

DOCUMENT

PROGRAMME OF RESEARCH AND ACTIONS ON THE DEVELOPMENT OF THE LABOUR MARKET

Local employment initiatives

An evaluation of support agencies



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PROGRAMME OF RESEARCH AND ACTIONS ON THE DEVELOPMENT OF THE LABOUR MARKET

**LOCAL EMPLOYMENT INITIATIVES
AN EVALUATION OF SUPPORT AGENCIES**

By
Centre for Research on
European Women - CREW
Brussels

This document has been prepared for use within the Commission. It does not necessarily represent the Commission's official position.

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SUMMARY

The study examines the setting up, functioning and role of support organisations in the EEC. There is already clear evidence that where effective agencies exist, local job creation has increased.

The research was carried out through questionnaires, on-the-spot visits and telephone interviews. The analysis presented is based on the practical experience of the agencies and the enterprises helped.

The study is divided into two parts. The first part, subdivided into seven sections, contains the case studies of the seven areas examined. Each case study presents the views of the agencies interviewed, examines other support structures and, where possible, lists the views of some of the enterprises helped by each of the agencies. The case studies look at how these agencies were first set up, how they are funded, their internal working arrangements, the type of counselling they give and their relationship with other groups in the area.

Part Two of the study contains a general analysis and concluding remarks.

We would like to thank all agencies, individuals and enterprises which gave up a lot of their valuable time to help with the research.

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INTRODUCTION

The study describes and analyses a number of support organisations in seven regions of EEC member countries. Within the regions, we interviewed support organisations, looked at other support structures and where possible, interviewed businesses helped by each of the agencies.

By looking at agencies in a regional context it was felt that we could get a better idea of the problems met by the agencies and the type of environment they operate in.

The research was carried out through questionnaires, on-the-spot visits and telephone interviews. Using the same questionnaire for all the interviews, so that a comparison could be made, we examined how these agencies were first set up, how they are funded, their internal working arrangements, i.e., how decisions are taken, how project allocation is decided, as well as the type of counselling they give and their relationship with other groups in the area.

Businesses which have dealt with the agency were asked to assess the help they had received and to comment on how it compared to other advice they had received from other organisations. We also asked them to indicate which types of advice, i.e., technical, managerial, was most necessary.

The analysis presented is based on the practical experience of the agencies and the enterprises helped by them.

Among these agencies, examples of the following type of organisations are given:

1. Independent support agencies such as the Cooperative Development Agencies (London, UK), STEW (Amsterdam, the Netherlands), CRESM (Campania, Italy), Boutiques de Gestion (France), Nouvelles coopératives (Wallonia, Belgium).
2. Agencies directly run by local or state authorities such as the Wandsworth Development Agency (London, UK).
3. Services given by the cooperative organisations themselves such as the Lega (Emilia Romagna, Italy).
4. Initiatives backed by industry such as the British Steel Corporation (BSC) Industry (North East, UK) and Job Creation Limited (operations in the UK and Amsterdam, the Netherlands).
5. Significant university and trade union involvement such as Funoc (Charleroi, Belgium), Solidarité des Alternatives Wallonnes (Wallonia, Belgium).

Special emphasis has been given to programmes run by these agencies aimed at target groups especially women, young people and ethnic minorities.

The regions chosen are the following:

1. London: In recent years the area has seen the collapse of its manufacturing base, an exodus of people and industries and declining inner city areas. The most significant aspect of local job creation has been the growth in cooperatives set up by the unemployed. These cooperatives often seek the help of Cooperative Development Agencies (CDA), which have played an important part in local employment initiatives in the area. One of the greatest concentration of CDAs and cooperatives in the UK is in the London area. A particular feature of London is the work of the Greater London Council (GLC), which has developed an industrial

policy to respond to the problems of the capital, giving a general economic framework to local job creation. GLC policy also concentrates on underprivileged groups in the city such as the large immigrant communities and women. It has put its full weight behind local job creation especially through cooperatives and through implementing an equal opportunities policy. The GLC has used its resources to provide finance and to help set up support structures, especially in boroughs where the local councils had little interest in backing such initiatives. We analyse in the case study two of the longer-established CDAs which operate in two inner city boroughs badly hit by the economic crisis. The two CDAs are typical examples of the work done by such agencies and the problems facing them. Also selected was the Wandsworth Enterprise Development Agency (WEDA), set up on the initiative of the local council, to illustrate the advantages and disadvantages of a different approach.

2. Initiatives from industry - BSC Industry

The need for local job creation is most acutely felt in areas which have depended on big traditional industries such as coal and steel and often on a single employer. The closing down of such industries can double or triple unemployment overnight. One such industry in Britain is the state-owned British Steel Corporation (BSC), which, confronted with employment crisis provoked by its plant closures, set up a job creation arm, BSC Industry to regenerate employment in the areas. We look at how one BSC Industry job creation scheme operates in the northeast of the UK, one of the hardest hit areas. The idea that industry could in its own interest help rebuild employment opportunities in certain areas has been taken up by a private job creation firm, Job Creation Limited, which offers local authorities and private industry a job creation package with payment by results.

3. Belgium: The Wallonia region, with soaring unemployment and traditional industries in crisis, is generating new ideas about local job creation. Here it is more the efforts of individuals and groups to set up an alternative employment movement rather than coordinated initiatives by local authorities or industry. The study concentrates on three initiatives - one, Funoc, a training agency which helps build up employment projects aimed especially at the unemployed, and two groups trying to promote alternative employment projects especially cooperatives and linking them up in a self-supporting network.

4. Italy: Local initiatives of the type being studied almost invariably choose to set up as cooperatives and so the study has concentrated on the cooperative movement. The study focuses on the Campania region in the Mezzogiorno where, as a result of the 1981 earthquake, an independent agency was set up outside the cooperative associations, to try and ensure that aid given to the area after the disaster went to permanent development and local job opportunities. The Mezzogiorno is much poorer than the industrialized north of Italy and is one of the EEC's least developed regions. The agency's relations with the cooperative movement of the region and the policies of the cooperative associations are examined. The problems of the south and its relationship with the north of Italy are also reflected in the cooperative movement. The case study looks at the organisation and policies of one of the major cooperative associations in one of its northern strongholds, Emilia Romagna, which has probably one of the densest and strongest cooperative sectors in the EEC.

5. The Netherlands: There has been a surge in collective working especially among women and young people. Here, we concentrate on a state-supported agency which is one of the longer-established agencies among those examined in the study. A particular feature of this agency is the ser-

vices it offers to women-only businesses. The different approaches of those working in the agency's women's team and the so-called mixed team are examined.

6. France: With their origins in the alternative movement of the 1970s, "Boutiques de gestion" were set up to promote collective employment initiatives. The study looks at how the Boutiques de gestion are organised nationally and how their policy has developed since the original impetus. It seems from examples studied that Boutiques de gestion are finding it much easier to promote small firms owned by one person whereas development of larger collective groups and cooperatives seems to be more the role of the national cooperative association, SCOP. One of the agencies in the north of France is examined in more detail as is the role of SCOP's regional office in that area.

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The existence of support organisations has undoubtedly helped in creating new jobs although the snowball effect of initiatives started by these agencies is not easy to define.

All agencies stressed that their job is to set up viable enterprises. But creating jobs is a slow process and some of the agencies are not equipped to judge what is a viable scheme and what is not. On the other hand, others may have the experts who can offer good professional advice but are much weaker on the development work side, also essential in helping people gain the confidence to run their own businesses.

Despite the increase of such agencies in recent years, they are not numerous enough to satisfy the high demand and many find themselves overstretched. Many stressed the

need for further training to update the skills of their workers so that they can better cope with the changing economic situation.

The need to develop new products and markets was also seen as essential to help groups expand and diversify beyond the products and services they are familiar with.

The people or organisation involved in setting up the agency and how it was set up affects the way it operates. Voluntary groups, for example, reflect much more the collective self-management model with less hierarchical internal work structures. An important issue is the balance between social aims and benefits for the community on the one hand and the need to ensure the economic viability of the initiatives promoted on the other. Public authorities and trade unions may be overly keen to push for the biggest possible number of jobs in return for their support for an agency. Self-financed bodies, like the big cooperative associations, scrutinise the economic viability of projects very carefully - with the drawback that they can be extremely hesitant to take a risk.

While local employment initiatives alone cannot constitute a job creation programme, they play a very important role. In many of the case studies, it was stressed that big industry can no longer be relied on to create employment on a massive scale.

PART I

The case studies

Section 1

LONDON

General Introduction

There are some 600 to 650 cooperatives in Britain, more than a quarter of which are in the greater London area. Now registrations nationally average five per week, although not all start trading immediately. Some 5,500 people are employed in cooperatives, approximately 0.1% of employment in small firms. If growth continues at the same pace it is estimated that some 7,500 jobs will be created by 1985, passing the 25,000 mark by 1990 (1).

Cooperatives have been increasing by 125 net a year. Some 29% of cooperatives are in greater London; 11% in the south west and north west; 10% in the North and 9% in the home counties.

Distribution by trading sector varies in each of the regions. Services predominate in London (42% of all service cooperatives), while manufacturing and retailing cooperatives are underrepresented. Of all the building cooperatives in the country, 38% are in London, while no other region has more than 13%. Some 18% of all manufacturing cooperatives are in London; 14% of all transport ones and 16% of all retail cooperatives.

There are about 180 cooperatives in London of which 59% are in the services, 16% in manufacturing, 14% in retail, 8% in building and construction and 3% in transport and distribution. Most of the London cooperatives are younger and smaller than the national average. Despite the small number of cooperatives in manufacturing, the Cooperative

Advisory Group (1) pointed out that a significantly higher proportion of cooperatives are engaged in manufacturing than the national average for small firms or all businesses - some 25% of all cooperatives in the country compared with 16% for small firms and 11% of all businesses.

Most cooperatives are young (62% are less than four years old) and small (50% have five or fewer workers with an annual turnover of £60,000 or less).

Aggregate turnover of cooperatives is more than £160 million, making the annual average turnover of each cooperative about £165,000. This figure hides, however, the real size of the majority of cooperatives. The median (weighted) turnover is only about £60,000. Some 75% of the total turnover is accounted for by 23% of cooperatives, 50% by the largest 8% of cooperatives. If the two cooperatives with the largest turnovers are added to these, the average turnover jumps to £250,000 and the largest 8% cooperatives account for 70% of the total turnover.

Although most of the cooperatives are still quite new, the evidence indicates that their survival rate is similar to that of other new businesses. Some 30% of all cooperatives that go out of business are four years old or less, and 8-10% of all cooperatives at any one time go out of business in the subsequent 12 months. However, it is clear that the cooperative sector is growing in absolute terms at a time when the trend is towards a slow decline in the number of businesses.

(1) Figures from study published in February, 1984 by the Cooperative Advisory Group entitled "Marketing in worker's cooperatives in the UK" jointly sponsored by the GLC and the Consumer United Group Services.

Some 90% of cooperatives believed that they could significantly increase their turnover from existing premises and fixed capital equipment. According to the survey, manufacturing cooperatives estimated a possible increase of 178%, services 54%, transport and wholesale 41%. But many said capital was a major problem, particularly the shortage of working capital.

It is to this underutilization of capacity in existing cooperatives and the encouragement of new ones that the Greater London Council, (GLC), has turned its attention since the Labour Party took control in spring, 1981.

Greater London Council - GLC

London in the 1970s underwent industrial collapse and widespread loss of jobs in many service sectors (in the last decade it has lost some half a million jobs). This period saw the movement of companies out of London, widespread rationalisation and closures of London-based firms. Many local initiatives were started and as part of this move, aimed at creating jobs in the area and breathing new life into the economy, came the birth of the cooperative development agencies.

In May 1981, the Labour Party won the local elections to the GLC and promised public sector-led intervention policies to develop the economy which had lost a third of its industrial jobs in a decade. The Labour Party said that measures designed simply to support private investment had proved inadequate.

The GLC drew up a detailed industrial strategy and set up and supported a number of initiatives to put it into effect. London was chosen as one of the cases studies

not only because it has the greatest concentration of co-operatives in the UK but also because of the role taken by the GLC to build a support network around these initiatives.

In 1983, the Greater London Enterprise Board (GLEB) was set up by the GLC with £32 million to invest in job creation. GLEB was to be the main tool of the GLC's industrial policy. A high proportion of enterprises assisted were worker cooperatives and businesses run by ethnic minorities. In general, however, GLEB supports middle to large firms rather than small businesses, "since this is where the major job losses have occurred." All firms receiving aid from GLEB are expected to agree to an enterprise plan which gives trade unions a greater say in the running of the enterprise.

In addition to GLEB, the Greater London Training Board was set up with £4 million to spend on training schemes in London, special emphasis being given to extending the capital's skills base and also concentrating on women, ethnic minorities and other disadvantaged groups. Some £8 million is being spent in the industrial building and refurbishing programme and the GLC has started to monitor companies trading with it (some £100 million annually is spent in purchases and contracts) to ensure that they observe "proper practices" in relation to equal opportunities, training and industrial relations. Money has also been put into setting up trade union resource centres and unemployment centres offering a wide range of advice.

The GLC jobs plan is committed to promoting new forms of social ownership, especially cooperatives. Some 25 cooperatives involving 250 jobs had the support of the GLC or GLEB by the middle of 1983. Sixteen cooperative development agencies (CDAs) around London have also received financial aid and funding for operational costs, often in

conjunction with the local councils. CDAs can apply to GLEB for up to £20,000 to start their own revolving fund, giving grants and loans to cooperatives.

In the first year of its overall industrial programme, GLEB invested £18 million in 136 projects, saving 900 jobs and creating some 900 new ones. The cost to GLEB, if the money is not repaid, is equivalent to £10,000 per job. This is still small compared to the 8,065 jobs created in the central government's enterprise zones which cost between £35,000 and £60,000 each.

The GLC, with three exceptions, favours supporting medium- to larger-sized companies, from 40 workers upwards. It says that the argument in favour of small firms has many misconceptions: job creation capabilities are often exaggerated and frequently achieved by paying low wages and undercutting unionised labour. Overall, small firms were responsible for only 8% of new jobs in London between 1973 to 1981. Meanwhile, 75 companies account for a third of all London's manufacturing jobs, and public enterprises and services employ one third of all London's workers. Small firms' growth tends to be concentrated in specific sectors and the GLC is arguing for a sectoral strategy to develop those areas rather than general measures to encourage small businesses.

It also points to the more than 80 enterprise agencies which, added to the numerous support agencies for small firms run by both local authorities and independent bodies and the numerous financial incentives available, means that the small firms' sector is more than well taken care of, it argues. The GLC, however, has three exceptions to this bias towards the bigger firms. These are: helping the growth of the cooperative sector in London - this sector is obviously made up of small firms but the GLC sees it as part of its policy to strengthen workers' control over the economy and

says it would not support small firms, even in the form of cooperatives, that have the opposite effect; aiding ethnic minority enterprises because of the discrimination faced by these communities in the labour market but not "encouraging black capitalism"; helping sectors in which small firms play a major part such as the clothing and software sectors - measures will be aimed at strengthening these sectors through, for example, joint marketing and technological support and help to expand productivity.

Greater London Enterprise Board - GLEB

GLEB was set up as an independent company to carry out the GLC's employment policy. With some 80 employees it is divided into seven departments, each with a particular function.

1. The finance and administration division.
2. The information division which deals with inquiries and publicity.
3. The investment division which deals mainly with businesses employing more than 30 people that are in difficulty or need to expand in an industrial sector that the GLC wants to strengthen. An exception to this over 30 employees rule are ethnic minority businesses that can ask for financial aid even if they employ less than 30 people.
4. The structural development division. This is sub-divided into the cooperative unit and the enterprise planning group. The cooperative unit invests in cooperatives of any size and is responsible for developing the sector. The enterprise planning group has two aims - to strengthen the labour movement and trade unions through the enterprise planning of companies, and supporting coopera-

tives. For example, workers' cooperatives would be supported only if they are paying trade union rates, although support can be given to those cooperatives which use wages to subsidize the business during the start-up period if they can prove that within a year or two they will be up to trade union rates.

5. The area and property division is responsible for schemes such as factory conversions into industrial units. Usually a local trust involving the local community will be set up to look after the units.

6. The technology division has been setting up technology networks throughout London involving alliances between "employing" groups, universities and polytechnics and product banks (which research new products) to examine and develop new products to be used both by companies funded by GLEB and other groups, especially cooperatives and new firms.

7. The sector strategy division examines industries in London and sees which ones the GLC can possibly "influence" and strengthen.

All firms receiving aid from GLEB have to draw up an enterprise plan in cooperation with the workforce which sets out the firm's objectives and means of achieving them. The plan would cover product and market strategy, future investment and technological change, location and pricing policy, employment levels and conditions, skill mix and training policies, and equal opportunities policies.

Most of GLEB's £32 million annual budget is used for loans; a few grants are made but they are generally for feasibility studies and investigative work.

More specifically for cooperatives, GLEB used £1 million to set up the London Cooperative Enterprise Board (LCEB) to act as a first point of financing (loans of up to £25,000) for cooperatives - this work is being done presently by the cooperative unit. The LCEB will be controlled and owned by the cooperative movement. Represented on it will be five cooperatives, three CDAs, two trade union members and representatives (one each) from the Industrial Common Ownership Finance (ICOF), the Cooperative Retail Society and the Industrial Common Ownership Movement (ICOM).

The LCEB revolving fund would make loans under GLC criteria - £6,000 maximum per job for the first two years of trading; possibility for 100% financing; no guarantee or securities needed; first year repayment free, then paid back with interest equivalent to the rate of inflation.

GLEB believes that the existence of the LCEB will both strengthen the cooperative movement and allow the cooperative unit to concentrate on developing cooperative sectors, tackling the problems of the more established cooperatives and seeing how newer ones can be helped to expand. The unit also wants to give more attention to companies which might be interested in converting into cooperatives.

One of the workers at the unit explained that they were not just interested in more rescue operations but would examine the whole restructuring package of a company and help both labour and management adapt to this new way of running their business.

To help expand existing cooperatives, GLEB is taking a "three-pronged approach", she said: providing finance for their expansion plans; looking at support structures with a special emphasis on marketing; providing training for

bigger cooperatives to improve their marketing, financial controls and even decision making. Help is also going to companies which intend becoming cooperatives.

GLEB is also trying to strengthen the sectors where cooperatives are strong, that is, printing, building and wholefood. In the printing sector, cooperatives "have cornered the left political market. But it is now sewn up, so if we help one cooperative we will be literally helping it to take business away from the others. So we must encourage growth in the sector as a whole, ensuring that they are looking at other markets." The 27 building cooperatives are another area where GLEB is looking at ways of helping them to pool their resources so as to bid for much bigger contracts, "they could have joint surveyors," for example, she said.

The cooperative unit is also looking at new ways of boosting the growth of cooperatives in London but as the unit worker explained, "it is virgin ground as nobody had the money before to explore new ways." What is certain is that the infrastructure has to be developed and the unit is examining, with the GLC and other local authorities, possibilities of giving preferential contracts. Another idea is to create a cooperative zone in London which would become a focus for cooperatives.

GLEB insists on monitoring closely any of the cooperatives that receive loans. In addition to the quite detailed business plan that is presented by the cooperative before it gets the loan, GLEB insists on monthly reports giving information on cash position, profitability etc, "information that you need to run a business." The unit does not feel that this overburdens the cooperatives as some of the CDAs suggest. "If a cooperative is not doing that on a monthly basis then they are not keeping proper control over their business," the unit worker said.

What has caused some controversy is GLEB's demand that the CDAs keep an eye on cooperatives that have received funding and help them draw up their monthly reports. But the workers of the unit consider this demand as "perfectly reasonable". "GLEB has given loans to some 25 cooperatives and has a staff of 2 1/2 people in its cooperative unit, while there are some 40 CDA workers in London, a large number of them funded by the GLC."

She pointed out that the problem seems to have arisen more with the newly formed CDAs than the established ones which have seen some of their cooperatives fail. "Once you have been through that a few times it makes you look more critically at the people walking in the door. Instead of encouraging everyone willy nilly you actually make judgements about who you support and encourage and who you turn away." The newer CDAs are more inclined to support everyone, leaving the decision of saying no to the funding authorities. "We are cast in the nasty no person role." CDAs are being asked to perform to an extent "a policing role" but it is actually "better to stop a cooperative half way along rather than at the end."

The CDAs are also in a better position than GLEB to see if a cooperative is in real trouble. However, the unit worker admitted that the CDAs have until now had a free hand and GLEB looks as if it might be trying to exert an influence on what they are doing. She added, however, that GLEB would not foreclose a cooperative in trouble at a moment's notice. "If they have lost financial control or need marketing help we can provide a grant to bring someone in." But it becomes obvious sometimes even from the first three months, if a cooperative is in trouble. "Sales figures are often a good enough guide, and obviously profitability."

The problems of control and monitoring are an additional reason why it was felt the LCEB should be set up to deal

with the smaller applications. "It is a political formula to get the cooperative movement involved and force them to confront the issue of return of capital."

However, CDA development workers "have a difficult job." There is little formal training to give them the necessary skills and they are often under constant pressure from the agency's funding authority which "has big expectations to help lots of people start up without realising what's involved. There is a lot of pressure to create numbers and many of the workers do not have the experience to withstand it." The CDA workers are employed by people "who don't know what they are looking for to achieve objectives that are unrealistic." None can fit the job description 100% and this is why special training is needed - "on the job training is not enough."

Cooperative advice services

In addition to the GLC and local authority support, two cooperatives have been set up in London offering accountancy services and marketing advice to cooperative enterprises.

The Community Accountancy Service (CAS) offers professional accountancy and auditing and helps with bookkeeping. It was set up in early 1982. There are four qualified accountants in the partnership and another four giving advice. The service is oversubscribed.

In the summer of 1983, the Cooperative Advice Group (CAG) was formed. It gives practical business help and marketing advice as well as training in business methods and organisation, to both start-up cooperatives and those already trading.

CAG has a contract with the GLC (about one third of its income), which enables groups in London that cannot afford its services to have free advice - prices normally vary from between £85 to £100 a day. A group can have a maximum 15 days free help a year, although prior GLC approval is required.

Paul Chaplin, one of the founders of the three-man group, says that CAG is there to offer fast business advice. On average each project takes anything up to 20 days. CAG has recently helped one cooperative that failed to achieve its financial targets to go through its accounts and do a staff review. Another recent example was giving "technical input on devising products."

He is convinced that the two main problems faced by cooperatives are marketing and finance. "Cooperatives have very little acquaintance with anything other than the very basic financial control systems." He added that CAG always aims to work "with rather than simply for our customers so that they develop their own skills as much as possible."

However, cooperatives often think that their marketing problem is simply that sales are not high enough but "in effect it goes a lot farther back than that, perhaps they are making the wrong thing." CAG analyses with cooperative members what should or should not be done.

At the beginning, CAG thought it would get all its work from areas that did not have a CDA but this has not always been the case. The reason is often that there is a limit to CDA help. "CDAs are on the whole staffed by generalists with community work background. Only three CDAs in London are over three years old so there is a lot of inexperience in CDAs and many are not confident about judging a business. Very few CDAs would feel confident handling bigger cooperatives, for example."

CAG feels that its main difference is that all three members come from economics and business backgrounds "not important in themselves but give confidence to go in there and give it a try," and collectively have been working with cooperatives and small firms for some 20 years.

A trading cooperative is five times more likely to be referred for outside help by the CDA than a start-up group, commented Chaplin. There is also a strong correlation between older CDAs and the small number of cooperatives helped. Longer-established CDAs, with about four workers, would be helping some 12 cooperatives at any one time. "They weed out the no-hopers very quickly." This pattern is very strong among the older CDAs, said Chaplin, as is the equally strong pattern for younger CDAs to have up to 50 cooperatives on their books at any one time although most only expect a small proportion to start trading. "In the end the number of cooperatives expected to trade is about the same but the longest running CDAs are much more open about focusing their efforts, the new ones don't have this confidence."

Most people think that it is the failure of a business that is the exception but in fact the opposite is true both for cooperatives and small firms. Chaplin gave figures for the success rate of the Industrial Commercial Finance Corporation (ICFC). Funded by the high street banks, this investment company supports small firms "hand picked" on straight commercial investment criteria. Yet "only one in 10 are unqualified successes, three out of 10 complete failures and the rest are don't knows."

If a business was asked at the point of failure what it thought had gone wrong, "it would usually answer running out of money or customers so that means lack of capital." But a more probable answer according to Chaplin could be that the business was not properly planned in the first

place, or it did not realise it needed more capital, or had not controlled working capital growth. The real problem "is that people do not have a clear perspective of what running a business involves. You have to keep your eye on so many different things. Any one can go out of equilibrium but you might not be getting the message." The main skill "is knowing what is important at a particular time and having confidence and determination."

Industrial Common Ownership Movement - ICOM

ICOM is the best established organisation for workers' cooperatives. It is also the biggest. Most of the new cooperatives that have registered, including those in London, use the ICOM model rules. These specify that only workers can be full members of the cooperative, each paying a nominal £1. Each member is then limited to this one share. The assets are collectively owned and on dissolution cannot be distributed to members but passed on to other common ownership enterprises, a central fund or a charity.

ICOM was the force behind the Industrial Common Ownership Act of 1976, sponsored by all three main British parties, which set out the first legal definition of common ownership.

The act also provided for a fund of £250,000 in loan capital for cooperatives which was administered by the Industrial Common Ownership Finance (ICOF), set up in 1973 as ICOM's revolving loan fund.

ICOM, based mainly in the North, opened a London office in 1977. The office registers London cooperatives, acts as a point of contact for them, campaigns for change and gives advice. It is also involved in the training of development workers and cooperative members. ICOM was given public funding for five years ending in 1983 and is now solely

financed through its membership fees. London ICOM is controlled by cooperatives which sit on its board. One of the CDA workers interviewed described the relationship between London ICOM and the CDAs as "one of partnership. We do most of the ground work."

As for the future, "the CDAs will continue doing the local work and ICOM the more political and regional work more like a professional body bringing groups together rather than initiating."

The CDAs, along with ICOM have attempted through a series of networks and regular meetings, to inform each other of activities, campaign together for changes and decide on new policies. Through these networks the CDAs with ICOM have arranged some across-borough training programmes.

Together they have also helped set up the national Large Cooperatives Network, comprising cooperative enterprises employing more than 20 workers. This was felt necessary as such cooperatives need a different kind of support to help them deal with particular problems such as coping with democratic participation in decision making, finance and expansion. Larger cooperatives have felt that CDAs and local authorities were more geared to the needs of smaller cooperative enterprises. The first meeting of this network was in October, 1983 and it is still too early to make any conclusions.

The National Cooperative Development Agency

The National CDA was set up in London in 1978 following an Act of Parliament. This body has little connection with the CDAs set up by different local groups and cooperatives, and funded usually by local authorities. The National CDA was regarded with mixed feelings by the movement especially

because its members are appointed by the government and it is not controlled by cooperatives. The National CDA has tended to take a more conservative approach to development work. It is an advisory, promotional and research body to encourage cooperative enterprises. It has no right to make loans or grants. It has also produced alternative model rules to those of ICOM allowing outside shareholders - unlike the ICOM rules it is then up to the members to decide what happens to the assets if the business is dissolved. The National CDA has also helped the creation of neighbourhood cooperatives involving the whole community and offering services needed such as child care.

A different initiative from local authorities - Camden Council

Despite the upsurge of local CDAs in London, some local authorities, while favourable to cooperative enterprises, have chosen a different path. Camden is one such example where the local authority preferred to mix cooperative development with the development of small firms. Camden gave two reasons for this decision. "There was no push to set up a CDA from the Camden local cooperatives, so if one had been set up it could have ended up being run by politicians, councillors and do-gooders rather than local cooperatives," said an official of the council's economic development unit.

Camden's original idea was to start an enterprise board to advise and finance groups. However, because of a shortage of funds, the board that would have operated a revolving loan fund of some £750,000 remained on the drawing board. This left only the Enterprise Agency which was opened in early 1984. To staff it, the council wanted a partnership with private industry whereby industry would

provide secondments for the small firm advisory service and the council would provide secondments for cooperative development work.

This, however, has not been altogether successful, "Camden had never gone out of its way to get a terribly good relationship with the business world," but it did manage to get three secondments - the manager, one typist and a chief clerk. The council has seconded two cooperative development workers.

The idea to set up the Enterprise Agency came from the council's economic development unit, which had been engaged in development work especially with ethnic minorities. Although it does not give grants, the unit was able to help cooperatives through advice, small loans and by giving a guarantee to banks which would not have otherwise agreed to make loans. Some 18 cooperatives were helped by the unit in 1983. However, the Town Hall "is very off-putting to a lot of groups and it was thought better to set up a separate business advice centre."

From the experience of the economic development unit, it was felt that a mixed agency should be formed which would investigate whether people really wanted a collective structure or a more traditional small business and help both types of groups.

The economic development unit also hoped that there would be an added benefit from mixing skills, as cooperative development workers would be working alongside traditional business advisers. As the unit's official commented, "at the end of the day a cooperative has to make enough to exist and so a lot of standard business advice applies." The agency will spend a lot of time with ethnic minorities and women. It will be able to fund feasibility studies and make loans. One of the unit's problems was that

it was both the developer of the project and the funding group. By setting up the Enterprise Agency, development workers will have distanced themselves from the funding body. They will now report to the economic development unit and it will be up to them and the Council to decide. Camden sometimes gives grants to cooperatives but only when there is a very big commercial risk and the council feels that the project should go ahead.

