooperatives (NDAREC), provides some insight into the importance of autonomy in co-operative development (Hill interview 1996). He comments that developing projects need hands-on technical assistance and that an independent development specialist has many advantages in providing the appropriate help. The university is tied to research and teaching, leaving little time for development assistance. Many projects involve politically sensitive issues such as the location of plants and the involvement of Canadian members. Politicians and civil servants have difficulty providing advice in these areas because of the concern of offending voters. Housing the rural development position (Patrie’s office) within NDAREC overcame these concerns. NDAREC is a nonprofit organization with a presence throughout the state. It lends support to Patrie’s position but does not limit his actions, giving him the freedom to be fair, but truthful, in working with groups. Autonomy and freedom allow him to devote adequate time to projects and to offer sound advice without the restrictions of political considerations (Hill interview 1996). Patrie explains the importance of this autonomy: “I’m hired now by the private sector, and I’m an advocate for projects. I meet with bankers and I can twist arms. Now if USDA is a player in financing, can they also play the advocacy role? I think probably not” (Patrie in Campbell 1995 62 (5), 21).

The appropriate facilitator or co-ordinator is a key element in co-operative development. The facilitator must:

- know enough about economic and business development to encourage the establishment of sustainable co-operative enterprises;
• have the organizational skills to bring diverse personalities together and create solidarity and cohesion;
• be enthusiastic about co-operative solutions to problems; and
• allow the co-operative to form and make decisions on its own. The facilitator cannot do the job for the members (Patrie interview 1996).

**The Methods**

Patrie’s methods for encouraging co-operative development are similar to those of the adult educators examined in chapter 2. Patrie and others in North Dakota borrow a phrase from Moses Coady, urging farmers to “take control of your own destiny.” Co-operative developers cultivate a change of attitude, or mindset, believing that it is important for primary producers to stop thinking of themselves as providers of raw commodities and price takers with no control over the system upon which they depend for a living. They must start thinking of themselves as producers of food and as components of the food distribution system. To discourage producers from thinking as victims of the system and to improve their situation within it, Patrie uses methods similar to those suggested by Rogers and used by the Antigonish Movement. Viewing co-operative development as a strategy “to achieve local ownership of enterprises” (Patrie 1998, 10), he describes a five-step process:

1. identifying a common interest held by individuals willing to champion the project;
2. studying the feasibility of the idea;
3. converting the feasibility study to a business plan;
4. conducting the equity drive; and
5. launching the business (Patrie 1998, 10).

Patrie cautions that the steps must be sequential and none can be left out. This appears to be a simple process, but it can take two to three years at a cost of $271,000 to $688,500 (US) from the time of the original idea to the ground breaking of a new venture (Patrie 1998).

Other co-operative developers support the importance of the process.

The ultimate goal of starting a cooperative can only be reached when six preliminary objectives are accomplished. The group must: 1) agree that a compelling problem or opportunity exists warranting their attention, 2) agree that by forming a new cooperative they can address the identified problem,
3) reach an adequate level of trust among potential members, 4) secure commitment from members, 5) secure commitment from other key stakeholders, and 6) assemble the staff and assets to start up the cooperative enterprise.

Attaining each of these objectives typically involves a set of activities common to cooperative formation (Henehan et al. 1997, 27).

The aforementioned activities common to co-operative development are part of a six-phase process outlined in table 8 (overleaf), which shows the steps and individuals involved. Each phase builds on the information and decisions made in the previous phase, and all involve multiple tasks and the input of dozens of potential members and advisors. The organizers of this process face the challenges of conflicting schedules and viewpoints. The process is long and often slow, but it is important not to rush the explorations and the decision process (Henehan et al. 1997).

The development process involves many people, important steps, and multiple tasks. The following examples of Patrie’s experience contribute to our understanding of the process. He starts with a core group—a small group of durum producers, for example—to discuss the future of their industry. The group discusses the state of the industry, their position in the marketplace, and the options available to them to improve their income within that industry. Patrie provides information on organizational structures (in particular, the co-operative structure) that might be used to address the problem (Patrie interview 1997). This process is similar to Rogers’s survey of the existing state and to Coady’s speeches to “shock people out of their complacency.” The group starts to focus on a common problem and to look for solutions.