One of the workers feared that the agency might reproduce the hierarchy existing in the council and private industry. Even so, the cooperative workers at the agency will have a relatively free hand and working methods will remain close to those of local CDAs. The economic development unit will now devote most of its activities to looking at measures to stimulate the local economy and examining job possibilities for the borough. One of the latest initiatives, undertaken in conjunction with the council's women's unit, is examining how women in Camden can be encouraged and helped to set up their own businesses. A number of measures are being looked at - seedbed units, setting up a support network of women advisors, especially women who are already running their own businesses, training programmes, information campaigns, etc.

Small firms' advisory service

Many local boroughs have small firms' advisory services, but, as is clearly shown in the case studies, few cooperatives have used these services.

Backed by the Department of Industry, the small firms bureaux offer business counselling, information and management advice and act as a link between small firms and government schemes.

The counselling service is staffed by people seconded from private industry, mainly retired businessmen and executives. However, only the first consultation is free and then up to 10 consultations of any length can be requested at the subsidised charge of £20 plus VAT per day.

The small firms' service offers a lot of technical advice but does little development work. Most people thinking of starting up an enterprise use this service once, rarely paying a second visit.

It is rare, for example, that somebody will be helped to do complicated cash flow forecasts; the employees of the service generally give a few examples and leave it up to the individual to go ahead. Market research is explained during the first visit and the small firms' service usually has a list of companies that can undertake studies. But the cost is often prohibitive for most individuals coming in for first advice.

One employee at the Islington small firms' advice bureau said that their role is more "pointing the direction that people ought to go." He felt that this service should remain separate from the cooperative development agencies and added that they often refer people to each other.

Support from private industry

Local enterprise agencies and trusts also exist in London, with one or two staff concentrating on providing advice, information, perhaps training and contacts for small firms in the area. Most of these agencies use sponsoring companies as a source of specialist expertise to refer small firms needing particular help. However, the problem remains that these sponsoring companies are large and do not always understand the difficulties of small firms.

The London Enterprise Agency (Lenta) offers its advice service for small firms on a free or subsidised basis. Backed by 11 major British companies, Lenta also offers direct services such as mounting exhibitions and organising seminars where small firms can meet key buyers from bigger companies, the so-called marriage bureau. Training courses are also available on a fee-paying basis and small firms can apply to rent one of Lenta's small units in Inner London.

In addition to a number of other private initiatives in London, there are also the Chamber of Commerce which provides support, contacts and information on exports. Information is also given on trade associations and industry research bodies and the chamber provides advice and technical back-up to small businesses. Again, this service, earmarked for small firms, is little used by co-operatives. Reasons vary from not knowing about them, mistrust, fear of high costs involved and doubts about their general usefulness for co-operatives and community businesses.

Finance

In addition to the High Street banks, London co-operatives have a number of direct funding sources. Under the Inner Urban Aid Acts, co-operatives can have access to start-up grants of up to £1,000 from the local authorities. GLEB, the GLC and local boroughs may provide direct investment through grants or loans. Certain business resource centres can also give grants for specific purposes. There is the ICFC, set up by the clearing banks and the Bank of England, to provide investment in small firms. Finally there is ICOF, although it mainly operates in other parts of the country.

An interesting scheme is the Manpower Services Commission enterprise allowance scheme recently started for both co-operatives and small firms. This provides £40 a week towards wages for the first year of a new business. However, grants are limited and to qualify, each person has to show a £1,000 investment in the business and must have been unemployed and in receipt of benefits for at least 13 weeks.

Additional stringent rules further restrict access to this grant and some of the cooperatives interviewed in the case studies said that they had found it almost impossible to get their applications approved.

Conclusion

Although London has a good network of advice services these are mainly aimed at traditional small firms. It was only in the last decade, with the disappearance of many jobs, that there has been an upsurge of local employment initiatives with emphasis on encouraging collective ownership enterprises and attempting to involve some of the city's most disadvantaged groups.

The role played by the GLC and some of the London boroughs in supporting local job creation has been crucial. The GLC has used its large resources to provide finance and help set up support structures, especially in boroughs where the local councils had little interest in such initiatives. One of the most important aspects of the GLC's work has been its industrial strategy, which has given a general economic framework to local job creation.

The planned abolition of the GLC by the present Conservative government, (to be replaced by "quangos", government appointed bodies), could jeopardise this strategy. The abolition of the GLC would mean the end of an overall po-

litical authority in London, as members of each quango will be appointed and responsible to the central government.

There are indications that the government may decide to keep GLEB. But it is generally accepted that "GLEB under a Tory administration would not be the organisation it is today."

Section 1.1

Islington Cooperative Development Agency

Islington CDA, one of the longest standing advice centres in London, was set up in early 1981 following a campaign by the 14 established cooperatives in the area. The cooperatives had formed themselves into the local cooperative development group, and with various "other worthy people" as well as the London Cooperative Society, Cooperative Party and the Islington Voluntary Action Group, managed to get support from the London Borough of Islington for the agency. In addition, funding, for a five year period, was given by the Community Projects Foundation charity. The agency now has four workers and after two and a half years of operation has helped to set up 20 new cooperatives.

The activities of the original 14 cooperatives covered mainly printing, publishing, wholefoods, bookselling and distribution. The new cooperatives' activities now include a driving school, building, painting and decorating, office cleaning, catering, motor mechanics, lighting design and musical instrument repairs.

Background

The local authority was already favourable to the idea of supporting cooperatives and had used its resources and some funds to help new cooperatives. The Community Projects Foundation, which had worked mainly in the development of community and youth work, decided that the time had come to fund activities that would regenerate

the economy. With the borough council and the cooperative development group, the foundation started to plan the future CDA as its first project to help employment.

Funding for the CDA was agreed for a five-year period on the understanding that the development group would then take over. However, as one of the present workers pointed out, "whoever had that idea did not know the economics of it." The cooperatives would find it even hard to fund one worker let alone the whole agency. About one third of the funding now comes from the foundation and the rest from the council - it funded the fourth worker last year.

The CDA offices are near the borough's high street in a building rented by the foundation from British Rail. Most of the building is sublet to the Citizen's advice bureau and the offices of the CDA are quite cramped.

The CDA workers, however, are fairly optimistic that new funds will be found for the agency once the five years are up. Some hoped that the local authority would take over the total financing. As one of them said "we are better off than most CDAs as we still have two more years of definite funding."

The area of Islington

The workers at the CDA were aware from the beginning of the difficulties facing them. Islington had suffered a drastic loss in employment. Manufacturing industries had moved out of the borough, traditional sectors such as textiles had collapsed and many small businesses failed

to survive the recession. It was also faced with a number of inner city problems - loss in services, increasing overheads, prohibitive rents, and deteriorating or inappropriate commercial property for new industries.

Internal structure and working of the CDA

The CDA now has four workers. None had formal training in business management. One of the workers, the team leader, has been working in CDAs for four years. "I learned a lot on the job." She studied economics, "not relevant at all," and had a basic knowledge of accounts, "they should teach that at school." Two of the other workers had already worked in cooperatives, one mainly on the sales side, customer liaison and marketing. CDA workers take turns to follow courses:

Although nobody really specialises at the CDA, the work is slightly "structured". The "team leader" and two of the other workers are responsible for development work, and the fourth person, the "centre organiser", deals mainly with administration. She does, however, also deal with initial inquiries. The structure of the work was set out clearly when the CDA was set up.

The team leader is responsible for general coordination and undertakes most of the CDA's public functions, ie, represents the agency at council meetings. Each development worker has a list of cases which they have to follow through. But "it is rather ad hoc who works with each new group. It pretty much depends on who is free when the group comes in."

The lack of "specialising" by the workers means that for more difficult problems "we have to call in outside help."

To oversee the funding and staff and decide the long-term policy of the CDA a management committee was set up. The workers report monthly to the committee and discuss future plans of action. When setting up the CDA, the funding bodies also decided on the composition of the members of the committee: two representatives from the London Borough of Islington; two from the Community Projects Foundation; four from the cooperative development group, as well as one co-opted solicitor. The chair rotates every two years.

Relations between the management committee and the CDA are very good. "We always worked well with our management committee. It is supportive and not involved in the day-to-day running. The committee tends to accept our recommendations, although we don't always get what we want."

Problems between CDAs and management committees do exist but a lot depends on how they are set up. "There is a problem if it is made up of people who are not committed per se to cooperatives but feel that they should be involved." Some management committees have trade unions as members, this can create problems if the union "has a negative view of cooperatives and decides to be obstructive."

Promotion and counselling work

During its first year of operation it was decided that the CDA should keep a low profile, rather than launch a big publicity campaign. The existing cooperatives in the area and the numerous community groups were to be their base and by lying low it was hoped that the agency would not be too overwhelmed by the demand.

But even within its first year the agency had on average four new inquiries a week, as well as development work with a number of groups. The development work ranges from advice on legal constitutions and registration to support with market research, budgeting and cash flow forecasting.

The CDA members insist that their main concern is to help establish viable cooperatives that can guarantee their members secure jobs with living wages.

Most of the people that come to the CDA do not lack interesting and viable business proposals, "the main obstacle remains start-up capital, as most of the individuals have no security to guarantee a loan." In many cases the people involved are skilled and experienced in their particular trade or service but lack the know-how of selling that skill. "A classic inquiry is two people, probably unemployed, who have a business idea, probably not well worked out. Maybe they have a little experience in the field but none in running a business." Their main concern when they come to the agency is funding, getting start-up capital. "But then it becomes rapidly clear that they also need help with general business assistance, bookkeeping etc."

There is a good infrastructure in Islington with many advice centres and active organisations. Although the agency has done a lot of publicity, many people are referred to it by the town hall and other services in the borough such as immigrant welfare groups and citizens advice bureaux.

When a group first asks for advice there is a general discussion with one of the workers on what they want to do. But "the level of advice given depends on how far they have worked out their ideas. They might have decided what they want to sell and where, and so they need help with the market research." Other groups are less clear about what they want to do so the worker will raise with them a whole range of questions that need tackling before the cooperative can begin trading. "Is there a market for their product or service; at what particular sector of the market will they aim; who are their competitors; how will they price their product or service; how much capital will they need; what sort of premises do they require and so on?"

During the first visit, the worker would explain the implication of being a cooperative. "A lot of people get worried about setting up a common ownership enterprise. Can they sack someone, for example, they ask."

Most of the cooperatives at the beginning have "a lot of illusions" about where to get funding, many having no idea of the difficulties. But as one of the workers commented, "a lot of the work they have to do to get a loan is very basic work. So it is quite a useful tool to make people think about what they want to do and make a plan." Also, "people have tremendously grandiose

business ideas, with little concept of the work necessary to get the business off the ground." During the group's first visit the worker has to "get rid of the illusions without discouraging them from going ahead."

Sometimes there is "no point in going ahead." The workers at Islington do not hesitate to tell the groups if it is clear that "their idea would not work or co-operatives are not the correct structure for them to use." Community-type centres, for example, will always need subsidies, "it is easier to get such funding if you are a charity." In other cases, people want to set up their own firm and be self-employed; the worker would then give advice on forming a limited company or partnership. The agency workers cannot spend a long time with people wanting to set up on their own. "We send away a number of people but it is difficult because they cannot always get advice elsewhere."

It is up to the group to return for their second visit. "After the initial inquiry, some people come back, hopefully having worked out something on the basis of our previous talks; some don't come back and others don't come back for a very long time." But nearly all the groups that return have completed the first stage of their work - the so-called feasibility study, although at the agency they prefer to call it a plan of action, "a feasibility study can cover a multitude of sins."

The CDA does not undertake market surveys for the co-operatives. Instead it discusses ways of doing market research and expects the cooperative to do the work. It will, however, help a cooperative to assess the results and see if the idea is viable and what changes

need to be made. "We don't expect them to come back with whizz-kid plans but we try to force them to think about it a little." They certainly "don't come back with a plan any bank manager would be happy to look at; it is our job to get it at that stage." Many of the groups have come up with novel ideas of doing their market research. "We just help by posing the questions that need to be answered, where are you going to sell it, what particular group, if women, young women, women in Islington?" Once they have gone through all those questions it becomes evident that "marketing is common sense dressed up in very fancy language."

A potential wholefood vegetarian restaurant did a blanket street survey in a part of Islington and got a good response. Another group wanted to set up a telephone/delivery food take-away. They did a door-to-door survey on an estate, worked out where other take-aways in the area were operating, the price range people were prepared to pay, the distance they had to travel to get to their nearest take-away, the age group and travel facilities.

It is at this point, when the survey is finalised, that the group will reappraise its ideas and modify them if necessary. One group wanted to produce high fashion clothes. When they did their costing they realised there was no market so they changed to manufacturing clothes for young people. Only a few groups refuse to change their plans.

At the same time, work is done on costing and pricing. "While they are doing market research, we will be helping with cash flow and costing, financial planning.

or an application for a setting-up grant. They might also be looking for premises." Above all, "we wouldn't say to a group, go away, do market research and prove to us you have a market before we help you any further."

A common problem is the tendency to underprice or overprice a product or service, either through inexperience or failing to make allowances for overheads or cash flow problems. Many cooperatives are also intimidated by concepts such as financial planning, use of targets, cash flow and budgeting. The agency tries to familiarise them with these concepts and shows their importance in the daily running of a business.

Once this stage is over both the agency and the cooperative are aware of the likelihood of success and potential pitfalls. The feasibility study also serves to sell the business plan to financial bodies. If all the signs are good the next step would be help with registration and the start of trading. Nearly all the cooperatives use the ICOM model rules. However, the cooperatives are told of other options they could use. Advice and help is given with tax, insurance, VAT and employment.

Learning how to work together in a cooperative is not an automatic process. Most of the groups that come to the agency already know each other and feel they can work together well. Problems tend to arise at a later stage when the group starts nitty-gritty planning such as pricing and cost. It is at this stage that differences begin to emerge and collective decision-making and sharing of responsibilities needs to be discussed.

The CDA says a big part of its development work is to encourage people. "Even if the cooperative is not successful, the people who have gone through the experience are always likely to do something else." The agency differs from a traditional advice or enterprise agency because "we just don't look for the commercially viable idea and if that's not obviously there, abandon it." This is the approach of most CDAs, they say. "If we weren't prepared to work on a really basic level then there would not be many cooperatives."

One of the problems that the CDA has not yet resolved is whether the agency should take on new work indefinitely "and not turn anyone away," or if they should limit themselves to a few cases. Also how much importance to give to education and promotion of the agency.

Although the agency tries to involve ethnic minorities in its work, it does not believe that special methods of work should be adopted. The same goes for women. All workers are expected to take the time according to the needs of any one group. Language problems, however, remain a barrier and have limited the agency's contacts with the Greek Cypriot community, for example.

Monitoring

Helping cooperatives to register and start trading is not the end of the agency's work. For at least one more year, the cooperative will keep in close touch with the agency.

From the beginning the agency makes it clear that "we are available all the time and that we would not put our

arms up in horror if they are doing half the jobs for cash and are not registered with the VAT." Although the workers explained that they would never recommend that cooperatives follow this path, they feel it is important for the cooperative to have trust and confide in them; that way the agency can properly assess how the work is progressing without endangering the legal standing of the cooperative. "Many do work in the black economy to an extent and that's where a lot of their problems come from. One thing we can do is to help them legitimise their activities and unless they can talk about it they never will."

This relationship of trust is essential if cooperatives are to become legitimate businesses.

How far CDAs should monitor cooperatives especially on behalf of funding authorities is a moot point. Difficulties have arisen following the demand by GLEB that CDAs should closely monitor cooperatives that have received loans from them. The workers of the CDA feel that this is far from a resolved issue, as they are put in a position of conflicting interests. If something happens that they are not happy with, are they obliged to report it to the funding authority first or to try and resolve the problem with the cooperatives? As one of the workers said, "I feel at all times we are responsible to the cooperatives." They feel that the agency's role is to help the cooperatives prepare regular financial reports and be there to discuss problems.

Some of the workers felt that funding authorities asked too much from the cooperatives. "It is already a terrific burden on people to run their own business," there

is no point in increasing it through asking for constant information on progress.

The same goes for defining what a model cooperative is. Although definition should be made clearer this should come from the cooperative movement and not from a financing body, one of the workers said. The CDAs should be meeting the needs of cooperatives as they express them rather than imposing rules and regulations, the workers added.

Premises

The type of premises required tend to be small and medium-sized retail and restaurant property, light industrial workshops and office space. To secure their premises most of the cooperatives need financial support from the local borough. However, delays in payments of these grants (even when the premises are council-owned, delays can be long), have meant that many cooperatives have lost their premises, been forced to abandon them or move out of the borough. "It is a very frustrating period, they have waited for months, they have a clear business plan and yet can't get started." However, some cooperatives do their first trading from their homes and others use the agency as an address.

The only solution that the CDA sees is to set up small workshop space to provide start-up premises for cooperatives and other employment initiatives - once established they would then move out. But this has not proved easy. Since 1981 the CDA, along with the Islington Voluntary Action Council, has been trying to find the

funds and premises for such a workshop. "Large sums of money are involved and enormous bureaucratic problems."

The council still seems unconvinced of the need, despite the fact that many cooperatives have to move out of the borough and the evidence that commercially run workshop schemes are oversubscribed.

The general idea is that the borough gets the premises and leases it to the workshop body, which would run it for cooperatives and nursery cooperatives. "A lot of problems remain, how you determine a commercial rent, what you charge."

Bookkeeping and wages

Islington CDA feels that a lot more could be done to get everyone in the cooperatives to understand what the figures mean, "administration is about control." The same goes for cash flow forecasts: "you can't do it for them, but with them."

But often people do not understand the importance of keeping good books, "most people don't like figures and are happy to let someone else do them, without realising the implications." It is a "worrying sign," comments one of the workers. If a cooperative cannot do its own books, it suggests they are not "financially responsible."

The agency feels that if it had more time to do work with the whole group, it could get over this message. But visits to the cooperative are quite rare and the agency only goes if invited. The rest of the time they

work with one or two of the cooperative members while trying to get other members "to try and understand the figures." They also help by showing the person doing the accounts how to make regular reports to the whole group.

Many cooperatives' bookkeeping systems remain "a mess," especially at the beginning. The CDA workers often had to put accounts together from a pile of receipts and invoices before handing them over to an accountant for the final audit. In a way the chaos helps cooperatives to understand the importance of their books; when they see the mess they "realise there is a need for careful book-keeping."

Accounts and general financial planning seem to be the two areas where groups most rely on the CDA services, especially during the first two years.

Marketing

Marketing problems usually come up after a group has started trading, but as one CDA worker said, "you never look for marketing advice unless you have a financial problem." The agency steps in to help, although it can turn out that the marketing of a product may not be the root of the problem - "it may be costing, not charging enough or other factors."

Some of the established cooperatives expect the agency to do more than it can by asking for quite technical and specialised advice. Islington CDA workers often refer them to outside bodies but say that this has caused

some complaints as some groups feel that the CDA is not as "professional" as they would like.

Finance

Raising finance is an overwhelming problem. Cooperatives getting local authority grants have higher chances of success in convincing their local banks to make loans. The CDA is familiar with the requirements of bank managers and helps cooperatives with their proposals and presentations for loan or overdraft facilities, and attends bank interviews if requested.

Although the CDA has successfully helped several cooperatives to secure bank loans or overdrafts, the main source of financial backing is still the local authority or the GLC or GLEB.

The GLC has given ICDA £22,000 for cooperatives in the area. Some £15,000 of this grant was for ethnic minority enterprises, £4,000 for feasibility studies and £3,000 to purchase office equipment for leasing to cooperatives - many cooperatives have used this service.

In addition to the maximum £1,000 start-up grant available from most inner city boroughs, Islington council has helped in other ways - the borough has given grants totalling £9,000, of which £2,000 is for promotion and publicity campaigns and £7,000 in the form of starter packs and small loans (maximum £300). The packs enable potential cooperatives to do publicity and promotion or produce samples of their products.

Wider development work

Islington CDA is involved in employment based campaigns in the borough. They are members of the London and national CDAs network. As part of the promotional and educational role, the CDA has been organising evening classes on workers cooperatives in adult education institutes in the borough. It has run two 12-week evening classes on cooperatives for members of new or proposed cooperatives and interested individuals. The courses are divided into the theory and practice of setting up cooperatives.

The CDA workers have been involved in the Cooperative Enterprise Programme, funded by the Manpower Services Commission (MSC) and the GLC. It is designed to provide a four-month training course for people setting up cooperatives and involves a placement in established cooperatives.

Islington is also one of the six boroughs in London involved in the Women's Link Up which offers women who lack other employment opportunities courses on how to start up cooperatives.

The CDA is also involved in the technology networks set up in London and funded by GLEB to stimulate the local economy through the use of workshops where people can develop prototypes or goods to manufacture.

A lot of time is spent talking to various groups about cooperatives and the CDA is careful to keep good contacts with the trade unions. All members of the cooper-

atives are encouraged to join their trade union. However, not all the cooperatives see the point of joining a union, often being aware of "the hostility that exists."

A breakthrough could be the decision of the Transport and General Workers Union, T&GWU, to open a cooperative branch for members who do not have a craft union to join. However, the CDA workers say that whenever unions have been contacted about a specific cooperative, their responses have been "quite positive."

Future Strategy

The CDA is convinced that its first year's low profile allowed it a breathing space to establish a secure base in the borough.

One or two agencies in other London boroughs tend to apply a "top down strategy" where the availability of support and assistance depends on close monitoring and control of the cooperative. Islington CDA disagrees with this approach as it does not comply with either the concept of cooperation or self-sufficiency. "The probability of success will be greater if the cooperative is initiated by those people who will eventually work in the business. It is also important that the CDA's resources and expertise are transferred to the cooperative, and not retained within the agency, which tends to discourage independence." At the end of the day the cooperative must be confident that it has ultimate control and responsibility for its business; this, however, does not preclude seeking advice from the agency at any stage of the cooperative's development.

At present workers' cooperatives in Islington are a tiny percentage of local economic activity even in the small firm sector. However, the agency feels that the way forward is not just helping new start-ups. What is also important is consolidating the existing cooperatives.

"Securing finance will continue to be an issue for cooperatives, but financial backing alone will not be enough to ensure the stability of the smaller cooperatives or to enable them to expand." A lot more resources are needed to enable cooperators to acquire further skills and expertise to facilitate them in the development of their enterprise.

The CDA welcomes the establishment of the London Cooperative Enterprise Board, set up by GLEB to give financial backing to cooperatives and to a large extent to be managed by the cooperative movement.

Some facts and figures

In 1981, the first year of operation, the agency received 70 inquiries, the majority coming via the network of cooperatives and community organisations in the borough. Some were referrals from the borough and the small business counselling service with a few coming from job centres and from the limited publicity and conferences attended.

Out of the 70 inquiries in the first year, for example, four were registered and another five were on the point of being registered. Seven were potential new coopera-

tives, eight ideas were unfeasible as cooperatives, 12 inquiries came from outside the borough, 15 were from established cooperatives and 19 resulted in no further contact.

A breakdown of the inquiries shows that 36% were for specific information and 64% were cooperative inquiries of which 25% were from people wanting to set up cooperatives in printing and publishing; 22% in professional and other services; 16% in building, painting and decorating; 13% in arts and the media; 8% in catering and entertainment; 6% in textiles; 5% in transport; 2% in manufacturing; 2% in consumer and 1% in retail.

It takes about 12 months for a cooperative to be set up, and the next 12 months are still considered as a formative stage. At the beginning, the agency would see a new cooperative every two or three weeks, then three or four times a year.

This trend has hardly changed since 1981. The CDA has received 210 specific inquiries since May 1981. A breakdown is given in their 1981-1983 report. The majority involved one visit to the agency for advice and discussion. Following these initial visits, 25% of the inquiries led to development work; 25% did not return and their progress or otherwise is unknown; 12% favoured other business structures; 10% were referred to other agencies for advice; 10% were classified as "recent"; 10% were from outside the borough; 5% were dependent on securing suitable premises and are not known to have been successful, and 3% came from individuals who were looking for other people to form a cooperative.

Printing, publishing and graphic design made up the largest group of the 210 inquiries at 15%; followed by the arts and media (12%); building services (11%); music and musical instrument manufacture and repair (10%); catering, entertainment and leisure (8%); furniture recycling (8%); other services (7%); clothing, manufacturing and retail (7%); transport services (6%); miscellaneous (5%); technology (3%) and wholefood retail (2%). Thirty other inquiries had been received from established cooperatives both in and outside the borough and 51 inquiries from individuals and organisations asking about development work.

Comments from groups helped

All of the cooperatives interviewed were very complementary to Islington CDA, the main service offered being the moral support, help with getting grants and book-keeping. "The advice was good and it was always nice to know they are there."

Many admitted that without the CDA they would never have considered starting business. Even some of the cooperatives established before the CDA said that maybe they would have avoided some of the mistakes and saved time if the agency had been there.

The cooperatives said that they kept a very close contact with the CDA, especially during the first year, as it became "an ear for our problems," and gave advice on business, cash flow and accountants. Once advice on technical problems is given the cooperatives still need a lot of moral support. This is especially true when a

cooperative is breaking into a difficult sector or members are taking on work not normally done by such a group.

All the cooperatives felt that doing their own market research was a useful experience, especially as they discussed it first with the CDA. All stressed that it was useful to have someone there "to advise you on the best way of taking your business decisions. Being a cooperative it is not evident what techniques are needed."

Some of the cooperative members had followed courses on cooperative enterprises and basic business studies. As one commented, "you can go into setting up a cooperative with good ideas and not enough knowhow. If you don't have money you can't afford to make mistakes." Most of the cooperative members had the necessary technical skills to carry out the work; what was missing was a business background.

One criticism was that the agency did not give enough warning about the problems that could arise from working with others in a collective way. This was a problem in one cooperative where one of the workers had the necessary skills needed for the business and others were trainees. The other two women felt "inadequate, and the feeling worsened over a period of time. But being busy there was little time to analyse the problem and cope with it." In the end, the two women left. "It would have been nice if the agency had rung up during that period," one of the women commented.

Most of the groups see the agency about once or twice a month but as one said, "if the business was bigger, it

would still be nice to see them but I don't know if this would still be useful."

Problems of getting loans from banks and other aid given specially for small firms - many of the rules are aimed specially at single traders - made one cooperative member comment that maybe she should have started as a small firm and once established, become a cooperative. Another group interviewed felt that the CDA did not reveal all the snags of being a cooperative - for example, a condition of the setting-up grant is to stay in the borough for two years but one of the cooperatives said that they were not aware of this.

Most of the cooperatives said they relied on the agency first and foremost for setting up books and doing cash flows; "without their help it would have cost a lot in accountants." Support with getting the £1,000 starting-up grant and help with running a business were other things frequently mentioned.

One cooperative still with teething problems insisted that even if the cooperative had to close down the experience would not have been a waste of time. He said he would go into another business "with a lot more confidence and doing a lot better."

The CDA does seem to visit cooperatives quite often "to see how things are going and ask if we have tried this or that." One cooperative felt that despite Islington CDA's energy, it has its "hand ultimately tied by the bureaucracy of local authorities." Although Islington CDA was very helpful to them, they said "it was little more than a citizens advice bureau for cooperatives."

This would only change if the agency had more responsibility for giving grants. They insisted that CDAs needed more control over finances.

Most of the cooperatives had not tried other counselling services; many of them went to Islington CDA because they heard about it by chance or through various publications. One cooperative did go to a small firms' counselling service but was told to forget it. They advised them that it was a very good idea but "unless you have tons of capital you can forget it. Helpful but extremely negative."

One criticism of Islington CDA was that it did not always have the specialist advice needed. "There was a lot of general advice but no resources to offer help with the more specific problems we faced, either in financing or in marketing." Some said that the CDAs should build up advisory networks of people that could give more specific advice. "They did not appear to have contacts in the outside world."

It is interesting to note that the majority of cooperatives interviewed still said their books were in a mess or that they didn't like doing accounts; few saw this as an important part of their work, although help with financial and business decisions was stressed, knowing how to do costing, for example.

Nearly all the cooperatives interviewed were set up by people who were unemployed and had little or no business experience. Especially at the beginning, a lot of the workers worked part-time and wages were relatively low. A trap that many find themselves in, is having lots of work but not making enough money to expand by taking on more workers.

Although the CDA obviously kept in touch with all the cooperatives some would have liked more regular contact where performance and progress would be analysed. As cooperatives expand, time becomes limited; this has meant that they are often unable to visit the agency.

The longer established cooperatives were more critical of the CDA. One said that "they tend to focus on new groups. Our needs are more specialised and we need help of outside consultants with specific knowledge of our market." Once the business expands, strategy development and marketing are one of the biggest weaknesses and the cooperatives said the CDA was not equipped to provide this. A lot of time is wasted discussing "what we should be doing - as differing ideas existed about what a cooperative was and how it should operate." There was also a problem on agreeing what the market should be.

However, one cooperative felt that the CDA was specialised enough, any further advice, especially on the business side, was better coming from other companies in the field.

One cooperative trading for more than four years commented that they are asked by groups around the country to share their experiences and advice. To do such work is a tremendous burden. They would like to see the CDA set up a fund to pay cooperatives a day's fees to sit with a new group wanting to set up and "tell our life stories and pitfalls to be avoided."

Section 1.2

Lambeth Cooperative Development Agency

Lambeth Cooperative Development Agency was formed in 1979 as a federation of local workers' cooperatives and of representatives from the local cooperative retail societies, voluntary organisations, the trade union council and the borough council. For nearly 2 1/2 years the agency was run almost single-handedly by one worker paid for by the Inner City Partnership where it was agreed that he would be funded for five years.