The extension agent or educator plays a crucial role in this initial step. The agent must help the group to recognize the problem, but as an outsider it is inappropriate to lecture about a situation that he or she knows less intimately than the group. The extension agent, in effect, holds up a mirror in which the group will be able to see and analyse their situation. In this way, the agent invites all members of the group to describe and interpret the situation, assisting the process with information and analysis where necessary.

The producers begin this process as individuals focussed on their own operations. They are led through a survey of the existing state and awareness enhancement. Through this process of learning about their industry and discussing the problems, they begin to realize that they share a common problem. As they look for solutions, they develop cohesion as a group and trust in each other, forming what Runge (1984) and Marwell and Oliver (1993) refer to as “critical mass” and what Ryan (1994) refers to as “collectivity.” With the formation of this bond, they are able to make the decision to continue working together to seek solutions.

Now begins a process similar to that used in the Study Clubs of Antigonish—the
Table 8: Six Phases of Co-operative Development

<table>
<thead>
<tr>
<th>Phase</th>
<th>Steps</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying an opportunity</td>
<td>Explore relevant market</td>
<td>Potential members</td>
</tr>
<tr>
<td></td>
<td>Discuss and agree on scope/nature of problem</td>
<td>Advisors</td>
</tr>
<tr>
<td></td>
<td>Research economic aspects</td>
<td>Consultants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Community</td>
</tr>
<tr>
<td>Building consensus on</td>
<td>Study cooperative alternative</td>
<td>Potential members</td>
</tr>
<tr>
<td>potential for cooperative</td>
<td>Hold initial meetings to review scope</td>
<td>Advisors</td>
</tr>
<tr>
<td></td>
<td>and nature of cooperative solution</td>
<td>Consultants</td>
</tr>
<tr>
<td></td>
<td>Discuss and agree on cooperative approach</td>
<td>Community</td>
</tr>
<tr>
<td>Developing trust among</td>
<td>Surface leader/champion</td>
<td>Potential members</td>
</tr>
<tr>
<td>potential members</td>
<td>Establish steering committee</td>
<td>Steering committee</td>
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<tr>
<td></td>
<td>Raise seed capital</td>
<td>Advisors</td>
</tr>
<tr>
<td></td>
<td>Conduct feasibility study</td>
<td>Consultants</td>
</tr>
<tr>
<td></td>
<td>Agree on feasibility/inform stakeholders</td>
<td>Lenders</td>
</tr>
<tr>
<td>Securing commitment from</td>
<td>Develop detailed business plan</td>
<td>Members</td>
</tr>
<tr>
<td>members</td>
<td>Establish legal identity</td>
<td>Advisors/attorney</td>
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<tr>
<td></td>
<td>Conduct member equity drive</td>
<td>Consultants</td>
</tr>
<tr>
<td></td>
<td>Retain manager</td>
<td>Interim board</td>
</tr>
<tr>
<td></td>
<td>Set up books/accounting</td>
<td>Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lenders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accountant</td>
</tr>
<tr>
<td>Securing commitment from</td>
<td>Obtain debt financing</td>
<td>Lenders</td>
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<tr>
<td>lenders and other</td>
<td>Develop relations with customers and suppliers</td>
<td>Customers</td>
</tr>
<tr>
<td>stakeholders</td>
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<td>Suppliers</td>
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<tr>
<td></td>
<td></td>
<td>Members/staff</td>
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<tr>
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<td></td>
<td>Interim board</td>
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<tr>
<td></td>
<td></td>
<td>Accountant</td>
</tr>
<tr>
<td>Starting up cooperative</td>
<td>Secure necessary assets</td>
<td>Elected board of</td>
</tr>
<tr>
<td>enterprise</td>
<td>Hire staff</td>
<td>directors</td>
</tr>
<tr>
<td></td>
<td>Elect directors</td>
<td>Manager/staff</td>
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<td>Establish committees</td>
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Source: Henehan et al. 1997, 28
acquisition of new knowledge and skills. A series of information meetings brings more producers together with the original core group; accountants, lawyers, financiers, and researchers provide them with expertise and information; group members discuss these new issues with respect to how they relate to their problems. Once the group has sufficient information and understanding to make an informed decision, it will undertake a feasibility study to investigate potential business opportunities that may improve the situation (Patrie interview 1996).