The agency has now grown to four full-time workers with funding coming from a variety of sources - the Lambeth council, Inner City Partnership and the GLC.

Lambeth CDA also adopted a new constitution in 1983 as a company limited by guarantee with membership confined solely to workers' cooperatives. This decision was taken "as it was felt to be vital that local CDAs are controlled by the cooperatives themselves." However, the same founding organisations as above remain on the management committee to contribute to the running and policy-making of the agency.

The area

Lambeth is one of the two London boroughs to have the highest unemployment rates in the capital. It is one of London's more deprived boroughs with a large ethnic minority community. In the last few years the situation has worsened as the departure or closure of manufacturing industries and the collapse of traditional sectors has intensified. Lambeth has seen a decline in services, increase of overheads and has few premises for small businesses.

Background

The borough council under the Labour administration was favourable to developing cooperatives. Following a campaign by the local cooperatives and voluntary organisations it agreed to fund one worker at the CDA for five years. Lady Margaret Hall Settlement Trust, a charity, made room in its offices on the Wandsworth Road to house the agency's worker. Space was very limited but the trust offered some back-up services that would not otherwise have been available. The trust got involved in the project because of growing interest in developing job prospects in Lambeth.

The CDA now has four workers but as always there is no guarantee that funding will continue after the grants for each of them run out. However, all remain optimistic and it is felt that even if the workers cannot continue to be funded the management committee will continue meeting and try to advise cooperatives in the area. In the meantime all the workers are trying to build up an infrastructure that will remain even if the CDA disappears.

Structure and internal working of the agency

The CDA has four workers, two of whom have had some business expertise. A worker specialising in finance was taken on during 1983 and the CDA feels this will improve the services it can offer to cooperatives, especially the more established ones. This reflects its new policy change; "in the last year there has been a lot more emphasis on the financial side of a business with a lot more planning and looking at the product and marketing."

The second worker concentrates on what they describe as "outreach work". This is mainly liaison with all sorts

of groups in the area. She is also responsible for the publicity and information leaflets produced by the agency. The third worker is mainly responsible for development work and has been with the agency for nearly three years.

Lambeth's fourth worker is responsible for the cooperative centre to be opened sometime in 1984. The project to set up the centre, with workshop premises in a building that will also house the CDA, was first introduced in 1980. But it is only this year that Lambeth CDA has succeeded in solving all the problems and starting the conversion work. They are now hoping to move in by December.

Although the workers have specific tasks, they are all involved in development work. "We take it in turns to deal with new groups. It really depends on whoever is free." But once one of the workers takes on a group they stay with them "till the end." If there are problems, then another worker with more experience is called in. "The idea is that although we are all specialised in one field we can still cope with development work from beginning to end."

Lambeth's management committee, which is responsible for the agency's long-term policies, appoints the workers. One of the workers commented that it is difficult to make job descriptions too specific; CDAs are still new and nobody has all the skills needed. "What the committee looks out for are people experienced in working collectively, especially in cooperatives, as they then know all the pros and cons of setting up and the problems, financial or otherwise. An added plus is genuine interest."

All the workers are keen to improve their skills, and the two new ones are taking a six month-course, two days a month, designed for development workers. However, they

both said they have learned a lot on the job under the guidance of the main development worker.

Like all CDAs, the Lambeth one is run by a management committee. From the beginning it was felt that cooperatives should have a majority vote on the committee. All the cooperatives have a right to be represented by nominating a delegate but not all of them do so. There are some 30 cooperatives in Lambeth, 20 of which have delegates. "Cooperatives tend to be very active in the committee when they are in the process of setting up; involvement does however fall off for a number of them as they start to be established," said one of the workers. The management committee tries to hold its monthly meetings at the workplaces of the different cooperatives so as to see the groups and encourage involvement.

The workers said that relations between the CDA and management committee were very good because it was controlled by the local cooperatives. Also represented on the committee are the funding authorities, Lambeth trades council, the local retail cooperative societies, ICOM and local voluntary groups.

Counselling and promotion

Like Islington, the workers at Lambeth stressed that their job was to create viable cooperatives, guaranteeing secure jobs for their members. The development work ranges from advice, legal constitutions and registration to support with market research, budgeting and cash flow forecasting.

Lambeth was the first CDA to produce an information pack on starting a worker's cooperative. Often people making the first inquiry will be given the pack and told to read

it first to make sure that a cooperative is really what they want to set up. It "gives them an idea about what they are letting themselves in for."

The pack, in loose-leaf form, describes in simple terms what a cooperative is, the difference between the different types of cooperatives and between cooperatives and private business. Information is also given on the work of the CDA.

What is of particular interest are the sections which give a checklist for starting a cooperative, describe a business plan, explain market investigation, and give advice on finding premises, finance and registration - all the main issues that need to be dealt with before the cooperative is formed.

Because of lack of staff and cramped office space Lambeth CDA does not encourage people to "just drop in." Usually it is only after talking on the telephone and sending the pack that they ask people to come to the CDA and discuss their idea. Inquiries come from "all sorts of people."

Each worker has an interview checklist when talking to a new group. During the first visit, the worker will explain the agency's work and talk with the group about what they want to do. They ask the group why they want to start a cooperative and explain what a cooperative business involves. Discussion then follows on the skills the group has, the market they want to reach, possibilities of finance including the resources of members of the group, the premises they would need. Financial planning, registration and internal organisation of a cooperative are also discussed. After the first visit the group is asked to "go away and draw up a business plan." However, they are not totally left on their own. The CDA advises them on how to do this and sets up extra meetings to develop points the group finds particularly hard to cope with.

"Often groups do not understand what a feasibility study is. Yet it is one of the first things you need to do because you cannot know that you have a good idea until you find out there is a demand for the product or service you offer," explained one of the workers. Doing the feasibility study is also important for "that's how they find out about working together as a group and what it feels like."

The CDA feels it is essential to examine from the start if the group really wants to be a cooperative. "Sometimes it is better that they become a limited company by guarantee - although there is nothing stopping them from working collectively," said one of the workers. She added, "the question you need to ask is who is meant to benefit from the work they are doing. In a cooperative it is the workers who should benefit and so must have control." If this is not the case, then by setting up a cooperative the group "would be introducing a potential conflict into the structure that could eventually cause problems."

The CDA does not help people to set up other structures but tries to give initial advice and refer them to other groups such as the Lambeth Business Advisory Service if they want to set up on their own.

The CDA insists that it will not do market research for the cooperatives. It will give them ideas and they will then have to do the ground work, such as talking to competitors to assess if there is enough demand, looking through telephone directories to see who else offers this service, etc.

Each group is taken through the various stages of setting up the cooperative and Lambeth gives training to cooperatives that need to develop particular skills. Two such courses were organised in 1983 for members of Savera (Asian women clothing manufacturers) and Lambeth Toys

(manufacturers of multi-racial toys). Tutor hours were made available by the local adult education institute. The CDA feels this type of course was extremely useful and hopes to be able to repeat such an arrangement whenever the need arises.

All the cooperatives in any case would have a few sessions with the finance worker, learning how to do cash flows and budgets. The person or persons who will do this work attend the meetings. "By the end of this process the cooperative should have a business plan which they have produced in large part themselves."

Although market research, cash flow, premises etc. are obvious problems facing the cooperative, agency workers place equal importance on the problems of collective decision making. Agency workers have been examining this aspect of running cooperatives for a few years and meetings have been held on cooperation and the problems being faced. A loose-leaf information pack is also being prepared to be used in discussions by cooperative members so as to examine how they are operating: "Are they having regular meetings, are new employees given a trial period and then asked to be members, etc?"

As one of the workers commented, "if people end up wanting to own a business and employ others without them becoming part of the decision making then it is no longer a cooperative." For a cooperative to succeed, "you need equal commitment from everyone and an understanding that everyone's job is equally important. This is why they must take part in decisions."

Lambeth made clear that they did not encourage people to set up cooperatives whatever the cost. "It is ridiculous to say people must be encouraged whatever their business idea. The business must be able to become commercially

viable, and this means working out from the beginning your idea so that you are sure it is reasonably financially viable." The two basic criteria used by Lambeth is establishing a cooperative structure and commercial viability. The workers made clear that they do not hesitate in telling groups that it would not work if one of these criteria is missing.

To improve its services, the agency has started a new scheme whereby cooperatives are offered a half day service a month - sometimes more for the newer cooperatives. CDA workers are ready to go to any cooperative which wants help with any aspect of their business. "Some cooperatives have taken great advantage of this service while others have not needed it at all." The facility remains available to any cooperative which requires it.

Most of the time is spent "doing cash flows and ensuring that business targets are been kept." This service is aimed at helping cooperatives keep a better control of their business through constantly reassessing and making sure, for example, that they have priced their product properly. There is also a telephone advice service at the CDA office for any cooperative which needs quick advice or information.

Monitoring

Lambeth keeps quite a close contact with most of the cooperatives, although the amount of help given "depends on how much the members feel they need." Cooperatives that have been trading for a while tend to come back "but on specific problems, a new law, cash flow." For newer cooperatives the agency feels that up to two years of close contact is needed.

The new scheme of a half day's service a month is also aimed at the more established cooperatives, allowing both the agency and the group to better understand progress made and modify plans.

Lambeth workers did not consider GLEB's demand that CDAs should monitor those cooperatives it has lent money to as meaning that the workers are undertaking "a policing service" for the funding authority. "We want more money to be made available to cooperatives and this means that a certain monitoring has to take place to ensure that the cooperatives are properly progressing." They see this monitoring role as being one of "keeping tabs but without being heavy handed."

However, Lambeth CDA feels most groups, having gone through all the stages of setting up, are in a good position to judge for themselves if their business remains viable.

Lambeth CDA is in the special position of having its own revolving fund to make loans to cooperatives and this has made them more conscious of the need to monitor. The agency's finance worker "knows who owes what, what the situation is like etc., so if one of us is visiting a cooperative then we discuss money outstanding and general problems." If you want to help cooperatives "obviously you are going to do some monitoring, it's part of our job." But, added one of the workers, "if a cooperative is having problems, it's something that we want them to realise rather than having to point it out ourselves, although sometimes we have to."

Lambeth workers make it clear to all the cooperatives that the agency is there as a support network and that if any hitches arise they need just pick up the telephone:

"We answer problems over the phone all the time. This is really the monitoring we do; it is not monitoring in the sense of policing, we definitely do not want that. It would spoil our working relationship."

Premises

Like Islington, Lambeth has few suitable premises for new businesses. In 1980, Lambeth CDA applied to the local council for money to convert a church hall in the borough into small work space units. The whole conversion was meant to take three years.

However, being dependent on public funding for the project has meant "enormous bureaucratic problems." Although planning permission was granted in August 1982, the partnership money approved for the project in 1981-82 had not been transferred into the 1982-83 budget. This meant that the CDA had to reapply to the Council. But the new Tory administration refused to back the project. With the support of Labour Party and Alliance (SPD-Liberal) councillors, it was then sent to the Department of the Environment and final approval was given in February 1983. A centre manager was taken on in June 1983 with the main responsibility of seeing the project through.

The church hall will house both cooperatives and the CDA. The CDA will also put at the cooperatives' disposal their micro-computer and will be there to advise and help.

The church hall is being converted into four industrial units of between 780-900 square foot. There are also two open-plan offices to be partitioned into smaller units for cooperatives needing office space. The rent will be commercially priced but still "very good value for money" compared to other premises available in the area. The

rent, which includes electricity, gas and water charges, is some £4 per square foot for the industrial units and between £5-6 per square foot for office space.

The building, when it is converted, will have good facilities and the CDA insists that it must become "self-financing". Like Islington, Lambeth Council gives rent grants to help businesses but there are long delays.

Finance

Lambeth CDA has been in contact with all the high street banks and has helped cooperatives with their applications for loans. However, as in Islington, the main sources of finance, especially for start-up businesses, are the local authorities. Like all inner city local authorities, Lambeth Council can give up to £1,000 to cover start-up costs, rent grants (giving one or two year rent-free premises) and in more special cases can make loans with reasonable interest. Money is also available for a feasibility study if the council agrees that it is necessary. The council is also empowered to guarantee bank loans. To have access to any of these funds there are many stringent conditions and there are delays.

Under a new scheme started by GLEB, Lambeth has now some £20,000 to lend quickly to cooperatives in the first few years of their life. This local revolving loan fund has been called Lambeth Cooperative Finance. The CDA has added some of its own money to the fund, raised through the sale and hire of its video on workers' cooperatives.

The CDA can now make some small loans of up to £2,000; any applications for larger sums will continue to go to GLEB. The loans are interest free and when paid back the money is used again to lend to other cooperatives. Some

grants can also be given but this is restricted and is usually for feasibility studies. Short-term loans are made to existing cooperatives if, for example, they have a small cash flow problem. Before a cooperative can apply for CDA loans it must prove that it has looked at other sources of finance, such as the local banks, and has been turned down.

It is the management committee which finally decides who should get a loan following a report from the development workers. Once agreed the cooperative signs a contract with the CDA. Lambeth feels that this fund will greatly help their work.

Two of the Lambeth cooperatives have benefited from the so-called enterprise allowance, a government scheme giving unemployed people starting their own business £40 a week each for the first year. To be eligible cooperative members must have been unemployed and have proved that they have invested £1,000 into the business.

A number of Lambeth cooperatives have received substantial loans from GLEB. To receive the loans the cooperative has to present detailed business plans and the CDA has been involved in helping to draw them up.

Wider development work

Lambeth CDA is involved with many voluntary groups in the area. One of its workers is mainly responsible for liaison work and producing publications aimed at the general public or particular groups. A basic information leaflet on cooperatives has been translated into one other language to inform ethnic minorities in the area of the basic idea of cooperatives and the benefits they can offer.

In addition to the information pack on starting workers' cooperatives, a new one has been published on "Running a workers' cooperative". This deals with problems that can arise once the cooperative has started trading such as internal organisation, employment law, financial planning and dealing with expansion. An evening course at the local adult education institute has been organised by the agency for people hoping to start cooperatives and a three-day course has also been organised giving groups a "first taste" of cooperative enterprises.

But the agency feels that some of the most interesting courses it has organised were those tailor-made for the needs of particular groups, such as those organised for Saveria and Lambeth Toys. It hopes that with the help of the institute these courses will be organised more frequently.

Another tailor-made two-day course was also organised for building cooperatives that concentrated mainly on doing estimates and costing. The tutor visited the cooperatives as part of the course. Lambeth CDA organised this course for building cooperatives throughout London as there were too few in Lambeth.

The agency publishes Lambeth Coop News giving information about cooperatives in the area and policies that could affect their business. A permanent exhibition on movable display boards has been on show in all local libraries and some of the job centres and a video on cooperatives is available for hire, "most weeks it is used by different groups". The money raised from the video is then used to make loans to cooperatives.

Lambeth is a member of the London and National CDAs network. It spends a lot of time talking to groups and addressing conferences. It still feels a lot of publicity work needs

to be done to familiarise people with cooperatives and prove that "they are commercially viable enterprises". This is as true for private industry and banks as it is for public authorities.

One of the workers commented that cooperatives still suffer from the legacy of the 1960s and early 1970s. "A lot of the people setting up cooperatives then were very idealistic and did not want to have a part in commercial life. They saw themselves as somehow separate." But "unfortunately you are selling even wholefood in the market place with other producers and unless you take the business very seriously it will fail." This "legacy" of the 1960s has contributed to the suspicion of banks and other institutions when they are approached to help finance cooperatives. The CDA has done a lot of work with banks and the local authority to dispel some of these "illusions." It also keeps in close contact with the local Small Business Advice Centre and other advice bodies in the area.

Future Strategy

Lambeth CDA has decided that more attention should be given to supporting existing cooperatives and to general promotion in the borough. However, helping groups wanting to set up "remains our most important and valuable work."

Lambeth CDA, like Islington, believes that a policy towards cooperative development "from the bottom up" was the best one, a view reinforced by their own experiences. "The commitment and enthusiasm of a group of people is an essential ingredient in any new cooperative." During its first few years a cooperative is still "developing" and the agency has tried to concentrate more of its efforts on helping existing cooperatives. To further prove this

point the agency quotes statistics showing that one in three new businesses fail in their first year and four out of five by their fifth year.

Judged by this standard, the agency comments that "the survival rate of Lambeth cooperatives is good."

They are also concentrating on building the CDA's infrastructure, particularly in making finance and premises available for Lambeth cooperatives. "The ultimate aim must be to make the CDA as self-sufficient as possible since we cannot depend forever on funding from outside sources." Lambeth Council, with the changeover to a Tory administration, is less sympathetic to the work of the CDA. The council is interested in expanding its own advisory services for small firms and with the present cuts in public spending may not be so keen to continue funding the workers of the CDA.

Lambeth CDA has also been investigating the possibility of starting community cooperatives in Lambeth. Confined mainly to rural areas and Ireland, community cooperatives can be joined by any person living or working within a specified area. The agency feels that these cooperatives "could offer interesting possibilities for inner urban areas." It sees this as a possible way to help build up the economic infrastructure of the community and provide jobs for local people. Investigations are at present underway at a Lambeth housing estate. However, "such cooperatives can only work if those resident in the area want to set them up. The agency's role is seen as providing assistance if the people there ask for it."

Some facts and figures

By June 1983, the last date that the CDA has complete figures for, there were 21 workers' cooperatives registered and trading in Lambeth; this grew to some 30 cooperatives by the end of 1983. In the period June 1982 to June 1983 nine cooperatives had registered and started trading, two had ceased trading and one had left the borough. The activities of the 21 cooperatives are as follows: computer software (1), general building (2), domestic insulation (1), electrical installations (1), typewriters and microcomputer sales and service (1), bookshops (2, of which 1 is also a publisher), printing (1), wooden products manufacture (1), bulk deliveries (1), arts and media (4), cleaning and catering (2), motorbike repair (1), architecture (1), manufacture of multi-racial toys (1), Asian women's clothing manufacture (1). The last 2 cooperatives are run by black and Asian women.

Two more cooperatives were on the verge of starting to trade, one of them being an Asian food and milling cooperative.

The agency explained the failure of the two cooperatives in the following way: "One had an excellent product (manufacture of induction-loop systems) and a potentially large market but tried to jump in at the deep end with insufficient capital to meet their substantial running costs." The other one, "never really got off the ground," the centre of a council estate was not the best place for a wholefood cafe.

Most of the people that have asked for the agency's help were unemployed. There has been a lot of involvement by women and Lambeth CDA boasts that 50% of the people involved in Lambeth cooperatives are women and 40% are from ethnic minorities. The agency has some 50 to 100 inqui-

ries a week, "the human turnover", of which at least 10 are new inquiries from people wanting to set up cooperatives. However, Lambeth workers further clarified this figure saying that the number of "potentially serious inquiries averages about six a month." There is a wide variety in the nature and results of such inquiries. Some register and start trading just after a few meetings with the CDA and sometimes "an immense amount of work goes into a project that finally never gets off the ground."

A lot of the people get to hear about the agency through the various community groups, job centres etc. Lambeth does quite a lot of publicity and depending on where they did their last campaign they tend to get a flood of people from a particular group. A lot of people also contact the agency after hearing about it from friends.

Response from the cooperatives

All the cooperatives interviewed in Lambeth were pleased with the work of the CDA saying that the most important services were the moral support - "being there whenever we needed them" - and help with finance and accounts.

Their comments reflected those given by the Islington cooperatives, that is, without the CDA they would have never considered setting up; they regularly met with CDA workers especially during the first year to discuss the business plan and how to deal with cash flows, bookkeeping and applying for grants. One cooperative did, however, say that they would have gone ahead even without the CDA's help as they "never liked working much for others."

Again many of the cooperative members said that they had followed short courses (sometimes only one to two days) which gave advice on business and bookkeeping.

In most of the cooperatives interviewed the members had the necessary skills to do the work although in a few cases the members learned the skills first and then decided to employ themselves by setting up a cooperative. It was at this stage that they called on the agency's help.

Most of the cooperatives did not feel they needed advice on marketing but complained of shortage of funds. They said Lambeth CDA was very good at helping them to prepare applications for loans and to assess how much they could afford to borrow. One cooperative with expansion plans said "together we are trying to work out our cash flow and see the size of the loan that we can afford. The agency will then help us with our application."

Even the more established cooperatives that considered themselves as quite "self-sufficient" called on the agency's help "for emergencies." It is these cooperatives that recognise more clearly the need to keep "proper books" and involve all members in this, at least by ensuring that everyone understands the figures. Many of the cooperatives depended on the agency's help for book-keeping and accounts.

All the cooperatives interviewed had not tried other counselling services; many of them having gone to Lambeth CDA because they heard about it by chance or through friends and local groups.

Once they had started trading, some of the cooperatives felt that it would have been "very useful" if Lambeth CDA had a list of people that could give more specialist advice although the problem of paying for such outside consultants remained.

Practically all the cooperatives interviewed were started by people who were unemployed and had little or no experience in running a business. A number were in the trap of having lots of work but not enough money to expand.

Most said that collective decision making was important, although one cooperative (a conversion from a successful business) insisted that any enterprise "must have firm management. You cannot have the rank and file run things."

Most of the cooperatives have had bad experiences with local banks which were described as being reluctant to back cooperative enterprises. For the majority of the cooperatives loan funding, at least at the beginning, came mainly from the GLC and local authorities. One cooperative said that they "went to every bank. Each local branch accepted our application and each time it was stopped by head office." They felt that banks had this attitude because cooperatives have no share capital and little to mortgage. "The bank said that they were not providing venture capital."

One of the cooperatives helped by Lambeth CDA has a development worker co-opted who is funded by the GLC. He gives business advice, concentrating on finance, marketing and help with new designs. Although the cooperative has "masses of orders" the members had found it difficult to cope with the business side.

The idea is that at the end of the second year when the funding for the development worker runs out, the cooperative will no longer need his help. Lambeth CDA explained that this was an exceptional case, "it is not our principle to work in this way." It was the first time that the CDA was involved in helping set up a cooperative where the idea did not come from the group concerned but

an outsider, "it was a community worker who had the idea." Market research was done by the CDA which also attended meetings at the community centre. The women were found at the centre and trained in the skill needed by the co-operative. The business was then set up and Lambeth organised a special course to help members with accountancy and bookkeeping.

Annex

Extracts from Lambeth CDA's workers'
cooperative information pack

What is a Co-operative?

A co-operative is an association of people which collectively owns and controls a business operated according to co-operative principles for the mutual benefit of its members. There are several different types of co-operatives covering different areas of people's lives.

HOUSING CO-OPERATIVES

People who are in housing need to join together to form co-operatives to provide themselves with housing. The co-operative is the members, not the houses or the flats and the members collectively own and control the housing they live in, each member paying a fair share of the cost of running and providing the housing. Anyone can form a housing co-operative or join one that already exists.

CREDIT UNIONS (SAVINGS CO-OPS)

Credit Unions provide their members with a safe place to put their savings and at the same time they lend money to members at low interest rates. Members are in total control over what happens to their money.

CONSUMER CO-OPERATIVES

Probably the best known form of co-operative and the most successful. Since their beginning in the last century, consumer co-operatives have grown to the large supermarkets and shops such as PACS and South Suburban. The co-operators in this case are all those who purchase goods at the co-operative, and apply for membership, who benefit by lower prices or the well remembered "divvy".

More recent ventures in consumer co-operatives are the locally based 'food co-ops', where a group of neighbours agree to take turns to purchase food as bulk from markets or warehouses and then regularly distribute it in smaller amounts to the members of the co-op. This is in fact very similar to the origins of the traditional consumer movement.

FARMING & FISHING CO-OPERATIVES (MARKETING CO-OPS)

Farmers often club together to sell their goods through a marketing co-operative and sometimes to purchase large pieces of agricultural equipment together. Fishermen also may sell their catch through a co-operative of all the boat owners. Members of these co-ops are individual owners of their farms or boats and only pool their marketing. Employees of the farmers and fishermen do not benefit directly from this form of co-operation.

More recent marketing co-operatives include jewellers, potters and other craftspeople having a central shop or outlet in which their goods are sold, the craftspeople taking turns to run the shop.

COMMUNITY CO-OPERATIVES

Membership of community co-operatives is open to all those who live (and work) in any given geographical area. The co-operative covers a whole range of business activities including all the above. Thus community co-ops have built houses, run factories, marketing craft goods etc. etc. They seem to work best when there is a tightly defined 'community' such as the highlands and islands of Scotland and Ireland.

WORKERS' CO-OPERATIVES: WHAT ARE THEY?

Workers' co-operatives are business which are controlled and collectively owned by the people who work in them. There are no outside shareholders and the workers are not responsible to a boss but to each other. They can choose what they make or what service they provide and who they sell to, as well as deciding what to do with the profits.

Workers' co-ops are based around these principles:

- a) The enterprise, the management, the objectives and the use of assets should be controlled by the workforce. The best method of achieving this is by the workforce collectively owning the enterprise.
- b) That labour hires capital rather than capital hiring labour. Reward for capital should be only on an agreed reasonable interest rate, but the reward for more productive labour should be of benefit to the workers, so that any trading surplus which has been created has been created by the workers. Thus, any profits can be distributed as the workers decide.
- c) That only workers within the enterprise can be members of the co-operative.
- d) That the one member one vote system should apply.
- e) If the workforce decide to dissolve the enterprise they should not benefit by doing so.
- f) Membership of the co-operative should be open to all workers without social, political, racial or religious discrimination.

	COMPANIES	CO-OPERATIVES
<u>OWNERSHIP</u>	Capital Hires Labour	Labour Hires Capital
<u>DECISION- MAKING</u>	Managers or Board	Workers or their Delegates
<u>DISTRIBUTED PROFITS</u>	Shareholders Dividend	Bonus to Workers & Back to Community
<u>SUPERVISION</u>	Close Supervision	Little Supervision
<u>SATISFACTION</u>	Alienation	Involvement
<u>SOCIAL RESPONSIBILITY</u>	Maximise Profits	Useful Products

6. THE MONEY

What capital do you need to start ?

Starting Capital Equipment/Machinery/Stock
Premium/Rent in advance

Working Capital to keep you going until money
from sales comes in

When's the business going to break even; work out a budget.

7. PREMISES (see separate sheet on 'Premises')

What sort of premises do you need ?

How are you going to find premises ?

What special legal problems are there ?

8. INSURANCE (see 'Business Notes')

- * Premises
- * Equipment
- * Employers' Liability
- * Public Liability

9. TAX & NATIONAL INSURANCE

Everyone working in the co-operative will be an employee of the co-operative. You'll have to operate a P.A.Y.E. system and deduct tax and N.I. from everyone's wages. (see 'Business Notes')

9. VAT

Do you need to register for VAT ? (see 'Business Notes')

10. TRADE UNION

What's the most appropriate Trade Union to join ?

Contact: Lambeth Trades Council, c/o 10 Bernays Grove, SW9. (737 3617)

11. ACCOUNTS

Every year your books will have to be audited. You may need to get advice from an accountant about your book-keeping system and financial planning. Lambeth CDA can help you find out.

12. FEASIBILITY STUDY

If the planning is very complex, particularly the market research and finances it may be necessary to get funds for a professional feasibility study.

13. REGISTRATION

What rules do you want to register under ? You need to think about

- * A Name
- * A Registered Office
- * A Bank Account

14. ORGANISATION

How are you going to organise yourselves ?

- * Management structure
- * Decision making
- * Meetings
- * Membership of the co-operative

The Business Plan

If you have got an idea for a co-operative business, how easy is it to set one up? What sort of difficulties can you expect and in what areas?

The first thing to say is you don't have to be a business whizz kid to start a co-op. However, if you are trying to get finance or support from a bank or financial institution, or indeed from local authorities, there are some important things to get down on paper to prove that you have done your homework. It doesn't have to be more than a few pages unless it's a particularly large scheme. This 'business plan' should include:

- * What are you going to do or make ? THE PRODUCT OR SERVICE
- * Who are you going to work with? What skills and experience do they have ? THE PEOPLE
- * What rules are you going to register under and what sort of internal structure do you plan ? THE ORGANISATION
- * Who are you going to sell your product to and why do you think they will buy it? What's the competition ? THE MARKET
- * What sort of building will you need? Is the site and area crucial ? THE PREMISES
- * How much money will you need and what do you want it for? Think about equipment, premises, stock and working capital. THE MONEY
- * How do you expect to do in the first year? Will there be times when you are short of money? How much are you going to charge for your product or service? You need to work out a budget and cash flow and cost your product or service THE BUDGET & CASH FLOW AND COSTING
- * What sort of advice do you need to get? List the 'expert' advice you are receiving THE ADVISERS

Write as much as you can on all these areas, and in particular the "Money" and "Budget" sections. If you want to be more persuasive put a nice cover round it and bind it in some way. Presentation helps.

Market Investigation

Many people are suspicious of market research & marketing, seeing it in terms of slick salesmen and lying advertisements. However, some sort of investigation of whether there is a market for the goods & services you intend to offer is absolutely essential. Such investigations are important in other considerations, such as the location of premises, pricing, production planning and financial forecasts. They may lead you to modify or completely change the product or service.

Gut feelings can be very important in assessing the viability of a proposed business but generally they need to be backed up by some research and facts & figures. This is certainly the case if the people involved have little or no experience of the trade. All potential sources of finance will require some evidence of market investigation. The amount you need to do depends very much on the intended product or service. If you're setting up a well-established service in a large market in London, initial investigations need to be less rigorous than if you're going to make a specialist product. The areas that you primarily need to investigate are:

- * CUSTOMERS
- * COMPETITORS
- * GENERAL STATE OF THE MARKET

CUSTOMERS.

Who are the potential customers?

Individuals or Organisations?
How many?
Age/ Sex/ Class.
Spending power.

Where do they live and/or buy?

Locally/ Nationally
Local shops/ City centre stores
Near home/ near work.

How do they buy?

Shops/ Mail order/ Agents
Cash/ Credit.
How often?
What size of order?

Why do they buy?

Price/ Design/ Reliability
Advertising/ Prestige etc...

The type of investigations needed here depend very much on who the customers are. You could be selling directly to the general public or indirectly through wholesalers and others; you could be selling directly to other businesses or public authorities. It is important to identify who your real customer is.

Field research. Talking to people is the most valuable form of research and you need to contact your potential customers directly. As well as information, you are looking for vague or firm promises of orders. Organisations that are potential customers can be phoned, written to or visited. The better an outline of what you intend to do, the better the chance of a positive response. Replies can be encouraged by sending S.A.Es. If you're dealing with the general public, it's a good idea to draw up a questionnaire and do a survey in the street or door to door. Its results look impressive in a business plan & can provide invaluable information.

Desk Research. There is a mass of published statistics, surveys and facts & figures relating to all types of business. The problem is to find & identify what is most useful. The reference section of a central public library should be able to point you in the right direction if you can state clearly what information you want.

COMPETITORS.

What competitors have you got? Independant or part of larger firm?
Size & production capacity.
Number of employees.
Range of products/services.
Type & location of premises.
How do they get customers?

How are they doing? Sales/ Profits
Prices/ Wages & conditions.
Cost of Materials/.Overheads.
Cash Flow/ Capital expenditure
Organisation of production & admin.

The first thing is to draw up a list of your competitors; you may need to look beyond the local area. Start with Yellow Pages and trade directories. If it's a retail or similar trade, check exact locations carefully and mark them on a map to show the general pattern.

Field research. As long as you won't be going into direct competition with them, other co-ops will usually be pleased to give you all information about setting up & running the business. Remember though that co-ops get a lot of people coming to see them to do research etc. and the time they have available is limited. Other businesses may be prepared to answer your questions too. If not, you can get a certain amount by posing as a potential customer yourself, particularly to get price lists, delivery details, advertising material etc.

Desk Research. The major source of information about companies is in their annual accounts which should be lodged at Companies House or with the Registrar of Friendly Societies. Theoretically, companies should provide a copy of their most recent published accounts on request. The information is often out of date.

THE MARKET.

Is it expanding or contracting?
Does it go up and down seasonally? (eg. tourist trade)
Is it very dependant on other markets? (eg. car accessories & car trade)
What life do products or services have?
Is it becoming monopolised?
How does it work in practical terms?

A large part of this information can be got by talking to people in the trade, who can usually give a much clearer picture than published statistics. Trade newspapers & magazines can also be very useful. There is plenty of technical information in various sources, like government statistics, trade associations, business libraries and other specialist information services.

There are many more things that can be looked into and most groups probably won't have time to do even all the most important investigations. However, in most cases, it is well worth the co-operative members doing this work themselves, since it gives a real feel of what they are planning to get into.

RUNNING a Workers' Co-op

—Financial Information for Members—

It is most important for the long-term future of the co-operative that, from the beginning, control & understanding of finances is spread among the members. Perhaps the most important reason for people wanting to set up co-operatives is that in conventional businesses this control is in the hands of the proprietor, the management or the shareholders. In a co-op, if this is all left to one member or a small group, then part of the whole point of the co-op has already been lost. Certainly this member or members are still responsible to the membership as a whole, but they are potentially in a more powerful position than the others. Of course, as with other areas of the co-ops activity, it is necessary to delegate work in this field to individual members but there are several things that can be done to ensure that everyone is involved in the process.

* BOOKEEPING

This is a job that could do with some de-mystification. If market rates for jobs are any sort of guide to the skill involved, then many peoples' fear of the difficulties are not exactly justified. If a system of job rotation or job transfer is operating in the co-op, then provision should be made for changing the bookkeeper over a reasonable period of time and for any relevant training that is necessary.

* PLANNING

Every year it will be necessary to produce budgets and cash flows for the coming year. There is no reason why all members shouldn't be involved in the process.

* INFORMATION

This is perhaps the most important of all. No one can be expected to participate in the management of the co-operative unless they have adequate information about the finances. At the Annual General Meeting members have to consider the audited accounts and approve budgets & cash flows for the coming year. But regular (say monthly) reports to the members meetings are just as important. This information must be presented in a form that is readily understood by everyone; it is no good preparing a Balance Sheet for a group of people who have no idea what it means. Also it is no good presenting information for its own sake; the figures provided must be relevant to matters that the co-op can influence. Some people may find it difficult to admit that they don't understand financial reports, others will insist that they will never be able to understand financial matters, so some sort of accessible explanation or training should be provided.

MONTHLY REPORTS.

1. Receipts & Payments.

There is an important distinction between Receipts & Payments and Income & Expenditure. Receipts & Payments refer to the actual money that has come in and been paid out over the period. Income & Expenditure refer to Sales and Purchases made during the period, which may or may not have been paid for. If the business deals with any sort of credit transactions, then the totals are likely to be different. For example, the co-operative could make £6,000 Sales in the month but only receive payment for half of it:

Sales	£6,000
Receipts	£3,000

However, you may also have received £4,000 for sales made in previous months:

Sales £6,000
Receipts £7,000.

The same applies to Payments & Expenditure. Once the bookkeeper has done the monthly bank reconciliation, s/he can present a Receipts & Payments Account. It should be compared with the co-op's annual cash flow forecast. This section obviously gives members an opportunity to look at how cash has been used in the last month.

2. Current Position

The Receipts & Payments Account is not very useful in showing how the business is going. The Current Position shows what the co-op has got and what it owes. This will show if the business is "liquid", that is if it can pay its debts. It should not be necessary to present a full balance sheet; a Statement of Current Assets (what you've got) and Current Liabilities (what you're owed) should be sufficient.

CURRENT ASSETS

Stock/Work in Progress
Cash at Bank
Cash in hand
Debtors - Trade
 Others

CURRENT LIABILITIES

Bank Overdraft
Creditors - Trade
 Inland Revenue
 V.A.T etc
Loan Repayments

From this statement can come discussion about what bills to pay, what debtors should be chased etc. If the co-op deals a lot in credit, then it may be useful to give details of the "age" of creditors & debtors, ie. how outstanding they are.

3. Break-Even Analysis.

The preparation of this is likely to be more complicated but is necessary in order to check that the co-operative is not operating at a loss. As was said, the Receipts & Payments probably do not show the true trading position in that some of the cash received or paid may refer to past or future periods. At the start of the year a Budget (or draft Profit & Loss Account) should be approved on the basis of the business breaking-even or making sufficient profit as may be needed for re-investment. Of course, if there is any element of seasonal fluctuation or other special factors affecting the business, there may be losses in individual months but there needs to be some mechanism to work out the true trading position. It should be like this:

	<u>SALES</u> for the month (exc. VAT)	a) Invoiced Sales	
		b) Cash Sales	
less	<u>MATERIALS</u> attributable to these sales (exc. VAT)		
		Opening Stock]
		+ Materials purchased]- Variable Costs
		- Closing Stock]
=	<u>Gross Margin</u>		
less	<u>OVERHEADS</u> (exc. VAT)	Wages, Rent & Rates, Light & Heat,]	
		Phone & Post, Administration,]	
		Repairs, Publicity, Transport,]	- Fixed Costs
		Insurance, Bank charges, Interest,]	
		Depreciation]
=	<u>Net Margin</u>		

- Notes: A) Some analysis of sales might be useful.
 B) Wages can be divided between variable & fixed costs but in a small co-op it's probably best to treat them as a fixed cost.
 C) Other fixed costs can normally be taken as 1/12th of annual budget.

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Marketing

For any co-op to succeed, and to survive as a business, it must respond to the changing needs of the market. This is the importance of marketing for co-ops - discovering the needs of your customers and attempting to satisfy them by means of the product or service you provide.

Marketing and selling are assumed by many to mean the same thing - but marketing concerns itself with the broader needs of the market - what is offered for sale should be determined by the customers - whilst selling is concerned solely with the needs of the seller. A preoccupation with the product itself, assuming that it will sell purely because of its unique qualities, leads to ignorance of the market, and therefore the inability to respond to market changes. It has been said that there is no such thing as a 'growth industry' - that all products have a life-cycle of their own and that there can be no guarantee against obsolescence, except, that is, the attempt to create or provide satisfying goods and services which consumers will want to buy. Hence what is offered for sale is determined by the buyer, and not the seller - which is where the importance of marketing comes in - through thoughtful marketing, you'll know what the customers want.

As an established co-op, you may have done initial market research - and you already have basic information about your market - but is this enough to enable you to respond to changing markets?

Your experience and contact with existing customers is a useful source of information about the market, and one you won't have to go out looking for. Such contacts are a source of real observable facts about the market, and can provide valuable clues about new markets and product development.

Published statistics can provide information about potential markets and new customers. Government departments, trade associations, professional bodies and the trade press are all useful sources. The Information and Marketing Intelligence Unit of Times Newspapers Ltd. publishes a useful guide to such sources: 'Principle sources of marketing information'.

The libraries of polytechnics and colleges are also worth investigating, as are reference sections in public libraries, the planning department of your local authority and Companies House (for details about your competitors' accounts).

Basic marketing information includes questions about the market itself: its size (volume/value) - is it growing or shrinking? How are anticipated shares of the market to be divided between yourselves and your competitors? What is the influence of economic, social and seasonal factors on the size and trend of the market? What is the composition of the market (age, income groups, geographical area)?

You will also want information about your competitors - how do their products/ prices compare with yours? How are their products distributed, advertised, packaged and sold?

About products/services: which are preferred, and why? What do people think about proposed new products? Are there complaints about existing ones?

About advertising: which publications are read by target groups? How successful is existing advertising at reaching potential customers?

Market surveys are another method of collecting useful market information. Surveys, no matter how they are carried out, rely on good questionnaire design. An effective questionnaire might be designed like this:

1. Identify what it is you want to know, and what you aim to do with the information once you have it.
2. Define the 'target market' - ie. who are the people you will be surveying?
3. What size of sample will you need (how many people)?
4. What survey method? Main approaches to surveying include:
 - a) Personal interviews - expensive and time-consuming. Individuals are interviewed according to a preset format
 - b) Telephone interviews - similar to the above, but cheaper if your sample is spread over a wide area
 - c) Postal interviews - cheaper again, but less effective, and response rate usually low
 - d) Panels and discussion groups are used by large organizations to monitor changes in customer reaction to products over a period of time or to discuss topics such as ideas for new products.
5. What sort of questions? There are three basic types -
 - a) Yes/No questions (good for facts, easy to analyse, but not so helpful for new information, or opinions)
 - b) Multiple choice questions (easy to analyse, but care is needed to ensure that choices cover all the options opn)
 - c) Open-ended questions (for obtaining opinions, and new information - but difficult to analyse)

The questionnaire should not be too long - or people will get bored; easy-to-answer questions should come first, and you should avoid leading questions, jargon or complicated words, questions requiring more than one answer and questions requiring a long memory.

Once you have carried out the survey and analysed the results, the co-op should discuss the implications of the information gathered for your marketing policy.

Clearly, persuasive selling techniques will be unacceptable to many in the co-operative movement. A more low-key approach, however may not be informative enough to promote sales. So how can a co-op develop an effective and socially-aware approach to selling? It has been suggested that such an approach might be based on 'consumer rights' - an idea which Ralph Nader, the American consumer rights campaigner has put forward. Such rights include:

- * the right to safety
- * the right to be informed
- * the right to choose
- * the right to be heard

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Marketing

The product or service might be seen as meeting not only short-term customer satisfaction, but also their long-term welfare, and the welfare of society in general. Hence the business has a responsibility beyond that of simply supplying the required goods - what might be called a 'social responsibility' - which can be taken into account when making marketing decisions. Of course the co-operative movement has been aware of such a responsibility from very early days - the Rochdale pioneers spoke of the 'purest provisions procurable' - and today, it can be seen in the existence of the many wholefood co-ops. A respect for consumer rights, and an awareness of this wider social responsibility will result in real progress towards a socially-aware marketing strategy.

Developing a market plan

Once you have information on existing and potential markets, it's useful to look for opportunities to increase sales in different ways. Perhaps current sales in an existing market could be increased, new uses could be found for an existing product, the product could be improved, or the co-op could diversify into new products/services or new markets. It's important to recognize which segment of the market you are operating in, and then to emphasize your strong points to that segment. For example, a strong selling point to a certain segment of the market might be that your business is organized along co-operative lines, and you work collectively. Other strong selling points might include prompt service, delivery, long opening hours and the quality and reliability of your product.

After considering opportunities for increasing sales, and discussing all the implications of the information you have gathered for your marketing plan, then is the time to go ahead and organize it. Basically, a marketing strategy should be organized around the four elements of Product, - Price, - Place, - and Promotion. It's important to get the right mix of all these four elements in your marketing strategy - but getting any one of them right will increase sales!

After analysis of your chosen market, each element should be considered in detail.

Product

Will the product do what the consumer thinks it will? Think about performance, quality, reliability and appearance. Do you have an after-sales service? Think about product ranges, packaging, brand names.

Price

What price does your target market expect to pay? What is the market price? Think about pricing policy - whether you will give discounts, and what the terms will be for wholesalers.

Place

Where does the target group expect to see the product? How many outlets are there for it? What is the cost of distribution? What are the terms, ie. who is taking the risk - the retailer or the producer?

Promotion

Will you wait for customers to come to you - or will you go out looking for them? What sort of advertising - which media and what will be the content and cost? What about presentation? What do your competitors spend on promotion? How much are you prepared to spend on a marketing budget?

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— Meetings —

Even in a co-operative which has decided to have a hierarchical management structure, the co-operative meetings are the very lifeblood of the organisation.

- * MANAGEMENT - The co-operative meetings are the management of the co-operative and its continuing existence is dependent on the correct decisions being made (or at least not too many mistakes!).
- * DEMOCRACY - The democratic "one person-one vote" basis of the co-operative is expressed through the discussions and decisions made at meetings.
- * EFFICIENCY - Since co-operatives are commercial organisations where time is precious, meetings must run in an efficient way.

What meetings?

We are not talking about the management of large co-ops here so we shall be talking about meetings in a small co-operative that wants to run itself in as collective a manner as possible. Whether there is a manager/co-ordinator or management by meeting of the members will depend on the wishes of the members themselves and the type of business they are involved in. Obviously any co-op where production or work-scheduling decisions have to be taken on a daily or hourly basis will need to devolve decision making powers in one form or another. Either way, a basic pattern for meetings could be as follows:

MANAGEMENT MEETINGS (weekly or fortnightly)

These meetings should deal with matters concerned with the day-to-day management of the co-operative, such as:

Minutes of last meeting	Staffing
Work schedules	Holiday applications etc.
Reports	Monthly figures
Correspondence	Training
Repairs	Crises!

CO-OP GENERAL MEETINGS (quarterly)

General meetings of the co-op members should concern themselves with planning, monitoring of performance and broader policy issues. By its rules the co-op has to hold an Annual General Meeting, which has statutory responsibilities such as election of officers, acceptance of audited accounts and appointment of auditors.

Accounts	Budgets & Cash flows
Constitutional changes	Prices
Wages & Conditions	Capital purchases
Secondary rules	Policy & Planning
Election of new members	Election of officers

SUB-COMMITTEES

There are several functions of the co-operative that may well be best dealt with in sub-committees. One of these is future planning; there is always a danger that the co-operative meetings will be purely re-active and not look at the longer term so there may be need for separate meetings to look at the longer term. Another is disciplinary & grievance matters; members may well feel that these problems are best dealt with initially in sub-committee since they can be difficult to raise at the meeting of all the members.

Attendance.

Collective decision-making on any level depends on the members attending and participating. It is easy in a busy co-op for the feeling to grow up that the meetings are a burdensome, extra duty in addition to the usual work and so can be skipped. This of course is quite false - the meetings carry out the management and so are a vital part of the co-op's work. It is best then if meetings are made part of the Contract of Employment and paid as such. The importance of this is psychological; it helps the members to see management meetings as part of their regular work and not some additional unpaid extra.

Agendas .

All members should have the opportunity to raise matters at meetings; yet an agenda must be drawn up in advance so that time can be allocated to items according to their importance. For weekly meetings a notice can be put up, maybe divided into sections (announcements, reports, resolutions & discussion) and members can write in matters they want to raise. AGM's need a more formal process with agendas being prepared in advance. There should be a system for deciding how much time is to be allocated to each item.

Chairing

It's necessary for there to be a chairperson in order to get through all the business and ensure that everyone has a fair say. Chairing meetings requires skill and experience and every member of the co-op should be given the chance to develop this skill. Some system of rotated chairing, perhaps on a simple alphabetical basis, is the best way to achieve this. Some people may balk at the idea and say they're no good at it but it can be developed and gives an invaluable insight into how meetings work. This can only strengthen the co-operative democracy by giving individuals the confidence to participate in meetings. Some of the important tasks of a chairperson in a co-operative are:

- * Keeping control of those who tend to be dominant in meetings and drawing out those who are not so forthcoming; simple techniques like asking members who haven't yet spoken for their opinions.
- * Ensuring that some sort of timetable is kept to; this is not always easy in the heat of a discussion. It is often best not to be too rigid here but consider re-scheduling the timetable.
- * When an impasse has been reached, the chairperson should be looking for ways out; either a compromise or some new line of thought.
- * If a vote is to be taken, it is the chair's particular responsibility to make sure that everyone knows what they are voting on.

These points illustrate clearly that being a chairperson is potentially a powerful position and there are obvious dangers for a co-operative if it is always the same person or people who do the job.

Minutes.

It's also necessary that proper minutes are taken and recorded. This particularly applies to decisions taken rather than enormous details of discussion. The minute book can become the co-op's reference resource with the record of decisions taken, policy in a variety of matters, the secondary rules and the history of its development. There is nothing worse than the type of arguments that can arise over what was decided about something at some time in the past, which memories

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Meetings

have become rather hazy about. Minute-taking is a boring task which can make it difficult for the minute-taker to participate fully in the meeting. Also, after the meeting, there is typing-up, filing & distribution to be done. It is only fair that this task should be shared out. If the chairing is being rotated, then the minute-taking can be synchronised with this so that someone takes minutes one week and chairs the meeting the next. This helps continuity as well. Deciding to do things is all very well but there must be some way of ensuring that decisions are carried out. If an "action list" with members named to carry out each task is attached to the minutes, it can be gone through at the next meeting as part of the agreeing of the minutes.

Taking Decisions.

The members are going to have to decide between alternatives on all sorts of matters; often the choices will be difficult and there are obviously going to be differences of opinion in the co-op. Some people are opposed to the traditional system of taking decisions by majority vote and in favour of consensus decision-making whereby a decision cannot be said to have been taken until everyone has been convinced through continuing discussion.

Groups can take great pride in the fact that they never have to come to a vote, but discussing things until a consensus has been reached can take a long, long time and is to the advantage of those members who are prepared to go on arguing their case ad infinitum. For those members who find it difficult to put their point of view forward, voting may be the most effective way they have of registering their opinion.

A voting system itself raises problems; its stark nature can increase divisions among the members. So it is important that individuals do not see every decision, whether large or small, as a trial of strength ending in victory or defeat. Similarly, the majority must recognise that minority opinions are perfectly legitimate and must not use the result of a vote to discriminate against minorities.

It is very important that when matters are brought to the meeting for decision, they should be presented in a way that people feel able to make decisions. This means sufficient information and a clear definition of the alternatives. A large number of abstentions is usually a sign that people are not happy with the form of the decision they are being asked to make or the way that the discussion has developed.

Officers of the Co-operative.

The rules of the co-op will usually provide for the election of a secretary and treasurer. Although both these people will have clear responsibilities, it doesn't mean they have to carry out all the work in these areas. In fact it is probably better if they don't and confine themselves to an overview of the co-op's affairs. For example, the secretary is responsible for the calling of meetings and keeping of minutes but there is no reason why the actual work shouldn't be shared around.

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— Being a Co-op Member —

This leaflet is intended for members & potential members of co-operatives, both as individuals and as a group. It gives an introduction to the rights & responsibilities of co-op members. These questions are very important in considering whether your co-operative is working properly as a co-operative; as an organisation democratically controlled by its employees. This obviously involves a great many things and there is no such thing as the perfect co-operative, so it is hoped that in a sense this leaflet raises more questions than it answers!

IS YOUR CO-OP REALLY A CO-OP?

There are two simple tests that can give a basic answer to this question.

1. Has everybody who's been working in the co-operative for more than a few months applied for & been accepted into membership?
2. Are regular meetings of the members held?

BECOMING A MEMBER.

It is a basic principle of a workers' co-operative that all employees have the right to become members of the co-operative. This can be subject to reasonable restrictions such as a probationary period or minimum hours of work. New employees may be required to work a probationary period before they have the right to become members. This could be 3 or 6 months or arguably even a year. However at the end of the probationary period, an employee who applies for membership should be admitted unless it is intended to end his/her employment as well. This would suggest that the probationary period had not been satisfactory. The co-operative cannot continue to employ someone who has been refused membership. A probationary period gives a new worker a chance to find out if s/he wants to become a member of the co-operative and gives the existing members a chance to see if someone is going to fit in. It is important though that probationary periods are not used to take on new employees for short periods and then get rid of them. We must always remember that we are dealing with peoples' jobs and the decision to refuse someone membership should not be taken for trivial reasons. No co-operative is ever going to be the perfect group, either in abilities or human relations and part of its importance should be people with wide differences being able to run an organisation together.

It is also reasonable for the co-operative to restrict membership to those who work more than a minimum number of hours on the grounds that a person working less makes no significant contribution to the co-operative. There may be other reasonable restrictions, depending on the type of organisation involved, but the rules state that they must not be discrimination on the grounds of politics, race, religion or sex. It is also reasonable for the co-operative to say that employees must apply for membership at the end of any probationary period.

It is not necessary to register these matters formally as part of the rules of the co-operative; they can be part of what are called 'secondary rules', things decided on by the members' meetings

and written up as part of the minutes. It is important that there is some sort of formal process involved in someone becoming a member of the co-operative. This is not just to satisfy legal requirements but also so that new members are quite clear what is going on. The person concerned should apply in writing to the co-op secretary and the application be considered at a meeting. There should be some sort of "induction" for new members, too. If time & resources are stretched, this could be "twinning" with an existing member who can introduce the new member to what goes on.

RIGHTS OF MEMBERS.

Being a member of the co-operative means that someone has the right to run the organisation in all its aspects along with the other members on a one person, one vote basis. This means deciding on everything from the colour of the wallpaper to the level of the prices & wages. By having such control, members can organise things for their mutual benefit, within the constraints of the needs of the business. So equal pay or more flexible working hours become a real possibility. However the members "own" the co-op only insofar as they are employed by it. Once employment ends, so does membership. The members do not own the assets in the sense that they can sell them for their own benefit. Members benefit from any wage bonus agreed as part of the distribution of profits.

RESPONSIBILITIES OF MEMBERS.

Once a co-operative is registered, either under the Industrial & Provident Societies' Acts or the Companies Acts, the members have limited liability. This means that in the event of the co-op going bust, the members are only liable for the debts up to the level of their shares or guarantees. In the case of ICOM model rules co-ops, this is £1. However, the members do have a general responsibility to make sure the business is properly managed. If it could be shown that the members of a co-operative had deliberately mismanaged the business, for instance by taking on debts they knew they'd never be able to pay, then the limited liability status could be lost and the members could be responsible for the debts. There are specific responsibilities in the rules, such as keeping proper books, calling of meetings etc. and the co-op should have an elected secretary to ensure that these are carried out.

MEMBERS' MEETINGS

For the co-operative to work in an effective and democratic way, there must be regular meetings of the members. There is a danger of the membership being in name only unless the members participate in the management of the co-operative. In a small co-operative, the business can probably be effectively run by weekly or monthly meetings of all the members. Even then, certain management functions will have to be delegated to individuals, depending on the type of business the co-op is involved in. Larger co-ops will obviously have to have a more complex structure. As well as these management meetings, under the rules the co-operative must hold at least one general meeting of members each year. Whatever the structure, it is important that members do participate. There is a danger that members come to regard such meetings as extra unpaid voluntary work and give them a miss. There is therefore a strong case for making meetings part of contracted hours of work and paid as well.

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—Trade Unions & Co-ops—

There is always a lot of talk about co-operatives and trade unions working together and members of co-operatives joining and participating in trade unions. Unfortunately this is often put in terms that do not give any practical reasons for doing this. In fact differences between co-ops & trade unions are quite understandable. In a capitalist society trade unions are primarily defensive organisations so it should not be surprising if they and their officials are sometimes suspicious of organisations like co-operatives that take a different stance. Similarly some people in co-ops quite understandably take the attitude that trade unions are not necessary in their workplace because ownership and control are in the hands of the employees anyway.

There are however a number of good reasons why co-operative members should join trade unions and the co-operative should welcome trade union activity and officially recognise a trade union in the workplace. Either way, trade union activity and membership cannot be excluded from the co-operative. As employees, co-operative members who considered they had been discriminated against on the grounds of trade union activity or membership would have the right to seek redress at an Industrial Tribunal. Such a course would be open to any employee, since the usual qualifications in terms of length of service do not apply in such claims.

In theory at least, there is room in a co-operative for the performance of most if not all the traditional functions of a trade union. In a co-operative you are not "your own boss" in the same sense as the self-employed. Since the co-operative is a registered organisation (whether company or friendly society), there is an employer (the co-operative) and employees (the working members & non-members). In terms of employment law, the fact that the employees control the employer is largely irrelevant and relations are the same as between a traditional employer and employees. There are therefore rights and responsibilities on both sides.

POLICY MAKING & PLANNING.

Even in a small co-operative, a trade union organisation in the workplace can play a valuable role in policy making, particularly with regard to pay & conditions. As we said, the members are both employers and employees. The committee of management or weekly meeting of the co-operative members represents the employer or management side of this and it can be useful to have separate trade union meetings where members consider things from the point of view of employees. This applies not only to current questions but perhaps more importantly to the long-term planning of the co-op. During the early period of a co-op's existence the building up of business to reach break-even point can make it very difficult to have the type of wages & conditions that the members are looking for. This is the time to work out long-term goals in this respect and input from a trade union point of view can be very valuable in formulating the plan and monitoring progress.

PROTECTION OF INDIVIDUAL WORKERS.

The existence of a trade union organisation and elected shop stewards in the workplace can help to protect the interests of individuals and minority groups among the members and also the probationary workers who are not yet members of the co-operative. Probationary workers and temporary workers do not have a vote in the co-operative's meetings and are therefore potentially in a very vulnerable position. This role for a trade union in a workplace can be particularly important during disciplinary & grievance proceedings and in situations where redundancies are being considered.

CO-OPS WITHIN THEIR INDUSTRY.

The trade union members in a co-operative can play a valuable part in a wide range of union activity. This may also have internal benefits. Members should know what the "going rate" is for wages & conditions in their industry and what other workers are attempting to achieve. This will help the co-operative avoid self-exploitation and under-cutting of workers in other similar workplaces. Since the co-operative will want to offer good wages & conditions to its members, it is essential that it is not undercut by other firms offering much worse conditions. One of the most practical ways of doing this is for co-operative members to be involved in their trade unions at both local and national level.

CO-OPS & THE WIDER WORLD.

It does not need pointing out that co-operatives are not and cannot be islands in the rest of society and must have a wider perspective than purely their internal affairs. In this respect, co-operatives have always shared common aims & traditions with the trade union & labour movements. It should be remembered that Lambeth Trades Union Council was the organisation most prominent in the setting up of Lambeth CDA and thus encouraging the growth of co-ops in the borough.

WHICH TRADE UNION?

Co-operative members will probably have the choice of either joining a trade union appropriate to their industry or a special branch of the T&GWU for workers in local co-operatives. It should even be possible to join both! In co-ops where members feel that there is no suitable trade union for their industry or such a union seems too remote and they feel they have more in common with workers in other co-operatives in the locality, then joining the T&GWU Co-ops Branch is probably the best answer. In an industry where there is a strong and well-defined trade union organisation, particularly at a local level, and the co-op members feel they want to play some part in their industry, they will probably choose to join the trade union appropriate to the industry.

Further information can be obtained from Lambeth C.D.A or Lambeth Trades Union Council.

The Business Plan

You have got an idea for a co-operative business. You now need to do some planning to make it a success.

THE BUSINESS PLAN is for your own benefit. Without it you would be blundering about in the dark. It sets out in advance what you want to do; how you will do it; what difficulties you expect and how you plan to get round them. You can use the plan to see how you are doing against how you should be doing-- to see whether you are "on course" or not. You don't have to be a financial wizard to make a business plan. But you do have to follow some simple rules about what to look at. The plan does not have to be more than a few pages (unless its a particularly large scheme). The headings you should consider are:

- | | |
|--|-------------------------------------|
| 1. The product or service | 2. The people |
| 3. The organisation and its management | 4. The market |
| 6. Objectives | 5. Premises |
| 8. Financial records and information | 7. Finance required |
| | 9. The advisors |
| | 10. History of your co-op (if any). |

FEASIBILITY STUDY is a preliminary business plan. It covers the same headings. You do a feasibility study to find out if your idea for a co-op can be a success or not. If the feasibility study doesn't work, the co-op certainly won't. If you are not sure about any aspect of the feasibility study or the business plan, the CDA will be able to help you.