The farmer group is extensively involved in the investigations that result in a feasibility study and business plan, which provides an important learning experience. The farmers develop a knowledge and understanding of research, financial statements, risk, business structures, and legal issues. As the project proceeds through the feasibility study, business plan, and prospectus, they develop a solid knowledge of their business and the risks and opportunities it involves. They have a sense of ownership of the project because they have been involved in all stages and in all decisions (Patrie interviews).

During this process, Patrie, as the facilitator, encourages leadership from within the group. An acceptable project leader (Patrie 1998) will have the following attributes: credibility, financial stability, a basic knowledge of the industry, a willingness to accept the “servant leadership role,” and will be a developer, not a promoter. Patrie points out that effective leaders accept a servant leadership role in that they are willing to continue to contribute to the project without compensation and in the face of often unfair criticism. Patrie looks for the person who is able to serve and lead the group with patience and humour; he watches for the person(s) to whom others turn for advice or guidance. The emerging leader will have gained the respect of the group because of an attitude of fairness, thoughtfulness, and trustworthiness. Ken “Doc” Throlson, for instance, emerged as the leader in the bison producer group. Throlson had worked hard to develop a large bison ranch in North Dakota and to market his products around the world, capturing a large share of the bison market in the process. In Doc’s own words, however, “I saw an industry that I loved, and I realized that if we continued to compete amongst ourselves, the industry would self-destruct” (Throlson interview 1996).

The other producers saw that Throlson was willing to give up his control of a large portion of the market to make the whole industry stronger and more successful. They came to understand Throlson’s vision of a large, co-ordinated industry in which more benefits would be available to all of them than if each continued to work alone. Throlson’s willingness to give up his share of the pie to make the whole pie bigger is seen as a turning point to developers who worked in the start-up of the North American Bison Cooperative.

Patrie remembers this moment as the point at which bison producers developed trust
and overcame their independence. From this point, the facilitator was able to “co-ordinate the expectation” of co-operation. Bison producers felt “assured” that others would co-operate and were therefore willing to co-operate themselves. The spiral of co-operation began with Throlson sharing his vision of a strong, co-ordinated industry, and other bison producers soon came to believe they could achieve that vision by working together. The attitude of independence was replaced with one of interdependence, with producers willing to give up a small part of their independence to work with others to overcome common problems (Patrie interview 1996).

The work does not end here. The next step in the development process is the equity drive, a gruelling schedule of meetings. Producer-members take the lead in these meetings, sharing the findings of the feasibility study and presenting the business plan. Patrie and other experts contribute information to the group, necessary for the understanding of future members. Believing strongly in the power of collective action, Patrie also delivers motivational speeches in the tradition of past co-operative leaders such as Moses Coady. “I believe that in cooperation there’s a strength that’s greater than the sum of its parts” (Patrie in Karaim 1995, 20).

He often points out, however, that the co-operative model is not a magic recipe for success, which must be based on solid feasibility studies and comprehensive business plans. Patrie suggests that a combination of sound business decisions and co-operative strategies are the foundations of successful development: “The miracle of modern cooperation is that we fight with our hearts, but we also fight with our heads” (Patrie in Karaim 1995, 20).

Co-operative development is a slow, nonlinear process. Meetings are not without conflict. Farmers are strongly independent, and co-operation is sometimes seen as a threat to that independence. The development process moves slowly, giving everyone a chance to raise issues and discuss their hopes and fears, which helps to build trust and cohesion as participants identify common problems and seek solutions. The process ensures that the participants take ownership of the project, providing leadership and controlling the decision making. Only then are the farmers ready to take the risks and make the investments necessary to strengthen their industries.

**Summary**

In response to the changes in agriculture and to opportunities for vertical integration, northern plains farmers in the US are forming New Generation Co-operatives. External support for this development comes from a network of government and non-
government agencies, which, through co-ordinated effort, provides assistance and resources to the developing projects. The resources include information, training, legal advice, financial services, research, and development.