APPLICATIONS FOR FINANCE. If you have to borrow money from a bank or financial institution, or apply for a grant (SEE the sheet SOURCES OF FINANCE), the business plan will be the basis of your application. You will need to cover exactly the same points to convince someone who does not know your co-op that it is likely to be a financial success.

The financial application should be carefully and concisely put together. It should be well typed. Each heading should (ideally) be covered in a page or less -- with the possible exceptions of the budget and cashflow. We suggest you use a separate page for each heading. This makes it easier to alter if necessary. Final presentation can be made in a punched ring book. And good presentation helps !

So you start with a feasibility study, then you make your business plan which is the basis of your financial applications. Next we will look at the sort of thing you will need to cover under each heading.

- (1) **THE PRODUCT OR SERVICE** What are you going to do or make?
Describe the product or the service. Highlight any special features. Any brochures, photographs, or drawings should be included as an appendix.
- (2) **THE PEOPLE** Who are you going to work with? What special skills and experience do they have? Give a brief career outline (CV) of each co-op member.
- (3) **THE ORGANISATION AND ITS MANAGEMENT.** What rules are you going to register under? What sort of internal structure do you plan to have? It is a good idea to have someone (for example, the Company Secretary) to whom people can write -- they often get baffled by having to talk to the co-op in general. Only large co-ops need a formal "organisation chart"

- (4) **THE MARKET.** Broadly, who are you going to sell your product or service to? Why do you think they will buy it? Describe the size of the existing market. Describe actual and potential competitors. Say if you are aiming at the whole market, or a special section of it. Have you done any market research? Summarise this, and put any graphs or tables of figures in an appendix.
- (5) **PREMISES.** What sort of building will you need? How big will it need to be (in square feet)? Does it need any special internal layout? Is its position important for your business? Will it be leased or freehold? How much do you expect to pay in rent and rates? How long will you be committed to the building?
- (6) **OBJECTIVES.** Outline the key aims you intend to achieve over (say) the next three years. Include social as well as commercial objectives (eg. creche, training for the disabled). Describe how you intend to reach these social and commercial objectives. Mention any problems that you will need to solve in that period.
- (7) **FINANCE REQUIRED.** How much money will you need? What do you want it for? Give a general breakdown into premises, major items of capital equipment, salaries, stocks of raw materials, and administrative overheads. How many sources will you approach for money? What sort of conditions do you expect to apply to loans? Will you be putting any of your own money into the enterprise?
- (8) **FINANCIAL INFORMATION.** You will need at least the following financial information, both for your own use and for any loan application.
- # If the co-op already exists and has traded, audited accounts for the past 5 years.
 - # Selling prices and product/service costings.
 - # A budget for the forthcoming year, broken down into twelve months.
 - # A cashflow projection for the next twelve months.
 - # Outline budget and cashflows for the next two years.
- ** For BUDGET and CASHFLOW, see separate sheets.
- (9) **THE ADVISORS.** What sort of advice will you need? Is any of the advice very specialised? Where will you get it? List all the things you need to learn, and try to say how you will deal with each of them.
- (10) **HISTORY OF THE CO-OP.** If the co-op is already trading, write a brief history as an appendix to any loan application.

Budget & Cashflow

Budgets, cashflow and balance sheet are often presented as mysteries. They can be very complex if the co-op is large, has a high turnover, or has several divisions (marketing, delivering, production, administration, etc.). However, for most co-ops it is desirable to use the simplest possible system. This is for three reasons:

- * If you start with a simple system, it can always be made more complex -- the reverse is not usually true.
- * The point of a budget is that it is used each month to see how you are doing. In a small co-op a sophisticated system can easily fall into disuse because it is too much like hard work, and there just isn't time to keep it up to date.
- * In a co-op it is important that everyone understands the finances. The easier the system to understand, the more likely it is that everyone will be able to use it, and to contribute to it.

" The master budget should have undergone close scrutiny before being adopted.....A budget should not be looked upon as a target to be strived for but rather as a workable plan that all those involved in carrying it out are in agreement with.....If approved by a members' meeting the master budget should then be regarded as a plan that the co-operative is working towards."

(Workaid -- Business Management for
Co-operative & Community Enterprises
-- T. Naughton, Pub: Commonwork)

A budget is part of the discussion and planning process of the co-op. It works like this:

1. The co-op makes a FORECAST about its future activities. This is an estimate. At worst it is a guess or a hope. At best it is based on historical records. Usually it is a mixture of both.

Trying to forecast everything at once is mind mangling and unnecessary. The easiest way is to make a list of all the major items that you expect to spend money on, and all the sources that you expect to get money from. You then make a forecast for each item.

For example:

INCOME

Sales of product
Loans
Grants
Sales of assets

EXPENDITURE

Raw materials (may be broken down further)
Major capital items (e.g. machinery)
Rent and rates
Heat and lighting
Telephone and postage
Advertising
Stationery
Wages

Here you can see that some things you will know (e.g. the rent and rates), some you will be able to estimate from records (e.g. heating, phone etc.), other things may be more uncertain (e.g. sales, advertising).

You will probably start by making an estimate for each item for the whole year. For example we expect to sell 10,000 wubbles and 5,000 sproods; we expect to spend £1,000 over the year on phone and postage; we expect to pay ourselves £8,000 a year each; and so on.

2. The next thing to do is to break the annual figures down into monthly totals. Some items will cost the same each month (e.g. phone, rent and rates). Some items might change (raw materials, a wage increase for co-op members). Some items may vary -- e.g. you may expect that January and July/August will be bad months for sales, whilst spring and autumn might be expected to be good. The monthly figures in the budget should reflect these expectations.
3. Your budget will now look something like the SAMPLE BUDGET FOR A CO-OP.

In the bottom rows you will be able to see whether you expect to make a profit or a loss each month, and the cumulative expected profit each month.

Allow two lines for each item. Label one Expected, the other Actual. Fill in all of the "Expected" figures at the beginning of the year. This is making the budget in the way that has just been described.

At the end of each month fill in the "Actual" figures. This will enable you to see if you are doing better or worse than planned. Discuss the results at your monthly meeting. If you are "off course" try to find out why and put it right.

Without a budget you will not know if you are making a profit or a loss. Making a budget -- and keeping it up to date every month -- does involve work, but it is well worth the effort.

CASHFLOW

The Budget is your most important financial document. But you also need to produce a CASHFLOW.

This is because money may not come in immediately that you sell things, and it may not go out for some time after you have bought materials etc.

This in turn means that your cash position with the bank may not be the same as your profit and loss situation.

" In fact an expanding profitable business can quite often have acute cashflow problems as additional funds are required to finance higher stocks and debtors"

(Small Firms Service -- Management Accounting,
T.J. Jerry, pl6)

If you anticipate a cash shortage from the cashflow, you should arrange as overdraft in advance with your bank manager. This is much better than finding out that you have run out of money, and going to see him in a panic.

It is quite easy to turn your budget into a cashflow forecast. Some points that may be helpful to remember are:

- a) Cash sales, cash purchases, salaries and wages will be reflected in the current month.
- b) Debtors and creditors should be entered according to the terms of trade -- or experience where this is more relevant, i.e. 30 days net often becomes six weeks, two months or even longer.
- c) Rent and rates may be paid quarterly or half-yearly in advance. Insurance is usually paid for a year in advance.
- d) Light, heat and telephone are likely to be paid quarterly in arrears, whereas postage may be an immediate cash payment, as also will be the case for travelling or entertaining.
- e) Hire purchase charges are usually monthly, while bank interest is usually charged quarterly in arrears.
- f) Capital expenditure may incur a deposit with order. Details should be supplied.
- g) Capital inflows will arise from the sale of plant, vehicles etc. and cash introduced by members/promoters. Details should be supplied.
- h) Loan repayments should only cover existing commitments and not relate to applications for finance.
- i) VAT must be included where applicable.

These notes are intended as a guide to the elements that should be thought through when compiling a cashflow. They are not all inclusive.

Sample Budget & Cashflow: NOTES

NOTE

Figures in brackets show a loss in the Budget, and an overdraft or debt in the Cashflow.

For example, the Budget shows a loss of £1,160 in January, and the Cashflow shows an overdraft/debt of £1,600 in February.

HOW THE BUDGET TURNS INTO A CASHFLOW

"Sales Invoiced" in the Budget are the basis of "Cash Receipts from Sales" in the Cashflow. It is expected that half the invoices sent out will be paid in the same month, half will be paid in the following month. For example, the £5,000 the co-op expects to receive in Feb. is half the invoices sent out in Feb. and half of those sent out in Jan.

"Rent & Rates", "Heating/lighting", and "Phone" are all spread evenly over the year in the budget, so the true profit and loss can be seen each month. In the cashflow they are shown as being paid quarterly in arrears (or, with the rent, in advance).

"Materials" and "machinery" are paid for (in the cashflow) the month after they are received.

COMMENTS

You will see that there can be quite a big difference between the real profit and loss situation shown in the Budget, and the cash situation shown as "Closing Balance" in the Cashflow. For instance in January, the co-op is really £1,160 down (loss) but has £450 in the bank. In February, the co-op is only £820

down (loss), but will need an overdraft of £1,600.

Looking at the Budget, it is obvious that the co-op would only just break even on the Jan. to Aug. figures. With the extra machine and extra sales from Sept., they are well on the way to making a profit.

Sample Cashflow for a Co-op

Item	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Opening Balance	--	450	(1,600)	(1,030)	(1,580)	630	40	(1,960)	(1,460)	260	10	2,260	
	* remember to leave a blank line in each row for the <u>actual</u> figures -- these are all <u>expected</u> figures !!												
Cash Receipts from Sales	2,500	5,000	5,000	5,000	5,000	5,000	3,750	3,750	6,250	7,500	7,500	7,500	63,750
Grants	1,500	--	--	--	--	--	--	--	--	--	--	--	1,500
TOTAL INCOME	4,000	5,000	5,000	5,000	5,000	5,000	3,750	3,750	6,250	7,500	7,500	7,500	65,250
Wages & N.I.	2,000	2,000	2,000	2,000	2,000	2,000	2,200	2,200	2,200	2,200	2,200	2,200	25,200
Rent & Rates	1,500	--	--	1,500	--	--	1,500	--	--	1,500	--	--	6,000
Heating/lighting	--	--	200	--	--	100	--	--	100	--	--	200	600
Phone	--	--	180	--	--	180	--	--	180	--	--	180	720
Materials	--	3,000	2,000	2,000	2,000	2,000	2,000	1,000	2,000	3,000	3,000	3,000	25,000
Machines	--	2,000	--	--	--	--	--	--	--	1,000	--	--	3,000
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50	600
TOTAL EXPEND.	3,550	7,050	4,430	5,550	4,050	4,330	5,750	3,250	4,530	7,750	5,250	5,630	61,120
Closing Balance	450	(1,600)	(1,030)	(1,580)	(630)	10	(1,960)	(1,460)	260	10	2,260	4,130	

Sample Budget for a Co-op

Item	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Sales Invoiced	5,000	5,000	5,000	5,000	5,000	5,000	2,500	5,000	7,500	7,500	7,500	7,500	67,500
* remember to leave a blank line in each row for the actual figures -- these are all expected figures!!													
Grants	1,500	--	--	--	--	--	--	--	--	--	--	--	1,500
TOTAL INCOME	6,500	5,000	5,000	5,000	5,000	5,000	2,500	5,000	7,500	7,500	7,500	7,500	69,000
Wages & N.I.	2,000	2,000	2,000	2,000	2,000	2,000	2,200	2,200	2,200	2,200	2,200	2,200	25,200
Rent & Rates	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Heating/lighting	50	50	50	50	50	50	50	50	50	50	50	50	600
Phone	60	60	60	60	60	60	60	60	60	60	60	60	720
Materials	3,000	2,000	2,000	2,000	2,000	2,000	1,000	2,000	3,000	3,000	3,000	3,000	28,000
Machines	2,000	--	--	--	--	--	--	--	1,000	--	--	--	3,000
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50	600
TOTAL EXPEND.	7,660	4,660	4,660	4,660	4,660	4,660	3,860	4,860	6,860	5,860	5,860	5,860	64,120
Profit / (loss)	(1,160)	340	340	340	340	310	(1,360)	140	640	1,640	1,640	1,640	
Cumulative Profit / (loss)	(1,160)	(820)	(480)	(140)	200	510	(820)	(680)	(40)	1,600	3,240	4,880	

OPERATING BUDGET

Lambeth Co-operative Development Agency - 6/83

MONTHS	1	2	3	4	5	6	7	8	9	10	11	12	ANNUAL
Sales invoiced													
less Cost of materials													
(A) Gross Margin													
less Wages & N.I.													
Rent/Rates													
Light/Heat													
Phone/Post													
Repairs/Renewals													
Office Materials													
Travel/ Transport													
Insurance													
Bank charges/Interest													
Advertising/Printing													
Depreciation													
Miscellaneous													
(B) Total													
(A) - (B) Net Profit/Loss													
Cumulative Profit/Loss													

CASH FLOW

Lambeth Co-operative Development Agency - 6/83

Sales invoiced.													
MONTHS	1	2	3	4	5	6	7	8	9	10	11	12	ANNUAL
Cash Receipts													
a.													
b.													
c.													
Capital receipts													
(A) Total													
Materials													
Wages & N.I													
Rent/Rates													
Light/Heat													
Phone/ Post													
Repairs													
Office materials													
Travel/Transport													
Insurance													
Bank charges/Interest													
Advertising/Printing													
Miscellaneous													
Loan Repayments													
V.A.T Payments													
Corporation Tax													
Capital payments													
(B) Total													
(A) - (B) Balance													
Bank Position													

Section 1.3

Wandsworth Enterprise Development Agency Limited - WEDA

WEDA was shut down in March 1984 but it is included in the case studies as it was one of the few agencies in London practising the "top down approach" to development. Efforts were put mainly into researching market opportunities in the local economy, preparing feasibility studies and then trying to recruit the people for the cooperative. This approach differs greatly from the local CDAs which rely on developing the feasibility study, business plan, etc, with the full involvement of the group establishing the cooperative.

WEDA was set up in August 1980 by Wandsworth Council and had the backing of the Industrial Common Ownership Finance Limited (ICOF) and the London Chamber of Commerce and Industry. Although WEDA was meant to be funded for five years, the council pulled out early in 1984 and the agency was forced to close. The agency's director, Mr D.S. Brookes, believes that funds were withdrawn for "political reasons."

Wandsworth Council, seeking to cut spending, opted to support their own counselling service for small businesses. "A glorified information service staffed by local authority officials," explained Brookes, who feels that this service is insufficient; "people need a lot more help," he added. Wandsworth has been facing a decline in manufacturing and services and has a very big immigrant West Indian and Asian community.

Brookes, an ex-business man, had wide experience in small-firm counselling work before he came to head WEDA.

The internal working of the agency

From the beginning WEDA felt that new start-up businesses had more chance of generating lasting employment if paralleled by early financial control and accounting procedures of an obligatory nature.

Brookes was convinced that there is no lack of new business ideas and of potentially marketable and profitable products. What he considers to be the problem is the "real shortage of people able to exploit them." This is especially the case with common ownerships "which tend to be unattractive to those with the strongest entrepreneurial instincts." Between 1981-82, WEDA helped eight businesses to start and a further six were in the pipeline. In the same period, one collapsed and the other needed "continuous injections of management control." The root cause for these failures was stated to be both lack of people with qualities to run them properly and a lack of commitment to cooperatives.

Most of the cooperatives set up with WEDA's help were in the services sector with some in manufacturing.

At the beginning, WEDA had hoped to create some 1,000 new jobs in five years. By the second year, this target was obviously unattainable but the agency believed that it was laying the ground for more job creation.

WEDA had seven staff each with specific functions. A director/general manager, a marketing sales promoter, secretary, bookkeeper/wages clerk, management accountant and company secretary, market researcher and fund raiser. The first four were funded by Wandsworth Council and the last three by the GLC. The fund raiser was hired for one year only.

WEDA had about two inquiries a week mainly from individuals, "few groups came in." The typical case was an individual who had some idea of what she/he wanted to do and may have thought of common ownership. They were usually interviewed by the agency's director who "would pick out who had a chance." If it was felt "that they wouldn't be able to make it because the market was not right or the people weren't right we would tell them to forget it."

WEDA then researched the project and completed a sophisticated feasibility study. Some projects took six months or more to set up. The agency would then monitor closely the cooperative: "this is necessary for at least two to three years."

WEDA saw as one of its most important functions "the monitoring of companies which we sponsor after they have been launched." The agreement with these companies to provide such monitoring also acted to reassure funding institutions. Marketing and financial and cash control are the main areas where help was necessary and WEDA tried to provide this. Brookes did not believe that people could be trained sufficiently to do this; management support was needed in the first few years at least.

Since the agency was established some two feasibility studies per month were produced, 21 in total. By the end of 1982, eight companies were formed with a current employment of 60 - this grew to 14 companies by 1983 with a total of 114 jobs. On the basis of total WEDA costs the agency had estimated that in 1981 the cost per job was £2,000. In 1982, the cost rose to £3,191 per job, falling slightly in 1983 to £3,100 per job. The agency maintains that its methods are still an economical way of creating jobs compared to other publicly sponsored schemes which can be as high as £10,000 per job created or more.

In the first two years of WEDA's life, more than 70 products/project submissions were examined. Many were found to be unsuitable for common ownership development and were referred to the Wandsworth Business Resource Centre or the Department of Industry's Small Firms Counselling Service.

Product development

WEDA did a great deal of work in product development. Its offices were shared by the Associated Scientific Techno-Economic Consortium (ASTECC), which was set up with WEDA's help in 1982. The five members of ASTECC were elderly, experienced people in industry who had been made redundant, all about 50 to 60 years old. The company offered a wide range of industrial consultancy services.

WEDA, together with ASTECC, undertook initial product development of a new road safety device, "although the group to manufacture and sell this never came off the ground."

On a number of occasions, WEDA made thorough feasibility studies but in at least two cases the original group who had the idea withdrew. In one of these projects, luxury toiletries, the people withdrew and WEDA had to look for a new group to take over. In the end it was one individual who showed interest and WEDA worked with him. Cosmetics for the Ethnic Community project was another such case where people could not be found.

For the car theft and car seat-belt devices project, WEDA once again undertook the development and investigation of the product; the inventor ~~then~~ showed an interest in setting up on his own.

WEDA held two product counselling development workshops inviting people with ideas of products they wanted to commercialise to come and discuss them with a panel of experts from banks, private industry and consultants.

Finance

WEDA raised more than £321,000 for cooperatives, two thirds of these being commercial loans from Wandsworth Borough Council, high street clearing banks and ICOF.

Money was also raised through feasibility studies. If done for groups who wanted to set up on their own or for local authorities the agency charged just below commercial rates for the service.

WEDA also tried to start its own development fund with the aim of raising some £10,000 from private industry to help new cooperative businesses which often found it

impossible to get cash elsewhere. According to Brookes, the reason behind the reluctance of commercial banks, pension funds and other providers of capital to give loans to cooperatives was the fact that none had equity and most had very little to mortgage. But WEDA was "slightly discouraged" by the lack of enthusiasm shown by some private companies to contribute to the fund. Brookes explained this by pointing to a number of factors: already subscribing to other similar bodies; mistrust of cooperative enterprises; competition from charities.

Problems

Brookes believed that the cooperatives that failed did so because of bad management. "There were many projects but not the right people," he said. This belief also was reflected in the work methods of WEDA. Professional feasibility studies were carried out by the agency with some involvement from the group wanting to set up. Once started, the group was well monitored by WEDA to try and ensure efficient management.

One of the problems that WEDA faced was that in a number of cases "people felt they could not commit themselves and ran scared, opting out too quickly." In one case, where eight jobs and substantial loans were at stake, WEDA decided to move in and handle directly the management finance and overall administration. WEDA cleaned up the debts and got a manager. Now that it is a viable company it will be sold to a private owner on condition that the workers are kept. Most of the workers, said Brookes, "were interested in how many hours they have to work and when they get paid."

On other occasions products were developed but the people could not be found to form the cooperative. Brookes felt that management skills, essential to any business, were often lacking. He believed that although it was "politically unacceptable," managers should be co-opted in all the cooperatives at least for the first few years. The skills people have can be improved, and the agency did try, but without the necessary "gut drive" people were unable to sustain the business. The WEDA experience, added Brookes, confirmed his belief that "gut drive" was more often found in people coming from families with a business background; "they always stand a better chance."

He personally felt that WEDA could have done better if it had a mandate to help set-up both cooperatives and small firms. "Many people we couldn't help because they wanted to set up on their own." He said that a mixed mandate would have helped WEDA to be more involved and to get more support from private enterprise.

To attract people with wide business experience, WEDA organised two meetings inviting executives who might be interested working in, or with cooperatives. WEDA also helped set up the Executive Assignment Cooperative which supplied executives on a temporary project basis. The executives which formed part of this cooperative had either been made redundant or were unemployed. However, the people involved "were not enthusiastic enough to continue," said Brookes. He put this down to a number of reasons: "lack of ability of the people - the idea came from me but they could not sustain it and carry it forward."

Section 2

Initiatives from industry - British Steel Corporation
(BSC) Industry

British Steel Corporation closures brought large-scale unemployment to a number of areas in Britain - some 140,000 jobs have been shed in the steel industry alone since 1977. The withdrawal of such a major employer, coupled with the recession, led to other employers in steel areas to follow suit and make their own redundancies. Some of the steel plants such as Consett in the North East underwent complete closure and there were few other employment opportunities for the thousands of workers made redundant.

In 1975, with plans well underway for the radical pruning of plants, British Steel decided to set up a subsidiary to try to mend some of the damage.

The company - British Steel Corporation (BSC) Industry - was aimed at replacing jobs lost through the British Steel closures and at contributing to the industrial regeneration of the areas.

Since April 1978, BSC Industry boasts of having assisted some 1,400 companies, each employing two to 2,000 workers. These companies are responsible for creating 20,000 new jobs and are committed to creating another 15,000 by March 1986.

At the beginning, firms were assisted through grants. This later changed, with BSC Industry using most of its budget to give unsecured low-interest loans and to set up small-business workshops. The formula was quite simple - nourishing small businesses by pumping in start-up capital and cheap loans and providing the right kind of premises. These workshops, pioneered by BSC Industry, and extensive-

ly copied throughout Britain by both government-backed bodies and even private developers, offer to the small firm low rents, low start-up costs and a central service for help with marketing, financial planning and accounts.

BSC Industry's chief executive John Dunbar, who took over in 1980, promised British Steel to make the whole operation self-financing in three years (by March 1984). "In its earlier days BSC Industry was going along on a more social conscience path," said Dunbar. Between 1975 and 1978, BSC Industry was effectively a "talking-shop," he said. It was only in 1978 that it began to give grants through its local offices opened in all the designated steel closure areas. These offices were staffed with executives recruited from the BSC parent company and assisted by secondees from banks and other institutions.

During that period it spent £20-30 million, or £1,400 per job in grant money. There was no clear plan as to the future of BSC Industry. Dunbar insisted that such a plan was necessary as "someone one day would say why are we spending all this money, and without a plan giving the answer, funds would be cut off."

The first part of the three-year plan was to switch from giving grants to easy-term loans at preferential interest rates. "It was ridiculous for British Steel which was already losing money to be giving it away." Under this scheme, BSC Industry now estimates that it is investing only £500 per job, and that is in loans. Since 1980 BSC Industry has given out some £7 million in loans - 90% of them for sums below £25,000 and 65% below £10,000. Dunbar believes that making BSC Industry a lending body has helped the type of projects being proposed - "people think harder about projects if they are not getting grants."

To achieve its aim of becoming self-financing by March 1984, BSC Industry sought the support of other private companies. The BSC Industry offices were closed down and replaced by independent and more broadly based community offices, the so-called enterprise agencies. Each of the 18 agencies has a director and is funded by BSC Industry, private firms in the area and local authorities. These agencies offer advice and financial help to firms.

Dunbar describes these enterprise agencies as a "one-stop shop" as advice can be given on everything in the area, from housing to schooling to locating industrial premises, obtaining grants and financing projects. People coming into the agency "receive help to put their business plan together and if there is a gap in the final funding which grants and commercial sources of finance cannot bridge, BSC Industry will bridge that gap." This is done mainly through its loans.

The two main elements of the agencies' work are "the assistance with business plans from the local office and the final injection of finance to make the project happen when commercial banking is unable to respond." Some aid is also given to help finance feasibility studies.

Since the beginning of 1984, BSC Industry's first self-financed year, staff were reduced to 32, 12 working in the London office and another 20 looking after the workshops. The 20 workshop staff are paid from money raised by the rents of the workshop space. The rest of the money to keep BSC Industry going will come from the income from existing loans. It has an asset base of £5 million in property (the workshops) and some £20 million in the revolving loan fund.

Although this change has given BSC Industry a less obvious public presence in steel areas, Dunbar believes that it will give it greater flexibility and through the enter-

prise agencies there will be advantages in sharing its job creation role with other companies and local authorities. The key to the success of BSC Industry is the involvement of the local community, "it can't be done by central government." The best results will only be achieved "by a strong, independent local community effort which brings together the resources of local government, industry and other agencies in the area to provide a united, concerted attack on the problems over the longer term."

BSC Industry - small enterprise workshops

One of the major initiatives of BSC Industry was the setting up of its eight industry workshop complexes housed in former steel works in Glasgow, Consett, Hartlepool, Scunthorpe, Corby, Port Talbot, Blaenau Gwent and Cardiff. These offer highly flexible workshop space for small businesses and BSC Industry managers are available to provide tenants with business advice and support. About 400 businesses can be housed in the workshops.

The idea behind the workshops was to encourage local job creation. There was a general recognition that although many incentives existed to draw big business into the steel closure areas, little was done to "encourage the start-up and development of small scale local enterprise in steel communities." BSC Industry looked to the corporation's own redundant steel complexes for the premises. It was felt that in addition to advice and finance, small businesses needed "easy in, easy out short-term premises" to minimise the financial risk.

The locations chosen had to be both suitable for different types of small firms and for the workshop management and meeting rooms. "It was to be more than just rented buildings - a business community."

Where the Workshops are



In November 1978, a plan was approved to convert some 20 buildings on a 16-acre site forming part of the Clyde Ironworks complex at Cambuslang, south-east of Glasgow. By early 1979, the first tenants were chosen for what was to be an 82-unit complex (total lettable area of some 63,000 square feet). By January 1982, 61 businesses were occupying 74 of the units and employing some 316 people. In addition to the in-house manager offering support and advice, there were facilities for conferences, training, private meetings, exhibitions and even social gatherings. A photocopying service was also available. Inter-workshop trading was encouraged and wholesale competition avoided.

The Glasgow experience encouraged BSC Industry and in February, 1979 two sites were chosen in Hartlepool.

One was on the new industrial estate where part of the demolished steel works had stood and the other on a vacated timber factory, "ideal for conversion," that was purchased by BSC Industry. The two sites offer some 39 units varying in size from 350 to 7,000 square feet, and giving a total lettable area of some 60,500 square feet.

BSC Industry explained why it needed two sites in the area under one management. "For a workshop project to be viable, even in the most modest commercial terms, it must be of a certain size." The first site chosen could not on its own support, through its rental income, the management costs and other fixed overheads.

Cardiff was the next site chosen, with conversion work beginning in early 1981. More than £1 million went into converting part of the old steel works into 86 units totalling 106,000 square feet. By mid 1981, the first of the two Corby workshops were completed; together they were to offer 60 workshop units totalling over 33,000

square feet but with no unit larger than 1,000 square feet. By the end of 1982, work was underway and in some cases completed in BSC Industry's other workshops in Brynmawr, Consett, Workington, Scunthorpe, Port Talbot and Newport. All were of differing sizes but none were bigger than the Hartlepool complexes of 65,000 square feet.

There are some 210 small firms in BSC Industry's workshops, employing between 900 and 1,000 people. Some 97 firms which have used the workshops have gone out of business but 111 have expanded and moved to bigger premises outside (the flow of firms through the workshops is encouraged). But as BSC Industry has little time to monitor the firms that have left it feels that the 900-1,000 people at present in the workshops "is only part of the story."

A good example is the Clyde workshop, the first to be established and with the longest track record. In the first three years it housed 100 firms. In December 1981 there were 61 businesses employing some 316 people - 15 of these were manufacturing firms employing 52 people and 46 were in services employing 264 people. During the three years, 22 firms went out of business with a total loss of 40 jobs while 17 firms expanded out of the workshops taking with them some 69 jobs. They have taken on more staff since then.

One observation made by BSC Industry, however, is that in the majority of the workshops very few of the new businesses were started by ex-steel workers - a notable exception is Consett where nearly 50% of the tenants are ex-steel workers. One explanation for this, according to BSC Industry, is that "long years of employment in a cradle to the grave industry" may not be "the natural forcing ground" for this new breed of entrepreneur or even an assisted entrepreneur. "Used to generations of employment in coal or steel" many of the workers "do not take easily to the notion of being one's own boss."

Selection of likely tenants is by interview. "They are not expected to come up with a business plan or to explain detailed project forecasts." If a project appears viable and stands a chance of success, it is given "a quick go ahead." No guarantees are needed and a contract is signed for a space in the workshops on "easy in, easy out conditions." The rent paid covers the basic running costs, such as maintenance of buildings, insurance and management costs.