The co-operative development specialist guides the constituent group through the phases of the development process; identifying a common goal, studying the feasibility of the idea, developing trust among group members, developing a business plan, conducting an equity drive, communicating with financiers and stakeholders, and launching the venture. Throughout the process, the co-operative development specialist encourages leadership from within the group, fosters a “can-do” attitude, and introduces information and resources at appropriate times. A co-operative development specialist should have knowledge of economic and co-operative development, the ability to act as an advocate to the project, and independence from political pressures.
Chapter Five

SUMMARY AND
CONCLUDING THOUGHTS

Summary

The objective of this work is to describe the role of adult educators and extension agents in the co-operative development process. To accomplish this objective, information is compiled from literature dealing with adult education, co-operative development, economics, and other disciplines, and from primary research presented as a case study. Information for the case study was gathered through study tours, personal and telephone interviews, and from literature describing co-operative development in North Dakota and Minnesota. The results of this research emphasize the importance of the active participation and encouragement of a variety of external agencies. The role of the change agent as co-ordinator and facilitator appears to be a crucial element in fostering collective action.

As we learned from Patrie (1998), Rogers (1992), and Alexander (1997), the facilitator’s role is to help group members define the problem and select an appropriate solution and to guide the members through the stages of project development. Although the outside influence is important in the development of co-operative enterprises and other collective action, the outsider must always be aware that part of his/her role is to become redundant. The common thread of creating self-directed learners, empowering people, and promoting leadership appears throughout the writings in adult education, community development, and co-operative development (Patrie 1998; Rogers 1992). Grassroots or bottom-up development utilized in the co-operative movement contributes to the success of the co-operative development strategy. To create sustainable, viable, and appropriate development strategies, the people affected must have control of the process and the outcome (Patrie 1998; Rogers 1992). While guiding the constituent group through the process of examining the existing state, en-
hancing awareness, educating and training, deciding and acting, the extension agent should guard against imposing his/her views on the group. Because of the necessity of leaving the project in a viable and feasible state, the extension agent works to build leadership and confidence in the group and to enable the members to make their own decisions (Rogers 1992; Patrie 1998).

The external agent musters the critical mass that will start the spiral of co-operation. The critical mass (Marwell and Oliver 1993; Brown 1995) is a group of highly motivated individuals that will form the core of the project and inspire others to action. This is also the group that will assume leadership and direct the group when the external agent must move on to other projects. By encouraging these individuals to express their concerns and goals, the extension agent helps the group to recognize their common problems and goals while enhancing trust, harmony, and solidarity among members. Open discussion of how collective action will contribute to the achievement of goals acts to co-ordinate the expectation that everyone will be working towards the same goal. As Marwell and Oliver (1993) point out, a core group or critical mass enthusiastic about an idea and willing to contribute to goal attainment attracts other participants. The spiral of co-operation starts with the enthusiasm of a few key members. The external agent fosters volunteer or spontaneous co-operation by encouraging cohesion, defining goals, and presenting methods of achieving those goals.

The outside agent plays a role in co-ordinating the expectations of others. Runge (1984) discusses the importance of the co-ordination of expectations in rallying the critical mass and stimulating spontaneous or volunteer co-operation. In the facilitation role, the change agent has the opportunity to guide discussion to identify common goals and explore common solutions. By revisiting and reassessing goals on a regular basis, the external agent co-ordinates the expectations of continued co-operation.

Williamson’s (1993) work suggests a further role for the external agent. One of his major conclusions is that different forms of institutions will result from different levels of opportunistic behaviour and transaction costs. He suggests, further, that the institutional form chosen is the one that minimizes transaction costs. There are at least two implications of Williamson’s work for the adult educator or change agent. The first is that the change agent must have a good understanding of the existing institutional arrangements in an industry and the types of opportunistic behaviour that are likely to occur as a result. Second, the agent should be able to identify appropriate new institutional forms that reduce this opportunism and hence reduce transaction costs.

Adult educators contribute to the development of co-operative movements by encouraging a change in attitude, or mindset, and a change of perspective. Freire, Tough, Rogers, Coady, and Patrie emphasize the importance of helping groups overcome a “victim” or a
“poor me” attitude. Coady talks about “breaking the mindset” and overcoming complacency. The researchers and writers encourage focussing on the “things that can be changed” to give people a sense of hope and empowerment. “The worst thing you can ever do in co-operative development is let people feel sorry for themselves. That’s the opposite of empowering” (Patrie in Karaim 1995, 20).