To make this selection and then help to develop the business "takes a special type of manager." He or she may have to help with product development, marketing and general business advice as well as applications for grants, machinery etc. In addition all administration involved in running the unit will be the responsibility of the manager. Each workshop has one manager and a secretary, although sometimes extra staff are seconded to the agency by private industry. Practically all the managers were career executives of British Steel. The average age is between 45-55. The workshops themselves are run like a small business with each manager trying to make the complex commercially viable; most do pay for themselves although some do better than others.

BSC Industry sees these workshops as "part of long-term business and industrial regeneration and not a substitute for it." If they are to significantly contribute to the economy, however, workshops need to be developed much more widely and by many other bodies.

Without public funding, at least for the conversions, BSC Industry finds it difficult to envisage large-scale development. BSC Industry's motivation was not commercial or profit but "the creation of new jobs." The initial funding required for each project was between one third and a quarter million pounds "not counting the overheads implicit in originating, and administering the overall concept."

"Few strictly commercial operators would find an investment in so complex a venture attractive unless it is for tax reasons... They are unlikely to make a significant commercial return on the initial capital investment unless it is undertaken on a very large scale."

At the end of the day, the only return on capital invested in a workshop project comes from rents. BSC Industry's rents are commercial in the sense that they are competitive with prices in the area but a commercial operator wanting to get a good return on his money would have to charge a great deal more. BSC Industry maintains that its workshops have a social as well as economic role. "If headway merely means profit for the individual, the fundamental objective of workshops, as established by BSC Industry at any rate, are not being served."

For the future, BSC Industry hopes to see more new broadly based workshops jointly started by local authorities and private industry and housed in converted, disused industrial sites.

Consideration is also being given to ways to expand the services offered by the workshops, including perhaps telephone answering facilities, installing computers for the use of all the firms and entering into new areas such as marketing.

Wider promotional and development work

BSC Industry does a campaign for all the steel closure areas to attract both new industries and encourage local industries. However, there seems to be a tendency to rate success by simply counting the number of new jobs created.

Playing this numbers game has meant that big industries, coming in maybe only to profit from the special incentives, are welcomed and helped. The advising of local people, so they can set up on their own, remains important but this work can be overshadowed once one big firm comes in with, say, 300 jobs.

To sell the advantages of each of the regions, BSC Industry is publishing what it describes as "a business package that cannot be beaten in Britain." The package includes advice on grants from the government covering a high percentage of fixed asset costs; rent and/or rate-free periods in most of the areas; training grants covering 80% of the costs; ECSC loans, exclusively available in closure areas and covering up to 50% of the cost of fixed-asset investment at low-interest rates, and BSC Industry loans. BSC Industry describes its own loans as "easy money" because they are given quickly and usually unsecured. There is also the Government Loan Guarantee Scheme which guarantees 80% of commercial loans of up to £75,000 to business projects that might otherwise prove difficult to finance.

Nine out of the 15 closure areas are in Special Development Areas (SDAs) which receive the most generous financial incentives, and the other six are in development areas, the next incentives category. Seven of the 22 enterprise zones (also getting incentives) are in BSC Industry areas; these offer many incentives including a 10-year exemption from rates on industrial and commercial properties and additional tax allowances. In the last year there has been a huge development of industrial sites to accommodate more than 1,300 businesses.

BSC Industry gives three examples of the type of packages it helps prepare. Two individuals wanted to establish their business in a 1,500 square foot BSC Industry workshop at a total cost of £6,000, of which £4,000 was for

second-hand plant machinery. About £2,000 was raised through equity, £2,000 by bank overdraft and £2,000 by a BSC Industry loan. They anticipated employing two further people by the end of the third year of trading.

A start-up company wanted to move into a new factory, with an 18 month rent-free period in a Special Development Area. Total project cost, including machinery, was £188,000 (£120,000 for new plant and machinery). About £78,000 was raised through equity, £65,000 from a bank loan under the government's loan guarantee scheme, £26,000 from a government regional development grant and £19,000 from a government regional selective assistance grant. This company anticipated employing 21 people by the end of the third year of trading.

The third example is an existing company wanting to set up a second plant in a development area. Total project cost was £1,663,000, of which only £245,000 was for working capital, the rest going to pay for freehold property (£616,000), new plant and machinery (£712,000), and vehicles (£90,000). Some £250,000 came from equity, £160,000 from a bank overdraft, £400,000 from an ECSC loan, £300,000 from an industrial mortgage, £173,000 from a government regional development grant, £280,000 from a regional selective assistance grant and £100,000 from a BSC Industry loan. The company expected to employ 116 people by the end of the third year.

Other initiatives

BSC Industry has also pioneered other initiatives. The Worldtech Ventures Limited (WVL) was set up in 1981 as a joint venture between BSC Industry, Control Data Corporation, Cooperative Bank, Pilkington Brothers and Sun Life Assurance Society. This is an information-exchange company, which also offers management advice and educa-

tional programmes for those in business or in community development. It has a data base which helps to link small firms with the latest technological advances in products, techniques and production processes.

To achieve its objectives, the WVL uses the combined expertise and resources of the five corporations. Its range of consultancy services and participation programmes are particularly aimed at local authorities, development corporations, enterprise agencies, chambers of commerce and cooperative development agencies. However, help is also offered directly to businesses.

It can offer firms broad-range management techniques more readily available to larger organisations. WVL assesses the gaps and produces a plan and advice to improve the firm, also providing management training and development. It also assists with the planning and setting up of industrial workshops, such as those of BSC Industry, and organises coordinated local marketing for smaller businesses which would not otherwise be able to do so because of costs. This can range from local trade fairs to full-scale combined export marketing, using available government funding.

Most of the projects up till now have been done for local authorities and development agencies. Advice ranges from strategies for technology centres in a number of towns to more general work on the innovation of the rural economy.

Another initiative is the so-called Business in the Community. Some 180 private companies are now involved, both large and small, helping on a local level with the economic, social, training and environmental needs of the communities in which they operate.

Business in the Community encourages companies to make available expertise, funds, premises and equipment and to

second staff to individual projects on a full or part-time basis. BSC Industry's Dunbar said that the scheme has been very successful in involving private enterprise in the general regeneration of the area," although it was hard to attract companies at the beginning; then they started to see that they too would benefit from a healthier economic environment and joined in."

Section 2.1

The Derwentside Industrial Development Agency and BSC Industry Consett workshops

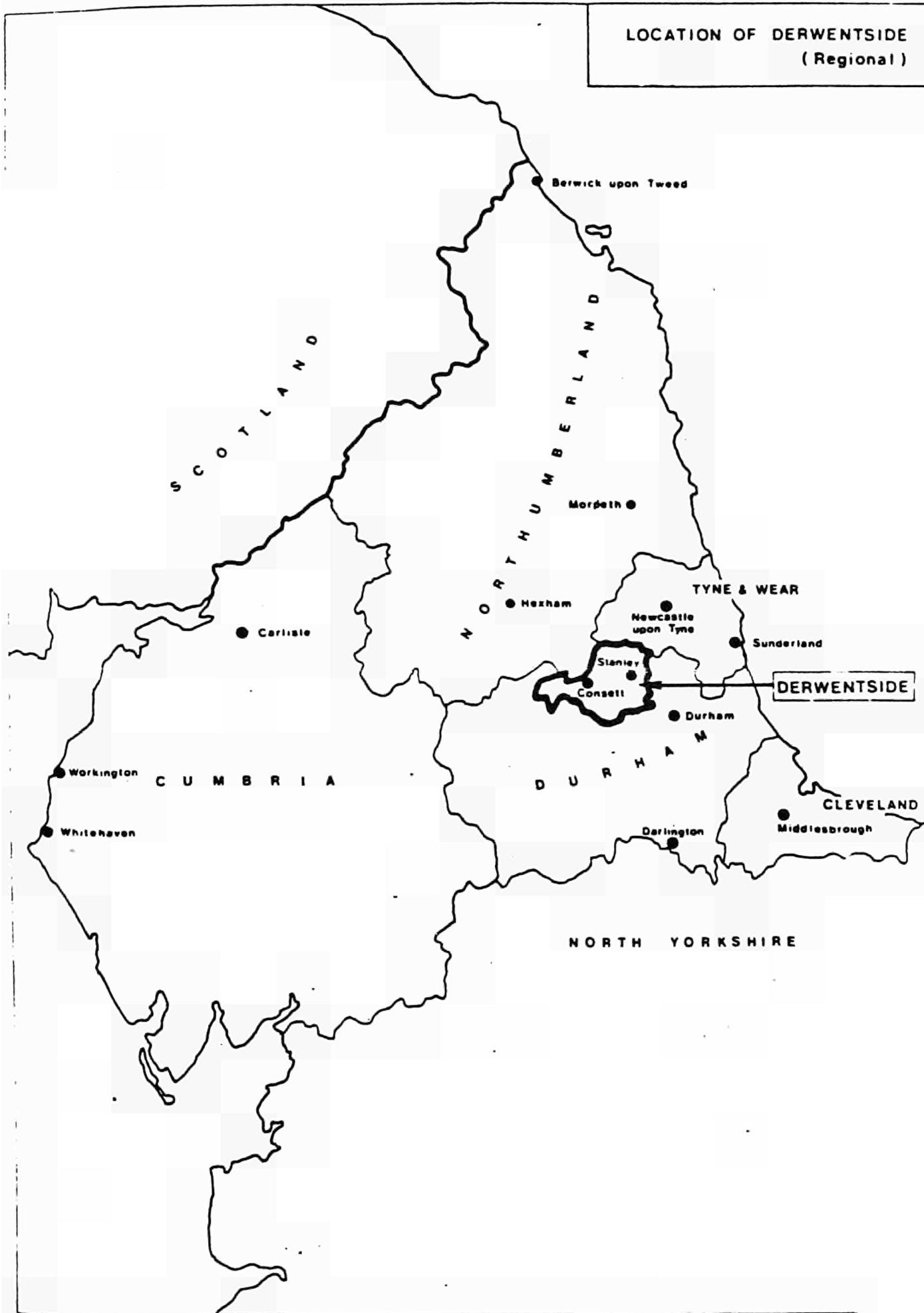
The agency

Consett and Cardiff were the only two steel complexes where there was a complete closure of the works, almost overnight. In 1980, the Consett plants closed down "lock, stock and barrel," leaving thousands out of work with little alternative job chances.

This was the second mass closure faced by the area, its neighbouring town Stanley had seen mass redundancies in the coal industry. The government had tried to attract large companies to settle in the area by offering huge incentives and facilities. One such company "came to the area and closed down three months after the steel works, other companies which had promised 600-1,000 jobs ended up employing only 100-300," said Mr. Laurie Haveron, chief executive of the Derwentside Industrial Development Agency. It became pretty obvious that this "branch plant economy" could not provide the 17,000 jobs lost through the coal and steel closures. "By the 1980s there was a complete devastation of the area's traditional industrial base and new base of the 1960s. It was felt that the area could never recover."

Haveron points to the partnership of BSC Industry and the local authority as the main agents of the new recovery. "This partnership was sufficiently far-sighted," he said. There are some 200 projects in the area, 110 new companies have been formed and existing businesses have been encouraged to work together. Some 50-60 businesses, for example, got together and formed the Derwentside Industrial Group to better expand and create new jobs.

LOCATION OF DERWENTSIDE
(Regional)



Since 1980, the 200 projects helped by the agency have created some 2,000 new jobs and by the time they complete their three-year business plans some 3,500 new jobs in total should have been created, "and that is just from the firms already here." The agency is dealing with another 100 new projects and is forecasting that maybe a third or a half "will come to maturity" during 1984.

The Derwentside Industrial Development Agency was set up in November 1982. This is an example of the type of enterprise agencies formed after BSC Industry decided that its operations should be self-financing and involve larger parts of the community. It argued that it was not "solely responsible" and other businesses in the area "should also get a social conscience." BSC Industry delivered the deadline of March 1984 saying that it would pull out unless other companies decided to help fund the agency.

The agency, which took over BSC Industry's staff and offices, now has some 29 sponsors including BSC Industry, the Derwentside local authority, the National Coal Board and 26 private companies ranging from garages to multinationals.

Getting the support of private companies was quite hard at the beginning, said Haveron. There were few large companies in Consett that had substantial profits, "there were only some 50-60 medium-sized firms struggling for survival." However, the Derwentside Industrial Group believed that the agency should continue and backed the campaign. With a promise that BSC Industry would also put some money into the new agency, contacts were made with regional companies, banks, large manufacturers and even local garages. The 26 private companies pay a minimum subscription of £500 per year. "Many also offer their resources and time. One accountants firm has offered up to three months free service a year to the agency and other companies have promised secondments."

Haveron thinks there are two reasons for the success of the campaign. "We proved that we could achieve something for the area and many realised they could get direct spin offs from any new business set up. All realised that if the area dies they would also suffer."

The agency is run by a board of 14 members, nine from the private sector. "They monitor and make the policy decisions of the agency." BSC Industry gave an initial £100,000 to the agency. This was a "once and for all payment." The district council also gave an urban aid grant totalling £15,000 a year. The agency's total budget including salaries and office expenses is around £135,000 a year. Money is also available for promotion and advertising.

In addition to Haveron, there are the three executive officers at the agency. All come from business backgrounds - one is responsible for the workshops and one of them is a seconded Barclays Bank manager. There are also two secretaries. The council's industrial development officer also works closely with the agency. Haveron said that unlike some areas, the district council and the agency work closely together - "we are not competing, we are their shop window."

The agency receives about 30 to 40 inquiries a month. Up to a dozen possible projects may result from these inquiries and a maximum of four to five new firms with an average of 20 jobs are set up a month. "Now and then we get a big project with 100-200 jobs, but this happens only about once a year." Since 1980, there have been commitments for more than 1,000 jobs per year and Haveron believes that this rate will continue "so in a few years the number of jobs lost through BSC will be slowly replaced." Most small companies are employing the area's male population - 60% of the jobs created have been for males while only 40% were for women.

However, there is no control over the wages and working conditions of these new firms. Haveron says that the agency has never done any analysis of this. All he could say was that the jobs were created by "viable companies and offered equivalent conditions and wage rates as other similar firms in the area or region." Wage rates do vary, however, and on a few occasions reports have come back to the agency of companies paying "atrociously" low wages. "If there are obvious abuses then we would make comments."

The agency does not try to put "a specific constraint on start-up firms by saying that the jobs should fulfil certain criteria. The only overall constraint we emphasise is from the commercial point of view. If we tried to put further restrictions, companies would not set up shop here." Companies are, however, "encouraged to talk to trade unions," but, "we don't insist that they have unionised labour. It is not our job."

Haveron feels the agency should create the "environment" that will enable firms to eventually operate without "artificial support." By being commercially viable, a company's wages and working conditions "will automatically fall in line with the rest of industry."

The projects dealt with by the agency range from one-man businesses to multimillion pound investments by international concerns. They may involve business start-ups, expansions of established companies or relocations.

Most of the time, however, is still spent with those wanting to startup. During the first visit to the agency the business idea is examined and if the agency thinks that it is worth going ahead then further meetings follow to develop the business plan. "If they do not have much of a clue and the idea does not seem viable we would tell them to first revise their plans and then we would help."

Most people have a clear idea about what they want to do, "the most difficult part is knowing how to market it. Financing is easier and can be learned," said Haveron. The hardest problem is breaking into a market "in a big enough way" to ensure a good enough turnover to make the company viable.

Although quite a high number of ex-steel workers have tried their luck at running their own businesses, few have chosen to set up cooperatives. Haveron said that if a group wanted to be a cooperative they would still be offered all the agency's support. But he said that "the cooperative idea has not caught on as we thought it might. Steel workers seem to want to be capitalists."

There is only one workers' cooperative in Consett set up by ex-steel worker shop stewards. Although they have received some help from the agency in the form of cash for machinery, they felt that the agency does not know much about cooperatives and gives little information on such enterprises. One of the cooperative members said that the local authority and the agency seem to be more interested in someone coming with a promise to create a large number of jobs rather than the smaller type of operations. Together with cooperatives in Durham they are now trying to establish a local Cooperative Development Agency to promote and help cooperative businesses. There are nine members in this cooperative, only four actually working. The decision to set up the business was made after it was clear "that noone was going to give us jobs." Although they say they find little difficulty with marketing they are still short "of hard cash." The cooperative manufactures "muck-stoppers," to protect the front wings of vehicles, and interior van liners cushioning the inside of commercial vehicles.

FIRMS/PROJECTS ASSISTED BY DIDA* 'MATURE' PROJECTS AT DEC. 1983 (excluding failed projects)

TYPES OF PROJECT	NO. OF PROJECTS AT DEC. '83	THOSE PROJECTS ACTIVE AT MAR '83			EMPLOYMENT FORECASTS FOR ALL DEC. '83 MATURE PROJECTS		
		No.	Actual employment creation	Average employment per project	1984	1985	1986
1. NEW BUSINESSES	103	85	882	10	1777	2028	2156
2. BUSINESS EXPANSIONS	47	28	196 (Additional jobs)	7 (Average expansion)	462	527	551
3. INWARD INVESTMENT	22	18	337	19	761	785	792
4. NON-ASSISTED WORKSHOPS	11	6	9	1.5	40	42	42
TOTALS	183	137	1424		3040	3382	3541

TABLE 3.1 (b) FIRMS/PROJECTS ASSISTED BY DIDA* FAILED PROJECTS TO MAR. 1984

FAILED PROJECTS (1979 to 3/84)	NO. OF FAILED PROJECTS	TOTAL 'JOB POTENTIAL'	Year ceased trading			
			1981	1982	1983	1984 (to March)
	27	684	6	3	12	6

Source: Derwentside Industrial Development Agency (DIDA)

- 'New companies' are new start-ups.

- 'Expansions' are existing companies in Derwentside who have made specific new investment to expand their operation.

- Inward investment refers to existing companies from elsewhere in UK or abroad who have either re-located to Derwentside or set up a separate operation (branch) in Derwentside.

*Includes those assisted by DIDA's predecessor, BSC (Industry) Ltd.

(Extract from the study "Return to Consett")

The workshops

Work on the Consett workshop, which is linked to the agency, started in November 1980, two months after the steel closure. There are two workshop complexes. The first has seven units, six of which were taken up by ex-steel workers immediately after completion. The second complex is much bigger and has 18 workshops. In the beginning of 1984, 14 of these were occupied, of which four or five by ex-steel workers.

The Consett workshops are the only ones to have a relatively high number of tenants who are ex-steel workers. But the workshop manager said that this represented only a small percentage (10-20 people) of the total 3,500 made redundant overnight in Consett. "They took them up because they were very convenient and cheap, allowing them to invest their redundancy money carefully." In addition, most of the steel workers who took up the workshop units came from British Steel's middle management.

Despite the fact that most of the workshop units are occupied, Consett has insufficient revenue to pay all its expenses. The manager is on BSC Industry's pay roll spending half his time at the workshop and half at the agency.

Business advice is offered to anyone who wants it, "we don't differentiate between other businesses and those at the workshops."

A part-time assistant has taken charge of the day-to-day running of the workshops, leaving the manager to concentrate mainly on giving business advice. "Two ex-steel managers that had set up in the workshops after the steel closure now need to expand. They want to move to the city centre. We have been helping them to draw up a business plan for the expansion." With the help of one other officer

at the agency, the workshop manager helped the group prepare a financial projection for the next three years. The computer facilities of the agency were used to help prepare this. The group can now use the plan to get a loan from the bank.

The workshop manager emphasised the importance of involving the people in preparing business plans. "They have to know what is behind the figures and how we arrived at them." The people running the business do most of the background work and the workshop manager's job "is to polish it up."

One business operating from the workshop, however, felt that the most important facility offered was "the easy in, easy out," contract allowing the company to give one month's notice. "We are not legally tied; beyond that there are very few benefits, no more than other companies."

The business members said it was left up to them to ask for advice. "They don't keep an eye on you, they leave you alone." But once advice is sought, "it is usually very good." The business concerned had asked for help in doing accounts and for its application for a BSC Industry loan to buy machinery, which was accepted. They felt, however, that despite the efforts made towards small firms, the agency "would like to attract bigger firms." Some 4,800 jobs were lost in steel and associated industries and "you can't replace those jobs overnight."

In addition to the BSC Industry workshops in Consett, factory space is also available from the district council and the English Industrial Estates which build and manage government factories in areas that private industry would not touch.

The majority of companies set up in the Consett area are in manufacturing with some in new technologies. The rest are in the services sector, many set up by ex-steel wor-

kers, doing car repairs, horticulture etc. Haveron believes that the majority of the service companies will remain small but viable. However, there are some exceptions such as the large tool-hire company and the now £1 million operation started up by a young team producing snack foods for cocktail parties.

One of the more flourishing companies set up by ex-steel workers is the Northern Home Brew firm which sells home-brew kits and is already in its second expansion phase.

One service company aiming for the luxury market said, however, that high unemployment in the area puts an automatic limit on its expansion, as few people have the necessary cash to spend on extras. However, it said that the area was starting to pick up again. With the steel-works gone "the air is cleaner," and many people working in nearby Newcastle are starting to choose Consett as their home. "Those that have jobs get good money."

Haveron said that many of the firms "freely admit that without help they would have been unable to develop their business plans and raise the necessary finance in such a short time."

Section 2.2

Making business out of unemployment
Job Creation Limited

Job Creation Limited (JCL), set up in 1980 by the previous BSC Industry chief executive Paddy Naylor, was an attempt at commercialising the BSC Industry formula of manager industrial workshops. Leaving BSC Industry to Dunbar, Naylor and his colleagues devised a package approach to job creation to be sold to large corporations or local authorities. Sales pitches were backed up by quoting the BSC Industry experience and JCL offered a system of payment by results. They would agree to carry out the operation on a cost-covering basis and if a client agreed that a certain number of jobs had been created at the end of the contract the JCL team would receive a bonus per job. JCL points out, however, that this does not always work "as in some areas there are too many agencies operating so there can be a squabble."

JCL now has some 50 staff and is operating not just in the UK, but also (since 1981) in the Netherlands, and (since 1984) has projects underway in the US, Belgium, Germany, Southern Ireland, Spain and Zimbabwe. It started life with £10,000 in paid-up capital and a £125,000 bank line credit. By 1983 its first half-year profits were some £200,000 net.

JCL said there are three ways of creating new jobs: encouraging established companies to come into the area, helping small firms to expand and helping people to set up new businesses. JCL concentrates on the last two methods.

The first part of a contract is doing a feasibility study showing how the conversion will be made and by whom, and how the workshop will function. JCL said that this was the

most complicated part of each contract. Having workshop premises is central to the JCL scheme as it provides "a central base" for the management team.

JCL usually takes over an old factory, makes the designs and converts it. These workshop units are then rented at commercial rates - and sometimes even above - to the new firms. Despite the high rents, "it still works out cheaper as most people will be able to rent the exact space they need, which is not always the case with commercial properties." Tenants are tied to the premises on a monthly basis rather than the normal commercial leases which can be as long as 21 years. In addition, the new firms would have on-the-spot advice as well as other shared facilities, such as receptionist, typists, telex and photocopying and large meeting rooms.

To pay for the conversions JCL tries to make arrangements with local firms or the local authority. "Conversions are sometimes taken on board by the local authority, sometimes by a private developer and sometimes the premises are offered by a company which has no use for the property - it is in their interest to have these premises converted even if the return is shared with the company that does the conversion."

If the conversion is done solely by JCL and the local authority, then if any units are sold on the open market, JCL collects a fee. If JCL arranges the conversions with private companies then the client would only have to pay for the costs of the JCL management team.

Contracts have come from the central government (in Belfast), regional authorities (Highlands and Islands), sometimes big companies (Philips in the Netherlands) and sometimes a combination. A new JCL project in Tyneside in the

North of England, for example, is funded partly by the local council, partly by EEC money and partly by two or three local companies.

The first thing a project manager does is to talk to the local media, banks, chamber of commerce, solicitors, accountants, "most groups that people would go to for advice and help." Even the planning department of the local authority is approached and asked to refer people whose planning permission for commercial premises has been refused. This is how JCL makes itself known in the area, "we can't find the people, they must find us." JCL works on the assumption that there are "entrepreneurs everywhere but are beaten by the system, they can't find premises or money or both."

Everybody in the JCL team has substantial business expertise. The team usually comprises two to three executives and a secretary. As it is quite difficult to assess properly local needs, one or two local people who know about the problems faced by start-up businesses are taken on and trained.

People asking the team's advice are usually from "widely different backgrounds." According to JCL the most successful at setting up new businesses are "middle to senior managers from large companies who were made redundant or have retired." The next largest category are skilled craftsmen. JCL added that there was no shortage of ideas. However, it is the JCL team which decides if a project idea is a "no-goer."

The JCL team will then work through the idea in three or four sessions and produce a business plan, the whole process lasting between three weeks to a month. They then encourage people to set up in the workshop building as it is felt "they will learn to work better through working

with other people." Marketing, accountancy and selling are the basic gaps in education and JCL has a bookkeeping or computer firm in the centre to help the tenant firms.

Usually inquiries come from two or three people, sometimes it is a group wanting to set up a cooperative and sometimes it is large companies that seek aid. JCL "does not encourage or discourage cooperatives," but it feels that "it is quite a complex organisation to get going and in many ways a business would be making life quite difficult for itself" if it chooses to set up as a cooperative.

JCL gives little advice on personnel and labour relations, "it is really not an issue." However, firms sometimes do ask and advice is then given.

Once a business is set up, the JCL team continues to monitor but "informally." As they are available on site, a business with problems would just come and see them, "this is why an industrial village is such a good idea." The businesses also help each other through inter-trade and JCL, like BSC Industry, is cautious to avoid bringing in too many competitors.

The final six months of a JCL contract are concentrated on helping the "successor organisation." Usually at the end of a contract the local authority will appoint a development worker to manage the workshops or an enterprise trust is set up.

JCL said that they charge "very commercial fees," (some contracts costing up to £6,000 - £7,000 per job), but, it argues, they can create jobs for under £2,000 each, "it depends if we have to pay for the conversion and if so, how much."

Some 8-10% of firms helped by JCL to start up fail within the first year, the success rate for new businesses being round 35%. "If a job does not last for more than two years we pay some of the bonus money back; this has happened sometimes but not often." However, no promise is made on the quality of the job or the wage rates.

One of JCL's biggest contracts has been for Philips, the Dutch electrical company, which used JCL to establish its workshop and to advise it on venture capital and small business spin offs. The project has cost Philips a relatively large sum as the bonus for each job was some 2,000 guilders on top of the funds for salaries, rents and other expenses.

The Philips project lasted from April 1982 to December 1983 and had as a target the creation of some 300 jobs. JCL claims to have created 369 jobs by the end of their contract and maintains that most of the companies set up between 1982 to December 1983 are doing well while only four or five are "shaky." The workshop in the Hague is now 92% occupied with 44 companies based there. Another 46 firms are also being helped outside the workshop. The project has been taken on by the Hague municipality and a local banker. There are five full-time staff with business, marketing and banking backgrounds and 17 temporary workers.

The vast majority of businesses created in the Hague were very small, employing some two to three people although there were some exceptions employing more than 10. Special low-interest loans from the Ministry of Economic Affairs were made and some of the people involved received social security benefits for six months while setting up - this was exceptionally extended to one year. Business varied from consultancy firms, to industrial and retail companies.

Philips brought in JCL because of a closure of one of their plants making some 400 people unemployed. With the trade unions, Philips had agreed to look for alternative work possibilities for those laid off.

Conclusions

Despite the success in the number of new jobs created by these initiatives, criticisms remain. Under the pressure to fill the gap left by the closure of traditional industries there is still a tendency to put more emphasis on attracting big firms into the area rather than developing local initiatives - this is despite the criticism of the "branch plant economy."

Despite the support structures set up to encourage workers to invest their redundancy money, the workshop and the agency's services were used mainly by those who were already in middle management - the less-skilled workers were much less inclined to set up their own firms and it is not clear if this is because of the kind of services offered, i.e., more emphasis on technical information rather than real development work, or because of an inherent reluctance to set up on their own having been used to working in "cradle to grave industries."

The cost per job created in these initiatives is often very high and there is little monitoring to see if these businesses survive once they leave "the protected environment."

The question as to the conditions of work and wage rates also remains unresolved. This can have important consequences especially as these initiatives have taken place in areas or in sectors that had very strong unionised labour.

Some have criticised the political and economic role of such initiatives, describing them as "dubious."

In the Netherlands, one of the groups commented that although JCL was hired to help Philips ex-employees to create their own jobs it only guaranteed that the fittest would survive. "They hoped to use the fact that people had no work and were willing to invest a lot of time and energy in creating their own jobs. Yet, only the strongest people will survive and the rest will go on social security." Another criticism was that "conventional businesses steal ideas from the alternative movement" and make them into a commercial success.

Section 3

Belgium

Background to the Belgian movement

The Belgian Government, like other European governments, is starting to give increasing priority to ways of combatting the rising tide of unemployment. But while the authorities examine macro-economic plans to solve the country's swelling numbers of unemployed, individuals and groups have taken the initiative to create their own jobs. These initiatives are playing an important role in regions undergoing steady economic decline.

The economic crisis in Belgium has hit worst the regions with "old" economic structures such as Wallonia. It is in regions such as this that people are most interested in "economic alternatives" which have helped create new jobs in recent years.

It is hard to estimate how many of these initiatives exist in Belgium. Although they have the potential to become an important factor in the Belgian economy, these employment initiatives are still seen as "marginal" in relation to the "traditional" economic sectors. In addition, with the number of enterprises growing constantly, the "local" nature of their activities and the frequently vague definition of their workers' jobs and pay, it is difficult to calculate precisely how many workers there are in this sector of the economy. Traditional methods of economic, legal or administrative analysis often make little headway when confronted by the "alternative" economy. To fill this gap, research groups have been created to keep track of these initiatives, offering also guidance and advice. For example, in Wallonia the Fondation Rurale de Wallonie

has supported all the initiatives in the region that contribute to economic renewal. Another body, the Centre International de Recherches et d'Informations sur l'economie publique, sociale et coopérative (Ciriec) has, from its base in Liège, been helping to promote the development of cooperatives in Belgium for many years.

In Charleroi, the Centre Universitaire (Cunic) has helped to facilitate the development of the "alternative" economy through extensive research and studies.

Statistics drawn up in December 1982 help to give some idea of the size of the movement. Some 51 "alternative" enterprises were found in Wallonia, of which nine were in the building sector, eight were industrial enterprises, four producing handicrafts, 28 involved in services and two in transport. The number of jobs created totalled 724.

Characteristics of "alternative" enterprises in Wallonia

The Fondation Rurale outlined the structure of "alternative" initiatives in rural areas of Wallonia during a meeting on 4-5 November, 1982. The information is based on a study of 44 initiatives, which created 200 jobs.

Length of establishment

Most of the enterprises are "young" (set up in the last five years), with half in existence for less than three years. The enterprises were thus established at a time of economic crisis, either as new initiatives or as a result of a bankruptcy of a traditional firm where the workers started their own enterprise to maintain their jobs and work "differently."

Legal status

There are a variety of legal structures, ranging from non-profit making associations (Asbl) and cooperatives (sociétés coopératives) to more traditional limited companies (Société Anonyme and S.p.r.l.). Most are cooperatives or Asbl. Cooperatives seem better "adapted" for production (agriculture, handicrafts for example) while the Asbl are chosen for services or promotional activities. To understand why these enterprises have such varied legal statutes, it is necessary to examine the socio-economic background of their creation, and, in particular, the economic and financial obstacles they face in setting up and establishing themselves.

The problem of funds

Financing is the biggest problem, particularly the availability of risk capital. The enterprises have an added handicap in that they do not receive any official public support. There were hopes that the funding problem could be alleviated somewhat when proposals were made to create the Société Régionale Wallonne de Développement des Entreprises Coopératives et Alternatives to promote and finance cooperatives and alternative businesses. But this idea seems to have been dropped for budgetary reasons.

However, another long-awaited scheme, this time backed by the national government, has got off the ground. It involves the creation of a fund within the Caisse Nationale du Crédit Professionnel, the bank that will manage the scheme. The fund is reserved for the unemployed. They can opt to receive a certain amount of unemployment benefit in a repayable lump sum to set up as self-employed or start a business. In order to give the person's activity the maximum chances of survival, the loan has a grace period of five years, although the interest on it must

be paid when the business starts operating. In any case the interest is low: 5% dropping to 3.5% for projects in fields defined as "preferential," such as new technologies and innovatory manufacturing techniques.

The main idea behind this project is to capitalize on unemployment benefit (the maximum loan that can be given totals 500,000 francs). If the enterprise fails during its first two years of operation, the loan need not be repaid and if after that date the enterprise has to close, the Caisse's subordinated loan will be repaid only after all other debts have been met. Should the initiative fail, the people would still have the right to unemployment benefit but before claiming again they have to wait until the benefit period covered by the sum they borrowed has elapsed. In principle, the loan should act as an incentive to banks to pump in the additional capital needed, by giving unemployed people a guarantee that they would not otherwise have had.

Following a hiccup in the start up of the fund due to problems over the linguistic representation on the management committee of the Caisse Nationale, 350 projects, out of 500 examined, have now received the go-ahead for funding. Among these there are several defined as preferential.

These loans are monitored but also in an innovative way. The loan constitutes less the simple handing over of money than the opening of an "account". The person who has received the loan deposits his/her bills and expenses with the Caisse Nationale du Cr dit Professionnel, which is responsible for paying them. The breakdown of these payments are established by the entrepreneur in the project proposal. In this way there can be certainty that the fund is financing initiatives whose viability is guaranteed through a feasibility plan and careful management.

Until this loan system was introduced, public sources of funding were nonexistent, or did not meet the needs of such initiatives.

One independent source of support has been the Fondation André Oleffe, set up by the Wallonian section of the CSC (Catholic) trade union. The foundation gives financial and technical assistance to self-managed enterprises. It also set up SAVE, one of several initiatives to create funding mechanisms for the alternative movement by mobilizing workers' savings, others being VALESEM in the Entre Sambre et Meuse area and FOSODER. But these funds cannot possibly meet the demand.

The legislative and administrative framework

One important aspect of the subordinated loans is that, by making capital available to unemployed people creating their own businesses, individually or collectively, there is now some encouragement to set up cooperatives or other types of firms rather than Asbl. "Alternative" initiatives have usually preferred to take the form of an Asbl since in this way they can sidestep the problem of the wage bill by applying for government subsidized workers. The Belgian government has devised a number of schemes for "recycling" the young or long-term unemployed whereby they are placed in public or non-profit making organisations for a year with a flat-rate allowance (CST, TCT, chômeurs mis au travail ...). However, this subsidized but precarious form of "employment" can hinder the growth of initiatives and affect their long-term economic viability and job "creating" potential.

Administrative regulations can also cause problems because the social security and tax authorities have not made provision for self-managed businesses. For example, some co-

operatives have been heavily fined because they declared their workers as salaried staff, while administrative criteria put them in the self-employed bracket. Concerning taxation, there are fewer problems as workers are always taxed on their revenues whether waged or self-employed.

These financial, legal and administrative problems hinder the growth of Wallonia's "alternative" initiatives. All the organisations in Wallonia which are helping alternative enterprises to get off the ground raised these problems. At the moment these agencies are growing in number. They can be non-commercial enterprises that offer their services, that is, Asbl that employ CSTs or TCTs, or commercial enterprises (sometimes cooperatives) that sell their services. The work of some of these groups and their efforts to create networks aimed at breaking the isolation of individual initiatives are described below (see Nouvelles Coopératives and Solidarité Alternatives Wallonnes).

The Charleroi region

This case study will focus on Charleroi because the region, which had traditional industries like mining and steel, has been badly affected by the economic crisis. The decline of the coal industry followed by the general economic crisis has led to a collapse of entire economic sectors, with disastrous effects on the region: decline of employment opportunities, exodus of the population (above all young people who have gone primarily to the Brussels region), a drying up of possibilities for foreign workers, ageing of the population, a deterioration in housing and the environment, demoralisation.

With the decline of traditional industry, "alternative" enterprises dealing in production, marketing and services have proliferated, with unemployed people getting together to start a business or workers taking over their former company that has gone bankrupt. Activities range from handicrafts and restaurants, traditional manufacturing and services to computers and caravans.

Some of these enterprises used the services of support organisations for advice and training. This case study will focus on three such organisations - Association pour le Développement à Charleroi d'Actions Collectives de Formation (Funoc), Solidarité des Alternatives Wallonnes (SAW) and Nouvelles Coopératives. All three bodies are Asbl and give aid and advice to job creating projects and initiatives.

Being Asbl, they all have similar problems with government subsidies, CST or TCT staff and collective management. But while they are all concerned with locally generated development and alternative employment projects their approach is different.

Section 3.1

FUNOC

Association pour le Développement à Charleroi d'Actions
Collectives de Formation pour l'Université Ouverte

The Asbl Funoc is a training centre rather than a development agency but it offers training of a special sort. Set up in 1977, it works with people who have a very low level of formal education and social skills, the most "unemployable" of the unemployed. Rather than training in the traditional sense, what is offered is pre-training and education for living. With employment the focus of their pre-occupations, groups of trainees sometimes come up with ideas for creating their own jobs. Funoc can help them develop the project.

There are three types of courses. The most basic ("accrochage") are really taster courses linked to people's interests (sewing, car mechanics, photography, etc.) and are intended to "hook" those people who would never think or dare to apply to more official types of courses. They will then hopefully go on to the next stage, general courses and what is called "social" education - understanding the workings of the society they live in (formation à niveau). Finally there is the training linked to employment projects, for groups that have already followed the basic courses although such training can also be provided for outside initiatives.

Funoc is currently training 1,200 people at its three centres, Monceau, Gilly, and Forchies in the Charleroi area.

Setting up of the agency

Funoc is an offshoot of the plan to create an Open University for Francophone Belgium aimed at people with little formal education who had problems of insertion into society and the world of work. However, due to financial and political problems, the university project never got off the ground.

Nevertheless, the plan inspired the regional branches of the two big unions, the socialist FGTB and the catholic CSC, to create something similar to the Open University in Charleroi but on a smaller scale.

The decision to go ahead in Charleroi was taken in a rapidly deteriorating social and economic situation with announcements of closures, layoffs and restructuring an almost daily occurrence. The little formal education and inadequate qualifications of many of the unemployed makes it very difficult to retrain them for new jobs and so works against the creation of new industries.

At the time there was in fact no institute of further education of any sort in Charleroi although the Charleroi University Centre (CUNIC) has since been set up.

Funoc has two aims: to continue the battle for the Open University and, while working towards this goal, carry out educational activities.

Finding start-up funds was a problem although small grants were given by the two ministries responsible for education (national and the French Community) and the EEC. Three people were employed initially. However, as the training programmes developed and diversified the numbers rose thanks to the granting of CSTs and larger inputs of finance.

At present, the main funding source is the ESF, plus the two ministries mentioned above and the Wallonia region. Current funding totals 20 million francs a year, not counting the CSTs.

Funoc's programmes are carried out in three centres. It rents premises at the Cockerill factory in Monceau at a reduced rate, a former school belonging to the parish at Gilly and a building belonging to the Commune at Forchies.

Structure of the organisation

Funoc was set up on the initiative of the FGTB and the CSC and they are still heavily involved in its running: the administrative council (Conseil d'Administration) is co-chaired by the regional secretaries of the two unions. Other members are a representative from Charleroi town council, one from Cunic and two from within Funoc itself - one from the course participants and one from the organisers, on occasions the director herself.

But it is the council's executive office, made up of the two co-chairpeople and the Funoc director, which take the main policy decisions: hiring staff, contacts with the local and national authorities. The day-to-day running of Funoc is carried out by the director. At present Funoc has 45 full-time workers, of which 15 have a contract of employment, the remainder being CSTs or TCTs. In addition, there is a pool of about 30 to 40 "specialists" who are used for the various training programmes. Funoc's policy as far as is financially possible is to convert the CST posts into permanent ones.

At the beginning, work at Funoc was fairly unstructured. "Everybody did a bit of everything but we soon realized that we had to structure the work so the staff knew what

they had to do, in order to make the work more efficient. If we hadn't done that we would have wasted too much time negotiating."

The structure of Funoc's organisation, therefore, is hierarchical. "The people at the top take the decisions, they are there for that, on the basis of consultations with the workforce," the director said.

Funoc also has various committees: the Coordinating Committee which is made up of the three heads of the training centres and the organisers of the training programmes; the Staff Consultation Committee, made up of union delegates and the director, which examines any problems concerning labour relations; a staff assembly, which meets every three months, "we discuss all the main problems that concern everybody. At the beginning the assembly met once a month but it was too much."

Each training programme has an organising group from which someone is chosen to head the project, "the best person for getting things done." Funoc's organisation is therefore "vertical and horizontal". In the director's opinion this form of organisation is inevitable. At one time, there was a management collective, made up of the director and the leaders of the different training projects. But after two years, the collective was dropped because it was felt that it was better to have one person identified as the "head" of the organisation, both for the internal workings of Funoc and external contacts. "It's necessary to identify one person who says yes or no. When you have several people making decisions, you have one who says yes, another no and so on. In the end you don't know where you are."

In addition to the people running the training courses, there are administrators, managers and staff for "reaching out". Formal qualifications are not obligatory for the

people running the training courses; some have them, others have proved themselves "on the job" in social/cultural activities. The remainder of the staff have few qualifications: they get basic training at Funoc and learn as they go along.

Working methods

The aim of Funoc is to offer to workers or anyone with little formal education a place where they can acquire the skills needed to master their social environment and deal with their problems. To do this Funoc has developed tailor-made courses which meet their users' specific needs, whether they be for vocational or "social" skills, or the basic educational groundwork making it possible to gain further qualifications.

These "courses" cover a variety of activities: "reaching out" by contacting unemployment offices, mothers groups, etc and holding information sessions, putting people in contact with other institutions that can better meet their needs if necessary and, last but not least, training in the strict sense of the word. This includes "taster" courses aimed at people with little motivation and "catching up" courses to give people basic knowledge in French, mathematics and the society they live in. These are aimed mainly at unemployed people. In 1983, two such courses involving a total of 400 people were organised with funding from the ESF. Finally, Funoc does training linked to specific employment projects or programmes, environmental action and the training of trainers. It is their work with employment projects that we shall examine in more detail.

Projects

One of Funoc's objectives is to help promote projects started up by local groups or that have emerged from the basic education courses. Funoc's role varies from case to case: education, legal/administrative guidance, technical and material assistance etc.

But because Funoc is above all a training body, once the projects have taken shape, it tries to steer them towards other organisations usually Solidarité Alternatives Wallonnes (SAW). "We don't want to manage projects. That's more SAW's role." For example, the group Envol followed the basic training course at Funoc and during the last phase a concrete idea for a project emerged. "We spent six weeks studying their idea and then they became a 'project' group."

The group wanted to form a small cooperative that would offer a meal service and socio-cultural activities but Funoc advised them to set up as an Asbl. During the "project training" Funoc helped them develop the scheme, analyse the various stages of the collective's setting up, the problems they would face, the development of contacts. When this work was done, Funoc sent them to SAW for management training.

Funoc's follow-up work with this group has been informal. "As far as we are concerned they have become autonomous." Funoc tries to encourage groups to stand on their own feet. "If they ask us for advice we give it, but there can't be any formal follow-up work. Envol was trained for two years, that's a long time." Envol asked if someone from Funoc could become the president of the Asbl. But the director said: "That was a mistake because the group must learn to be autonomous." Finance remains a problem but "we never give grants although we do help with pre-

mises." While Envöl had no office they used Funoc's premises for meetings and administrative work (use of the phone, typewriters etc). They now have an agreement with Funoc to provide a kind of canteen service.

"We are always being approached by people wanting to create their own jobs ... but many conditions have to be met before a group of unemployed people can set up on their own - qualifications, management skills, organisation, ability to deal with political and financial bodies ... That is not done in a day, especially with the people with whom we do most of our work who have little education and even fewer qualifications, the least equipped to do that sort of thing. We must therefore not give the idea that unemployed people creating their own jobs is the panacea for the problems of unemployment." Funoc gave the example of a group, SOS-Dépannage, which, after following some basic training, wanted to create a collective doing odd repair jobs. "The idea for the collective developed in the last, six-week phase of training. Funoc gave the technical training, as well as help for determining the feasibility of the project. The group was established in the form of a cooperative but it failed." There were various reasons for this: there were too many people (12), they had tried to get money out of the Wallonia region and the Belgian employment office ONEM but that did not work, and they met with hostility from small and medium-sized enterprises, which viewed the group as "unfair competition."

Funoc encourages the unemployed people who follow their training courses to think about new ways of creating jobs. But "we do not give them illusions." Talking about the problems of setting up a business and collective self-management, the director expressed scepticism about "the somewhat utopian nature" of the new forms of job creation. "There is almost a contradiction between economic aims and those of self management. It's an aberration to mix the

two. We live in a non self-managed society. Overthrow capitalism yes, but don't hope to create self-management in a capitalist society. Only the small, elitist cooperatives cope and even there it is debatable as to whether they are really self-managed. If the idea is to create permanent jobs, it is almost a contradiction to want to work as a self-managed collective in the existing economic, political and social structures. Unless, perhaps, it is a collective in a completely marginalised sector which is unattractive to mainstream business." The situation is made more difficult by the fact that support structures and funds are almost completely lacking.

The director thought that the proposed state fund to help the unemployed create their own jobs (now set up) was important. Funoc had tried to negotiate with the employment office (ONEM) to get benefits released in lump sums for those wanting to create their own jobs but met with refusal, not least because traditional small businesses are quick to complain about "unfair" competition. It was this kind of opposition that played a big role in the failure of SOS-Dépannage.

Power struggles and collective working are thorny problems in self-managed enterprises, whatever their statute. But the people with whom Funoc works do not perceive conflicts at these enterprises in terms of power relations. They are more likely to say "it's my job to do that, not yours... You have to probe to find out what the real problem is." All collective enterprises are more fragile than "conventional" structures when it comes to resolving problems of power. In fact, "in flexible enterprises, people feel they have 'made' something themselves and so they want to 'use' it to the maximum. What is more, everyone feels personally threatened since they have put everything they have into the attempt. This is why I do not sell the 'myth of self-management' to these people," said the director. If people

want to start up a small enterprise, "they must know that it is in their interest to define the roles of everyone and define the decision-making structures. If the organisation is ill-defined, then a leader emerges and profits from that. It is better to appoint a leader and decide on the relationship between the leader and the group."

Conclusions

"People would like an organisation that gives them a job at the end of their training. There is therefore dissatisfaction at that level; everyone here who is trained hopes to have a 'total' result, that is a job." Women are more satisfied with their training than the men. The men prefer purely job orientated training, while women are more open to socially and politically orientated training - that is training that will enrich their personal lives. These are the trends that have emerged from the surveys made by Funoc, at the end of each course, monitoring people's reaction to the training.

According to Funoc's director the problems raised by alternative job creation are huge and this kind of job creation cannot be embarked on lightly as there is the risk of falling into the "neoliberal" ideology of "everybody can create their own jobs if they want to."

"Are these jobs really long lasting? Do these new enterprises really help to create jobs? For several years now, we have seen the creation of many Asbl that use almost entirely CST or TCT workers. These are not real jobs. These initiatives are mainly in the social and cultural fields given that they are Asbl and cannot pursue commercial aims. Up to a certain point, these enterprises can help to enliven the social climate but do not create jobs."

She added that the "economic desert" of the Charleroi region will not be saved by the creation of small economic units, such as "alternative" initiatives, whose activities are in marginal areas that are not very viable.

Given the fact that the unions have a strong presence in Funoc, its ideas about job creation by the unemployed resemble to a great extent those of the unions, particularly the FGTB. The main objections of the unions to the "alternative" movement and to the cooperative movement in particular can be summarised as follows: the cooperative movement draws in unemployed people, who are victims of the economic system, and develops the ideology that the unemployed should go it alone; the movement has the tendency to create a 'second world' economy where marginalised workers have jobs with bad conditions." What is the use, the unions say, to fight for the creation of three jobs and to tolerate 300 layoffs in another enterprise? However, with the ever-growing number of unemployed and the duration of the economic crisis, the unions are beginning to change their position towards the "alternative" movement. But this opening has come at regional level and from individual officials and does not really reflect any substantial change in official national policy. Nor have local authorities given much concrete support to local initiatives despite Charleroi council's representation in Funoc. The main support for local initiatives thus comes from independent organisations active in the region.

Section 3.2

Solidarité des Alternatives Wallonnes

It is not possible to talk about the work of the non-profit making association (Asbl) Solidarité des Alternatives Wallonnes (SAW) without mentioning its close links with the Centre universitaire de Charleroi (Cunic). They complement each other: Cunic researches, analyses, and gathers information on "alternative" businesses, cooperatives and other self-managed ventures; SAW tries to "come to grips with reality" and to put Cunic's proposals resulting from its analysis and research into practice. SAW is also a place where all these "alternatives" can meet and discuss their problems. But above all it is a centre for self-help and counselling where "resource" people are available to help collectives and groups run their businesses.

By creating SAW in 1981, Cunic gave self-management initiatives in Wallonia trying to create or maintain employment, the possibility to end their isolation, marginalisation and lack of recognition and credibility.

These alternatives face many difficulties. SAW, in close collaboration with Cunic, offers them "the place and the means" to discuss their difficulties, assess them and look for solutions.

Organisation of SAW

Like any other Asbl, SAW's General Assembly of full and associate members elects representatives to an administrative council. The council meets once a month and the administrators are responsible for the daily running of the Asbl, in accordance with the aims defined by the General Assembly. These are: that SAW should be an organizing,

self-help, training and policy-making centre for alternative enterprises in Wallonia; a research and documentation centre where the problems of these groups are studied; and finally a representative body to defend the interests of the groups and cooperatives, both at European level as Wallonia's member of CECOP (the European representation of producer cooperatives) and in French-speaking Belgium.

The members of the Asbl range from businesses with close ties to the major trade union and political groupings in Wallonia, to others which have no ties whatsoever. SAW wants to be, and to remain, a centre where all the different tendencies in the alternative movement can meet and agree on action, so long as they all - and this is the common factor - stick to a self-management policy.

SAW's policy of keeping open links with the political and trade-union world posed some problems within the founding group and shortly after the creation of the Asbl two administrators left. They created a new agency, les nouvelles coopératives.

"It was a major ideological conflict. The issue was: should we look for official and trade-union recognition? SAW said yes. The others said we should disassociate ourselves completely from the trade unions while here at SAW we believe that we must support the workers' struggle, that we must not cut ourselves off from the trade unions. We tried to keep contact through trade union activists who support the alternative movement, cooperatives and self-management ventures, and who defend them within their organisations."

The same thing applies to the role of SAW in Cunic. SAW sees this collaboration as positive because it allows mutual exchange and discovery of new ideas. "It is true that Cunic is more traditional, but that does not prevent

SAW from taking up positions which Cunic could not take or would not want to." This collaboration is defined in a formal agreement.

SAW has not yet received any subsidy and without the indirect material support of Cunic it could not exist. Cunic transferred two staff members (from research and administration) to launch the Asbl and lends others from time to time when the need arises. The Cunic workers are the only two permanent ones in the team of seven: the other five, four CST workers and an ONEM trainee, joined the team in December 1983.

The SAW offices and equipment were also given by Cunic rent free since there were no funds to pay for them. Two applications for funding have been made, one to the ESF and the other to the Ministry of the French-speaking Community under its adult education programme.

Internal organisation of the work

The CST workers comprise an economist, two lawyers and a social worker. They were taken on after being interviewed by the two permanent workers. The criteria for selection were motivation and interest in the project as well as professional qualifications.

When we visited SAW, just after the CST workers had joined, the team was in the middle of organising its work. "We are still looking at how to organise the work with four new workers. All we can say at the moment is how we would like to be organised... This is what we are discussing in staff meetings at the moment." Until the CST workers came, the work was done by the two permanent workers, helped in emergencies by other Cunic staff on a temporary basis.

Without there being an exact division of labour, it seemed that specific tasks were being done by specific people. One of the two permanent staff looks after the centre's magazine, the other the administration. The CST workers will mainly concentrate on giving advice and guidance to the businesses. All the workers will take responsibility for requests relating to their particular skills and will work individually with the group looking for advice. But sometimes they will work in pairs "when the request is not precise, leading us to believe there is a basic problem in the relationship between the group members", a problem of "power" or of personnel management as it is sometimes called. "In that case I go with the person responsible for the group," said the social worker.

All the team members keep each other informed, help and advise each other. At the weekly meeting, each worker tells the others about developments in his/her work. "But in the meantime, we see each other and talk."

Counselling

SAW gets two main kinds of requests for advice or guidance. There are the one-off inquiries for advice or temporary guidance from new groups or businesses in difficulty and inquiries from groups of unemployed people wanting to create their own employment collectively. In such cases, SAW works closely with the group, examining the economic and legal conditions for managing a business collectively, what it demands from the people involved, as well as undertaking feasibility and viability studies.

This gives just the outline of the work because, as one team member said, "it is different each time, no two inquiries are the same."

Take for example a group of unemployed people. They are fed up with being unemployed and come to SAW saying: "This is what we want to do, but we don't know how to go about it." This group will meet a team-member and discuss the project. An assessment to what extent the idea has matured can be made at this first meeting. Some may be at the stage of a vague idea "to work together to set up a restaurant." Others are more precise: "there are seven of us wanting to set up a cooperative, we have this amount of money, we want to do this activity in this area...".

The group decides whether to come back or not. A group which is "hooked" comes back with its ideas worked out more precisely showing that it has thought about the questions asked, and tried to find solutions.

The next sessions get the group to plan the project and examine its environment and resources, its motivations, what it is ready to do, what it wants to offer, what means are at its disposal and what it needs to acquire and how.

Then come the feasibility and viability studies: who wants our product, who can afford to buy it, and at what price? What legal form should we take which would be most appropriate to our activity and best fit the objective of democratic control? How to draw up the statutes?

Then comes the real management training, which gives answers to these questions: what type of management, administration, financial organisation, commercial set-up should be adopted to combine efficiency and democracy? What kind of organisation of work? All these questions make up an action programme which will take several months to develop. The group meets with the trainer or trainers (generally there are two) once or twice a week in the SAW offices or at Cunic. Apart from these meetings the group works alone. This "self-management apprenticeship" begins with getting the project off the ground. By setting-up and

putting into practice the detailed action programme, the group becomes aware of all the human and economic problems involved in managing a business which are generally underestimated. This process also allows the group to reconsider some aspects of its project which have proved impossible or unworkable.

All the information gathered in this way is gradually drawn together to form a project dossier, used to look for sources of finance and back up applications. The various administrative procedures necessary to set up a business are also set in motion on the basis of this dossier.

The Envol project (see Funoc case study) illustrates how SAW works. The group is made up of four women (two ex-assembly-line workers, one ex-manager of a leather goods shop, and one who had finished secondary school) and a man (a former mechanic at British Leyland). All were unemployed when they met at Funoc. At the end of the Funoc training course the man in the team put forward the idea of creating a cooperative to organise socio-cultural events for unemployed people and run a small restaurant. From one meeting to the next (still at Funoc, the group having become a project-group and doing a training course as such) the number of those interested fell steadily until five people were left, the present team. At the end of their training, during which the group finally set itself up as an Asbl rather than a cooperative, Funoc, believing itself no longer competent to help, sent them to SAW-Cunic for management training.

This practically orientated training took place two half days a week and lasted for several months. The workers discover the reality of setting-up and running a business from the starting-point of their own project. It is a kind of self-training in the sense that the group itself finds out what it needs to know and uses this self-acquired knowledge to solve the problems of the business.

Here, by way of example, are the different stages in the action plan established by the group.

- drawing up a financial plan: the group gathered information on the prices of materials needed and the initial setting-up and registration costs;
- establishing the menus for a month. Calculating the average price of a daily menu. Working out the stock needed at the beginning and then for each week. Estimating the cost price of the various dishes;
- checking the legal ownership of the name "Envol";
- preparations to set up the Asbl, drawing up the statutes;
- preparing a publicity campaign;
- registering the statutes;
- applying for a TCT;
- applying for funding;
- notions of bookkeeping;
- relevant social legislation, contributions etc;
- visits to cooperatives in Wallonia.

Once the business is launched it must learn to stand on its own two feet. This was the case with Envoy, which got a subsidy and a TCT worker. SAW does not anticipate any monitoring but, of course, remains available to give help and advice if the group asks.

SAW also helps existing businesses when they have difficulties or need advice or support. This is the other aspect of its counselling work. Depending on the type of inquiry, the most competent member of the team works with the group to find possible solutions. If the inquiry covers more than one area different team members work together or at various moments. It sometimes happens that SAW cannot help with a particular problem and in that case it calls on its network of outside experts or organisations.

SAW's work with a group is strictly conditioned by what the group asks them to do - it does not believe in imposing a solution - but experience has shown that behind one problem may lie another. Groups may come with what is seemingly a clear, precise legal problem. The SAW lawyer working with the group on this problem becomes aware that the difficulty goes beyond a purely legal problem into the area of finance or of human relations. In fact, no aspect of business management fits totally into one category. All aspects are interrelated.

SAW workers note that the most frequent inquiries concern financial management and relationships within the group. Again the two are inseparable, because often during discussions on finance problems about power emerge. But the groups only rarely say they have "a problem about power". They prefer to say they have management problems.

As SAW does not have enough trainers to meet all the requests for help with business management and especially accounts, it has devised "an emergency training programme for managing an alternative business."

This training programme, which began in autumn 1983 with a mixed team from SAW and Cunic and funded by the Ministry for the French-speaking community, is intended for people

running or wanting to run alternative businesses and groups starting up. It consists of courses, practical exercises and help "on the ground" for all the businesses taking part.

It is rarely possible for all those involved in a self-management enterprise to undergo training at the same time and this necessarily leads to a specialisation. The idea is that "the person trained should in turn become a 'trainer' of the others." But collective responsibility for accounting and financial management can meet resistance from people with little formal education because of their "dislike of figures and calculations", reflecting bitter memories of "a traumatic school experience". Yet, if a business keeps its accounts badly or does not understand its own basic economic management, sooner or later its viability will be threatened. "If the person responsible for these tasks faces difficulties and meets only indifference on the part of the others, or an inability to understand and so cannot share the problem, the business is seriously threatened." In addition, "concentration of knowledge in the hands of one person gives power, a source of conflict."

This effort to train all the workers in an alternative business is vital. It is not so much that everyone must take turns to do this kind of job (sometimes that is possible but it depends very much on the kind of activity) but more that everyone should have a minimum understanding so that any problems arising can be discussed by all and management responsibility can be assumed collectively.