Evaluation has demonstrated that the major barriers to development lie not so much in the lack of knowledge or skills or resources but rather in attitudes—especially a lack of confidence or an unwillingness to change. And attitudes can only be changed through a programme of education and training (Rogers 1992, 3).

Adult education programmes involved in co-operative development tend to employ similar methods, such as group learning, community capacity building, individual capacity building, discussion forums, and a broad education in economic, social, and political issues as well as the more practical—literacy, life skills, and general information.

Freire’s discussion and discovery, Rogers’s awareness enhancement, and Coady’s study clubs provided opportunities for group learning and learning through discussion. The educators assessed the needs of the group and brought forward information as it was needed. Co-operative development in North Dakota and Minnesota employs similar group-learning methods. During the development process, the constituent group learns about economic and global factors impacting agriculture and acquires skills in research, business, and communication.

The adult education programme does not stand alone. A network of external agencies provides support and services to the educational programme and to the fledgling co-operative. This network of external agencies focusses on a common goal: to develop policies and resources to support and encourage education and collective action to address social and economic problems.

The Antigonish Movement enjoyed the support of the university, the Catholic and the Protestant churches, and the government departments of agriculture and fisheries. These agencies gave vital help to the movement by providing funds, creating policy, and supplying other resources. Another network—the volunteers working with the staff of the St. Francis Xavier Extension Department—carried the enthusiasm and excitement to the remote corners of Nova Scotia. This network made it possible to reach the target audience and increase the numbers involved in co-operation.

In North Dakota and Minnesota, the network of Cooperative Development Centers and their partners support new co-operatives and education for these new ventures. The network
provides information and resources at all stages of development, with the co-operative development specialist as the liaison between developing projects and the resource network.

In summary, the role of the adult educator is to:

- facilitate a change of attitude;
- co-ordinate the expectation of reciprocal co-operation;
- assist in identifying common goals and a common vision;
- expand the frame of reference by providing information in an appropriate manner; and
- foster and nurture leadership within the constituent group.

**Concluding Thoughts**

Many adult educators want to believe that social reform will result through education, that the benefits of education will “trickle down” through society. Well-educated decision makers with an increased awareness of social and economic issues will encourage structural changes and improve the lot of the disadvantaged and the disenfranchised. A century of demand-led, self-interest adult education, however, has done little to affect significant social change in even the most resource-rich countries (Rogers 1992; Alexander 1997). Researchers have observed that adult education is moving away from a social-change perspective towards the individual self-interest model. This movement is seen to be contributing to a widening gap between rich and poor. In the foreword to Alexander’s book, Teresa MacNeil observes:

> The shift away from engaging citizens in a learning society comes at a bad time. The failure to incorporate social development goals in adult learning programmes is happening just when citizens need to understand the profound changes in their society, to become aware of their unique competencies, and to know the special problems they are facing and the resources they have or need to deal with them. Chaotic shifts in economic circumstances are leaving entire regions of the country and entire clusters of the population with very little promise for a secure future (Alexander 1997, foreword).

MacNeil’s concerns are echoed by Cruikshank:

> In the past, adult educators have helped people in times of crisis. Our society is now experiencing a major crisis and, as adult educators, we are being asked
to support a system that works against the interests of ordinary people. Skill training that is divorced from a comprehensive economic strategy supports a corporate vision of society—a vision that favours the rich and penalizes the poor (Cruikshank 1998, 110).

Cruikshank (1998) suggests that adult educators adopt strategies to provide information on the issues surrounding globalization and to help people adjust to change. First, adult educators need to develop a full awareness and understanding of the issues. They will then be able to stimulate public discussion and debate that will increase public awareness of the issues and implications of globalization. Discussion and debate will help people to examine alternative responses to the changes. Cruikshank encourages educators to communicate with colleagues in other areas and to work together to support each other (1998).

A common observation of Freire and other socially conscious adult educators such as Rogers (1992) and Coady (1939) is that people who lack education are often the target of exploitation by those with power and position. Early educators in Canada and around the world saw education as a means to empower people to gain some control over their own lives: economically, socially, and politically. The type of education that most effectively achieves empowerment is that delivered and directed at a community level and involving the collective action of peers (Selman and Dampier 1991).

Further research is required to measure the ability of adult education to address the needs of rural people as they meet the challenges of a restructured agriculture. Simply teaching people how to be better producers will not benefit them in this new milieu. Individuals and groups will need assistance in understanding the changes and interpreting the impact on their lives. They will need to explore new strategies to be successful in a new agriculture.

Further research is also needed to assess the nature of co-operative education in Canada and, in particular, on the Prairies. This assessment should keep in mind Freire’s observation that “there is no such thing as a neutral educational process” (1970, 15). Education either supports or challenges the status quo. An impartial assessment of co-operative education will reveal whether it is supporting the status quo or encouraging people to improve their situation through social change and collective action.

At the time of writing (1999), co-operative development in the Prairie Provinces is accelerating. In Manitoba, the changes to co-operative legislation are encouraging new co-operative ventures and the restructuring of existing enterprises. This commitment to rural development has created an enthusiasm and a positive attitude that has resulted in the formation of co-operatives and other rural business ventures. Between February and December 1997, there were thirty-seven co-operative and other business start-ups in Manitoba. This activity resulted in the involvement of 313 people as co-operative members or business partners, the
creation or maintenance of 348 jobs, and an estimated investment of $24,160,000 (Charr interview 1999). In Saskatchewan, several newly incorporated ventures are being referred to as New Generation Co-operatives.

It is important that research examine this new co-operative development, the services and institutions supporting it, and the educational programmes involved in it. This research should include comparative case studies of co-operative development in Manitoba, Saskatchewan, and the United States. The case studies should include evaluations of the development process and the educational programmes, and should also make suggestions for improvements. This information will provide a picture of co-operative development occurring on the prairies at the beginning of the twenty-first century, activity that needs to be evaluated and documented for future reference.
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Malan, Audrey. Former director, Northwest Rural Cooperative Development Project, Puget Sound, WA. Telephone interview January 1996.


O’Keeffe, Michael. Executive vice-president, Farm Credit Services of Mandan, Mandan, ND. Interview February 1996.


Radke, Rudy. Coordinator, High Value Irrigated Crops Task Force, and area extension specialist,
Agriculture Diversification and High Value Crops, North Dakota State University, Fargo, ND. Interview February 1996.


APPENDIX: INTERVIEWS CONDUCTED

Butch Buschette, board member, Co-op Country, ValAdCo, Midwest Investors, Golden Oval Eggs, Renville, MN

Al Charr, development consultant, Co-operative Development Services, Manitoba Industry, Trade and Tourism, Winnipeg, MB

David Cobia, director, Quentin N. Burdick Center for Cooperatives, Fargo, ND

Lee Egerstrom, journalist, St. Paul Pioneer Press, St. Paul, MN

Lee Estenson, senior vice-president, St. Paul Bank for Cooperatives, St. Paul, MN

Allen Gerber, former executive director, Minnesota Association of Cooperatives, St. Paul, MN

Mark Hanson, partner, Doherty Rumble and Butler Law Firm, St. Paul, MN

Dennis Hill, executive vice-president and general manager, North Dakota Association of Rural Electric Cooperatives, Mandan, ND

Audrey Malan, former director, Northwest Rural Cooperative Development Project, Puget Sound, WA

William Nelson, president, The Cooperative Foundation, St. Paul, MN

Margot O’Brien, manager, St. Peter Food Cooperative, St. Peter, MN

Michael O’Keeffe, executive vice-president, Farm Credit Services of Mandan, Mandan, ND

Frayne Olson, former assistant director, Quentin N. Burdick Center for Cooperatives, Fargo, ND

William Patrie, rural development coordinator, North Dakota Association of Rural Electric Cooperatives, Mandan, ND

Rudy Radke, coordinator, High Value Irrigated Crops Task Force, and area extension specialist, Agriculture Diversification and High Value Crops, North Dakota State University, Fargo, ND
Michael J. Riebel, executive vice-president, Phenix Biocomposites, St. Peter, MN
Dennis Sexhus, chief operating officer, North American Bison Cooperative, New Rockford, ND
Marie Staley, executive assistant, Golden Oval Eggs, Renville, MN
Ken “Doc” Throlson, president, North American Bison Cooperative, New Rockford, ND
Sarah Vogel, former North Dakota Agriculture Commissioner (1995), Bismarck, ND
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