The cooperative Resimobil, producing caravans, illustrates many of these problems. Like many cooperatives in Wallonia it is a reconversion of a company that went bankrupt. It had some things in its favour: customers and a fair number of orders, an adequate stock of raw materials, state-owned premises (a long lease and a monthly rent of BF 12,000)

and favourable negotiating terms for the take-over of equipment and stock with the liquidator. But there were also drawbacks: a huge factory without insulation, which meant appalling working conditions. These conditions, never questioned by the workers when they worked for a "boss", became serious obstacles once they became the managers - too large premises meant "toing and froing" which increases costs. "When you manage your own business you realise what a quarter of an hour costs." As for the insulation, "during the bosses' time we accepted that the offices were heated but not the workshop. But when we became a self-managed cooperative and chose those who were going to be responsible (even on a temporary basis) for management and accounts, how could we accept that some people should be warm and others cold?"

Resimobil asked SAW to provide training in economic and financial management and accounts since none of the workers were able to perform these tasks.

The cooperative "compromises" between job rotation and specialisation. Versatility helps avoid concentration of power, so those doing the management and administration, also work at some stage on the assembly line. But specialisation exists as well: even if two or three workers can help with the electrical work, only one of them is a technician so his/her work is better and faster.

The workers have chosen from their numbers a small team responsible for the management. "There are those who don't feel competent, others feel insecure, others again who are not involved enough because they have not yet come to terms with the change. You can't ask everyone to be up to everything in a few months. You can't change a culture like turning a page of a book."

The management team which is learning "on the job" asked SAW to start a training programme. They need to study stock control in detail and plan the improvement and diversification of products to reach new markets and an ideal production level of 200 caravans a year. To meet orders they must have stocks in reserve which has to come from profits. All these aspects of the work are new to the workers and cause "a lot of worry and incertitude." They feel inadequate, powerless. Management training must take this human aspect into account. Besides passing on skills, training must also "reassure" the worker, convince him/her that s/he is able to take charge of this aspect of the work. This is not a simple matter and requires a lot of tolerance, understanding and confidence among the workers themselves and between the workers and the trainers.

Some facts and figures

In 1982, SAW worked with 25 alternative businesses and 18 prospective alternative businesses. It also participated in counselling and training sessions (particularly for unemployed people). In 1983, it was called in by 17 businesses. To that must be added its advisory role, its referral service to institutions which can help alternative businesses, and its "hand-holding" work with groups of unemployed people putting forward a project.

What alternative - cooperative or Asbl?

In Belgium, many groups wanting to work together choose to form Asbl (non-profit making organisations) if their type of activity allows this. Asbl therefore, play a key role in the development of "alternative businesses" in Belgium and may also be a reason for the limited development of cooperatives.

In its numerous contacts with groups of unemployed people wanting to create their own jobs, SAW has observed two different processes. On the one hand, there are the ex-unemployed who collectively create their own jobs (or who begin to do so) largely independently of government bodies, even if they have got some help in the form of a CST or a TCT. These usually form cooperatives and more rarely Asbl.

On the other hand, there are the groups of unemployed people who want to serve the public either by doing social or economic development work, or providing help for deprived people, old people... they become CST or TCT workers and are, therefore, paid by the state.

Both cooperatives and Asbl are numerous in the building sector: minor repairs, plumbing, electricity, cleaning. The comparison between them is interesting because it shows up the social and economic obstacles to creating jobs for the unemployed in Belgium. Asbl have been springing up in the last few years and are often presented in the media as "a victory in the fight against unemployment". SAW regards this as a twisting of the facts. These Asbl are comprised mainly of CST or TCT workers paid by the state to provide a particular social service. Some people talk about self-management but in reality their employment depends on the state which may or may not renew their contracts. Is it possible, in these cases, to talk about "real" jobs?

According to SAW, a distinction must be made between working towards paying your own salaries and remaining permanently subsidised by the state. CSTs and TCTs are only useful in so far as they pave the way for "real jobs". Also, in the present economic climate, the solution of "creating your own employment, more difficult but more rewarding, is probably also a surer bet, because, given the cuts in public spending, fewer 'parallel' jobs are being subsidised by the state."

Another negative aspect is that TCTs and CSTs are increasingly being used in public social services to replace normal salaried posts. So, while services are retained by the use of this cheaper labour force, jobs are being lost. This shows, once again, that the TCT scheme and other similar initiatives are primarily aimed at diffusing the "time-bomb" of unemployment and, by reintegrating a certain number of the unemployed into a semi-normal economic life, restoring a sufficiently high level of consumption.

Of course, for the people taken on and for those who benefit from their services, these initiatives are positive. Also it is true that service Asbl often develop self-management values which distinguish their employees from civil servants. An Asbl allows people to control the service offered as those living in the neighbourhood or the commune can become members of the Asbl. In short, these Asbl controlled by those working in them, can be considered as places where people can learn the necessary skills for self-management. They should be considered as temporary and a first step towards creating cooperatives with real jobs and should not be institutionalised as is happening at the moment.

SAW does not reject the Asbl formula outright because in some cases it can be useful. Indeed SAW itself is an Asbl with four CST workers and it assists groups of unemployed people to set up as Asbl. The Asbl can be the best way of ensuring the economic viability of the business in the early stages as in the majority of instances, when setting up, unemployed people are unable to gather enough start-up capital to begin paying wages. The only solution is CST or TCT schemes.

Gerموir was set up with the idea of creating jobs for women who have been totally outside the labour market and have no professional experience.

Their reality: young women, often on their own, with young children, whose only income is a social security allowance (the minimex). They are neither employed nor registered unemployed. Their lack of education and work experience excludes them from the normal economic system.

Their choice: "to create a work place where everyone feels useful and respected and where workers learn to manage their business collectively." They decided on three kinds of activity which require very minimal financial investment: cleaning offices, producing confectionery from natural products, sewing. Also there was someone with some experience ready to devote time to helping them start up. The skills could be learned "on the job", the goods and services envisaged are useful and meet a need.

Their "paradox": to create a business, which required specific technical competence and aptitudes while at the same time wanting to take on untrained workers.

Their solution: to engage five people as TCT workers "whose task was to transmit their skills to those without." At Germoir, the TCTs are used with the sole aim of helping people to create their own jobs collectively. "The idea is that the TCT or CST post should no longer be necessary." In this case, such workers are a useful tool for remedying the lack of capital when people are trying to create their own employment. The work done by these workers allows creation of "normal" jobs for others.

At Germoir, after two years of operation, there are now 11 workers, meaning that six jobs have been created.

Other aspects of SAW's work

Alongside its counselling and guidance work with new initiatives or businesses in difficulty and support for coll-

ective job creation projects, SAW encourages coordination and cooperation between alternative initiatives by organising meetings and seminars in conjunction with Cunic. A seminar they organised on the theme "from school to self-management" is a good example. This seminar produced 18 proposals for teaching self-management and led to the organisation of "an assembly of teachers concerned with self-management and of those involved in self-management concerned with teaching." Another example was organising and running a meeting between the Wallonian sections of the two big trade unions on the theme of self-managed enterprises. A third, is the preparation of a conference for autumn, 1984 with participation from alternative initiatives all over Wallonia.

The SAW workers place great emphasis on the importance of these discussions and meetings, during which all those who think and live "alternatively" can exchange experiences, meet each other and, above all, try to work out the political, economic and social implications of their action. Behind the rather vague and all-embracing concept of "alternative" are many different realities. This diversity can be a double-edged sword: a source of wealth and new ideas, it can also engender dissension and ideological conflict on the definition of "models", so exhausting people's energy and imagination. But the alternative movement is one that concerns the whole of society, not just the unemployed or the marginalised, argues SAW: "we are neither utopians nor boy scouts" says Alternatives Wallonnes, the Asbl's magazine.

SAW feels it is vital to win recognition for the movement. It would like to become a body representing and defending the interests of alternatives and new cooperatives both at the European level, through its active participation in CECOP and in French-speaking Belgium. SAW puts forward applications, lists of demands and follows them up with

the public authorities. At the last General Assembly in March, 1983, SAW decided it must "gradually become a pressure group and publicise the image of a new society emerging through alternative initiatives and link together alternative cultural and economic experiences."

For SAW, "alternative initiatives are not just a way of reducing unemployment. Alternative economic experiences have a political significance. Their importance lies above all in the prospect of a change in society through the transformation of working conditions and conditions of production." However, it will be a long haul to bring about this self-managed society."

SAW is angered by those who latch on to the alternative, self-management movement because it is fashionable. Everyone, according to SAW, is getting interested but all this flood of studies, actions and measures is being done in a very incoherent way. This is particularly striking as regards the public authorities.

SAW would therefore like to see the different "levels of government work out and coordinate their respective roles when it comes to developing alternative initiatives; consult the people concerned (the movement itself) before taking any initiative; abandon the policy of 'a little bit here, a little bit there,' in favour of a comparative study of past and present initiatives as a basis for policy."

SAW has doubts about the growing number of associations which claim to be qualified to help alternative initiatives and other businesses in the third sector of the economy study the conditions necessary for their creation (environment, feasibility, viability) and train their managers. It deplores the competition between these groups for what meagre public funding is available. Cooperation

between all these groups is urgently needed, argues SAW, and it is trying to establish itself as a coordination point for the movement.

SAW is also anxious to build up an "economic" network which will link alternative businesses up and downstream in the production process, i.e., purchase goods, equipment and services from each other as much as possible in order to build up the movement.

In spring 1983 SAW took a first step in this direction when it proposed that all the alternative businesses in Wallonia (whether associated with SAW or not) set up a "market" of products and services. Self-managed businesses were asked to fill in a sheet with offers and requests for products and services. This information was then computerised, to work out sources of supply and demand, possible alternatives and give immediate access to the information needed. This is an invaluable tool for collective purchasing, enlarging the market, rationalising services, a concrete reply to these businesses' isolation and marginalisation on the traditional market.

Conclusions

SAW has high ambitions, as is witnessed by the number and diversity of its activities. But perhaps there is a danger that its political work, defending, representing and getting recognition for alternative businesses will in the end supplant its counselling and guidance work. The Asbl is a recent creation and the structure is fragile: almost no funding, mainly CST workers. These are factors which weaken the organisation. Yet, SAW's work is vital to alternative groups. The groups interviewed which have used its services are unanimous on this point. "Without SAW we wouldn't be here still."

SAW has taken up an interesting but risky challenge in wishing to become a meeting and coordination point for the alternative movement. Consolidation of its structure, and above all, its finances seems essential if this challenge is to be met.

Section 3.3

NOUVELLES COOPERATIVES

Introduction

Under the name of Nouvelles Coopératives, a loose-knit association of cooperative support groups and individuals who had been involved in promoting and developing collectively run initiatives set up in June 1982 a "federation" of the new cooperatives in Wallonia to create an autonomous network. An Asbl named Nouvelle Coopérative, based in Mamur, was created to act as an administrative unit.

Background

One of the founder groups of the association is Chantier coopératif set up in Nivelles five years ago. It is made up of workshops - carpentry, paper recycling, transport, removal services - and provides goods and services. The main objective is the integration, through collective working, of people excluded from society.

These workshops existed already but had run out of energy and were dying on their feet until resuscitated by Chantier coopératif. The inspiration for Chantier coopératif came from Québec where some depressed areas had experienced surprising growth thanks to the creation of small cooperatives. The founders of Chantier coopératif noted that many people in the area wanted to start a project either to escape increasingly inevitable unemployment or for idealistic reasons, but were blocked by their ignorance of management and business techniques, legal procedures etc. The founders therefore decided to create a support "cell" for such initiatives, legally an Asbl but organised on cooperative lines.

Since 1983 it has been recognised by the Ministry of the French Community as an "adult education service for workers".

Another founder is Alico, the Association pour l'Informatique, la Comptabilité et l'Organisation - association for information technology, accountancy and organisation - set up in Liège in December 1979 to meet alternative initiatives' need for a common accountancy service.

Alico soon realised that while there was a big need for accountancy advice, the real problem often lay elsewhere: lack of training, bad organisation, difficulties in marketing the product or service and problems between people in the group. It was thus led into general management and now takes a hand in reconversions, marketing studies etc. Under pressure from demand, Alico has been transformed into a kind of "boutique de gestion" offering a wide range of services to all organisations in the network. Like Chantier coopératif it is part of the growing "social economy" in Wallonia.

A problem for all these alternative employment initiatives is the conflict between economics and ideals, the problem of finding a middle way between the conditions imposed by the broader but more rigid traditional economy and limited prospects in a marginal economy. Some accept compromises, others not. The position of Nouvelles Coopératives is clear: "we do not accept any alienation just as we refuse any suggestion of control by the political machine." This reflects the rejection of political ties which led to its split from SAW. To avoid the danger of "selling out", the movement has to be organised from the bottom up, they argue, rather than imposed from above by a more traditional structure. The strategy adopted by Nouvelles Coopératives has thus been the organisation of a network to create in-

formation channels and economic ties between the cooperatives with the aim of consolidating the movement at the base and promoting new initiatives.

Structure of Nouvelles Coopératives "Fédération"

The general assembly of Nouvelles Coopératives meets annually. It deliberates on the budget, the financing of projects, other major policy decisions and nominates the administrative council. The council is responsible for general policy and is currently made up of the three Asbl (Nouvelle Coopérative, Alico and Chantier coopératif) promoting the network plus representatives from two cooperatives. It meets every two or three months depending on the decisions to be taken or in response to a request from a local group. In the latter case it meets at the agency or cooperative that called for the meeting and deals with their specific problems.

Nouvelles Coopératives is self-financed in three ways. Members pay contributions, currently BF 2,400 for full members and BF 1,200 for associate member. In addition, cooperatives contribute BF 250 for each of their members; this money covers the cost of the monthly bulletin. Then there are payments for services, the scale of payment depending on whether the user is a full or associate member. But an effort is made to make the services accessible by granting preferential rates and payment facilities. One such facility is that the cooperatives can pay for the service by ceding fixed-term reimbursable shares. These shares, however, do not give rise to any rights other than financial.

Organisation of the Nouvelles Coopératives network

The creation of the network is an ambitious, long-term project, involving a three-tier organisation. The aim is to organise cooperatives by "chain of production", by economic sector and by geographical area ("pays" as they say in Wallonia). The chain will link cooperatives operating at various stages of the production process, from raw materials to finished products, enabling for example a cooperative foodstore to buy its supplies from cooperative wholesalers. The sectoral grouping will link cooperatives producing the same product or service; two are already off the ground - agro-food, spearheaded by the cooperative food store Macoop at Nivelles and carpentry/building headed by the carpentry cooperative Les Copeaux at Gembloux. The geographical grouping is seen as an additional way of forging a "cooperative consciousness" and hopefully creating a snowball effect in the locality. The network is thus a complex web and is totally different in conception from traditional, hierarchical structures. At different organisational and geographical points in this network stand the three support centres of the Nouvelles Coopératives "federation": Chantier coopératif, Alico and Nouvelle Coopérative, themselves Asbl but with the objective of setting up a viable cooperative movement.

Their work is decentralised and always organised in conjunction with one or more "pilot" cooperatives. The services offered are as follows: Chantier coopératif is responsible for training and publicising the ideas and activities of the movement. By "training" they do not mean courses as such but assistance by the team in response to a request from a cooperative. They are also responsible for producing the network magazine "Nouvelles Coopératives" which is the main channel of information for the cooperatives, carrying names and addresses, offers of work, services, recent legislation etc.

Alico focuses on the business and managerial side of development work. The idea is to create a permanent structure that can help cooperatives at the setting up stage, in temporary difficulties or which want to expand their activities. This assistance covers the drawing up of projects and the economic, commercial, administrative and technical aspects of management.

The Asbl Nouvelle Coopérative was set up to promote the network. The aim was to foster coordination between cooperatives to make them more viable by exploiting information efficiently and improving production links within the same sector. But the Asbl never managed to become autonomous and was never an effective information centre. It was thus wound up by the general assembly of the Nouvelles Coopératives movement in May this year (1984).

The sectoral organisation is always carried out via the pilot cooperatives that serve as a reference point for other cooperatives operating or setting up in that sector. For example, the cooperative Les Copeaux is the reference point for the building/carpentry sector and will participate in meetings of the Nouvelles Coopérative administrative council to discuss problems and policy for that sector.

However, some aspects of this organisation are now being put into question. One of the problems is that the network is still weak and breaks down at many points, blocking the flow of information. "We have to find the means to ensure more rapid and more frequent interaction and flows of information between the cooperatives. If Nouvelles Coopératives could finally become a despatching centre for the cooperative groups at the base, this would already be a tremendously useful role."

The support centres

The three support centres were all set up as Asbl to benefit from the CST scheme and have full-time workers. But this also has the disadvantage of a discontinuity in their staffing - it is very difficult to have a CST worker for more than a year.

Four people work full-time at the Chantier coopératif: three CST, one permanent worker. The team is made up of an accountant, an administrator, a sociologist/lawyer and a carpenter. In addition, a large part of the work is done by two part-time workers of the cooperative foodstore, Macoop, who are also members of the Asbl.

Together with eight other groups, Chantier coopératif rents rooms and workshops in Nivelles, these groups making up an umbrella Asbl called Association des Archès which is responsible for the BF 35,000 a month rent. The other groups are Macoop, a restaurant, a cooperative for recycling clothes, the Oxfam shop, a carpentry cooperative, a potter, the publishing Asbl Alter-Monde and an Asbl producing information material for cooperatives. Chantier coopératif's annual budget in 1984 is BF 1.3 million (this includes the wages paid by Macoop to its two part-time workers). Income includes a subsidy from the Ministry of the French Community (BF 100,000) and there are negotiations for further subsidies underway. Other income comes from self-financing activities such as the sale of recycled paper produced by Macoop and insulation panels produced by another Asbl. This mutual support is the practical application of the network's idea of "geographical grouping" - the spreading of a cooperative spirit in the locality and active participation in the development of the region.

The internal structure of Alico is similar to that of Chantier coopératif. But Alico has also become in practice

the "management body" of the Asbl Nouvelle Coopérative. Alico's CSTs collaborate with the Nouvelle Coopérative team and Alico seemed to be taking on the role of the main promoter of the network. This led to conflict over whether there should be more centralisation of responsibilities in the network, i.e., a more pyramid structure, or whether the emphasis should remain on decentralisation with each centre having specific tasks. These organisational problems and increasing difficulties in obtaining CSTs for the coming year (the eligibility of the project is being questioned since they are helping "commercial" organisations) mean that the network is reaching a turning point as regards the kind of direction it wants to take. A sign of this conflict was the recent resignation of one of the prominent members of the administrative council. The recently held general assembly decided in favour of continued decentralisation in the organisation of the network. As already mentioned above, the Nouvelle Coopérative Asbl was wound up and its four CST workers, who had been working there for two years, will now become employees of the Nouvelles Coopératives federation and work on the premises of Alico in Liège. The secretariat will be run by Chantier coopératif at Nivelles. Another important decision made by the assembly was that support for projects will be given much more selectively than in the past.

Counselling

As we have already seen, the network is organised in relation to the needs of its members and geographical factors. The aim is to integrate new cooperatives and facilitate the creation of new links. Chantier Coopératif is one of the coordinating centres of the network.

Chantier Coopératif's basic approach to cooperative development is pragmatic. The Asbl was launched in 1979 in con-

junction with the start-up of the pilot cooperative Macoop at Nivelles. The Asbl workers do some work in the food cooperative "which allows us to do an on-the-job apprenticeship and brings us up against concrete every-day problems". Chantier Coopératif does not give financial aid to Macoop since it does not have the means. But it did help to work out the statutes, look for contracts, (with invaluable help from producers in the region), set up information channels which led to the creation of a magazine, explain the basics of bookkeeping.

The cooperative began with second-hand materials; the shelving is made from cement blocks and planks found on building sites. A small bank-loan, which was quickly paid back, was used to set it up and to buy the initial stock. The cooperative depends mainly on members and supporters; cooperative members' shares, amounting to BF 1,200 a year, provided the start-up capital. Four years ago the cooperative had 50 members, now there are 400. Some members have bought several shares, others pay a monthly contribution of BF 100. When a member decides to leave the cooperative his/her share is repaid. At the end of each year the profits are divided among the cooperative members according to the number of their shares up to a maximum of 6% per share. At the end of the first year the cooperative was able to pay members the 6% but in the following years profits were very small.

Two years ago, the cooperative decided to open up to non-members because it was realised that paying for shares in order to buy from the shop, even as a monthly membership fee, acted as a psychological barrier to some consumers. However, members retain certain advantages; they are invited to participate in the AGM which elects members of the Administrative Council. One of Macoop's objectives is to "enable consumers to control their food-supply by becoming familiar with production processes and by being involved in running the shop".

The Council brings together the three different interest groups in the cooperative: the producers, the consumers and the cooperative workers who, as the distributors, form the link between producers and consumers. No decision can be taken without agreement from all three interest groups. The consumers and the producers are represented in proportion to the number of members in each group. The cooperative principle of one person one vote, does not apply, instead there is a rotating veto system. Each one of the three groups exercises a veto for one year. To avoid having to meet too often, the Administrative Council nominates two delegates from among the four workers for the day-to-day management. The internal work organisation is designed to "balance" the job of each individual worker. Instead of a division of labour, there is a division of the shop and each worker is responsible for the running of a section. "We alternate manual and intellectual work." For example, the worker responsible for fresh produce must order supplies, set prices, contact suppliers, arrange the displays. Some work is done jointly: operating the cash register, customer information, cleaning etc.

The principle of self-management is very important for Macoop. It has succeeded in setting up a business in which, on the one hand all workers get the same wage and share out the work, and on the other hand, the three main groups involved (producers, consumers, distributors) make joint decisions on the running of the cooperative.

Before launching Macoop, the promoters had already participated actively in several consumer cooperatives. "We still support these initiatives but most of them are still run on a voluntary basis, we think it is better to promote job-creating businesses". One such is Copdal, a consumer cooperative operating in Brussels and South-East Wallonia. Copdal is a food depot which also opens once a week to the public,

giving consumer information and explaining the management of food distribution. This may lead to the setting up of a distribution cooperative.

Macoop places great importance on the origin of the produce they sell. Two types of product can be found at Macoop. There are the so-called standard products like ordinary industrially-produced groceries, "but whenever we can, we replace them with the produce of regional producers from whom we buy directly." In the beginning, 60% of Macoop's goods were industrial products, today they make up no more than 35% of its purchases. The second type, are naturally grown products such as cereals and vegetables or local specialities such as sausages and salamis and beers, which are as far as possible Belgian and non-industrially produced. Macoop also sells recycled paper produced jointly with a specialised workshop and goods produced by cooperatives in Third World countries. "We want to be a complete alternative and offer a whole range of goods like any supermarket. But above all, we want to offer the possibility of healthy eating at a reasonable price. Of course, health food shops sell such products, but at what price? You pay for the name, the packaging." By eliminating the middle-man as much as possible, Macoop hopes to achieve its objective. But this task is made harder as alternative distributors, which are not at the same time producers, pay dearly for such a purchasing policy which often goes against the dictates of commercial logic. The problem of transport costs has to be resolved as it greatly increases costs.

As the group is responsible for an economic sector, Macoop, in coordination with the Asbl Chantier Coopératif and the Fondation Rurale de Wallonie, supports new projects such as a transport cooperative for Wallonian agricultural products. "We are not alone, some 20 producer and consumer

groups have already agreed in principle to join the project. All that remains is to work out the budget and find the funds needed to set it up."

Macoop has become well known; many people have joined it, some to do training, others with the idea of creating something similar in their own region. Two new rural food cooperatives have now been launched in Wodecq (near Ath).

Helping Macoop set up was Chantier Coopératif's first initiative. This was followed by examining the type of products and services needed by the region and working with the unemployed under the common theme: "why not create your own employment in a cooperative?" At the beginning some twenty unemployed people responded. Meetings were held to work out what they would like to do and what was feasible without imposing any ready made projects.

As a result ten unemployed people created a cooperative based on a six month CST project. At first there were problems due to incompatibility between individuals, lack of qualifications or practical experience in the group, too great an emphasis on on-the-job training, to the detriment of more in-depth training, by the Chantier Coopératif workers. The preparatory phase had to be prolonged by continuing the CST project for a further six months because the group did yet not feel secure enough to be autonomous and still needed the CST framework.

On the basis of this experience, other groups of unemployed people called on Chantier Coopératif. One was Coserdi, a service cooperative in the building sector in Dinant. The initiative came from groups belonging to the JOC (Jeunesse ouvrière chrétienne - young christian workers). The idea was to set up a cooperative for housing renovation and transformation, a sector which still offered outlets in the region.

A JOC worker, in January 1981, started negotiating with Onem to obtain a list of unemployed young people registered at the Dinant, Ciney and Beauraing employment offices. After several months of negotiations, the project was presented to the Subregional Employment Council at Namur, and 150 young people, all with qualifications in the building sector, were invited to a first information meeting: 40 young people came. They met workers from two building cooperatives, Copalgaume and Baticoop, along with the Chantier Coopératif team: 26 of them began work on a project. The Chantier Coopératif team visited the group once a week, listened to the young people's problems, looked closely at their ideas, analysed what means they had at their disposal and helped them clarify their objectives. This is described as the "guidance and consciousness-raising" phase.

At Chantier Coopératif's first meeting with the group "our team organised a management game which consisted of imagining that the activity was already under way so the future participants could work out what would be involved in joining the project." Following the management game the group decided to change the project. Chantier Coopératif used this technique to analyse different aspects of the project: economic, staffing, etc.

The first phase was completed in February 1982, 12 young people formally decided to set up the cooperative Coserdi, its purpose "job promotion and humanisation of work."

During the second phase, "research/action", the group setting up worked out what possibilities there were for a business activity. An analysis of the social make-up, potential and resources of the local area was carried out. After this, the project took concrete form.

The next stage was to launch the project, put together the necessary human and technical resources, train group mem-

bers, set up the cooperative structure (legal form, organisation, internal working, management etc). Given the size of the task, Onem excused participants from signing-on three days a week.

The campaign to sell shares opened. They estimated that start-up capital of BF 600,000 was required but collected only BF 250,000. This was enough to buy one second-hand van and two ladders. The rest of the equipment was loaned to the cooperative by members and their friends.

The early days as the cooperative found its feet were difficult. In May 1982 the cooperative took on its first job with much trepidation, there was work for only five of the 12 young people. Work is organised at the weekly meeting of the management committee, consisting of the five workers, plus two who hope to be taken on eventually and another supporting member. Two people from the management committee are elected managers for six months at a time. Day-to-day running of the business is, in this way, rotated every six months so as to avoid hierarchy as much as possible.

A second way of organising self-management is the division of responsibilities on the job. Generally the person who made the estimate, or was actively involved in drawing it up decides how the job should be organised and writes up a daily record of the work carried out. This is also the person who deals with clients and suppliers and reports back to the others. Wages are the same for everyone and are calculated on that of a skilled worker. To run the cooperative effectively on these lines the members still needed further training. So, during the first nine months, Chantier Coopératif spent one day a week with the group. Now only the accountant is still continuing follow-up work, e.g., teaching them how to do a financial statement when closing the accounts at the end of the year. Difficulties

persist, for example, economic constraints. "Our start-up capital was too small to allow us to invest in machines which would save time", which in turn meant "our free time is practically nil and through having to work evenings and weekends we have lost out in our private lives."

Each group the Chantier Coopératif deals with is different and so help given does not always follow the same pattern but varies according to the needs of the group.

There are obviously problems as a group learns to work together and run the business "We cannot resolve people's psychological problems unfortunately," said Benoit Laduron (main organiser of Chantier Coopératif) "but we keep a close eye on their progress." Some Chantier Coopératif's workers are administrators in several start-up cooperatives. "We limit this to one year because the group must learn to take charge of its own affairs."

Since 1983, the Asbl Chantier Coopératif has been recognised by Ministry of the French-Speaking Community as a further education service for workers. It has therefore been allocated a subsidy of BF 600,000 for training workers who want to create their own employment. This has made possible the setting up of a training cooperative at Flobeek: this is a de facto association of unemployed people and resource-people from Chantier Coopératif. The subsidy is given directly to the association without going through Chantier Coopératif. Now "it is completely self-managed" with three new jobs created and others are in the pipeline.

Since 1982, Chantier Coopératif, Alico and several cooperatives, have been setting up a "woodwork and building" network headed by the cooperative Les Copeaux.

Les Copeaux started life in 1982 when an individual bought a building, decided to reconstruct it in apartments, acquiring all the machinery needed for the woodwork and also a forge. The business was too big for one person so he decided to look for some "handymen". Ten people replied to his advert and together they decided to create an Asbl. They then got a CST project accepted and set up a carpentry and metal working workshop. The aim of the Asbl was to give unemployed people and pensioners in the region access to materials needed for handiwork at a reasonable price and to produce garden and other furniture in spruce wood. But the initiative was not progressing well so they decided to call in Nouvelles Coopératives. Chantier Coopératif helped draw up statutes for a cooperative to work alongside the Asbl and organised the workshops. Alico handled the accounts. As with all aid given by Nouvelles Coopératives, training was done "on-the-spot". Once a week the cooperative's administrative council (composed of the seven founding members and an administrator from Nouvelles Coopératives) meets to organise work, plan sales and estimates, work out possible help for other initiatives and collaboration with the network. "For example, when the Cooperative Cocerdi builds a wall, it calls on Les Copeaux to put in the window frames."

After Nouvelles Coopératives', and above all Alico's intervention, the Asbl has expanded and diversified. A group of three CST workers are now researching into solar energy captors and another group of three CSTs is in charge of selling the furniture produced by the cooperative. The cooperative now employs two full-time workers and, working only on the basis of orders, has a turnover of some BF 1,200,000, with profits being pumped back into research. The Asbl Les Copeaux in fact functions as a research unit of Nouvelles Coopératives to work on new technology projects which could be implemented by cooperatives.

As we have already seen, Alico offers specific services which can be classified in four categories: accounting, assisting businesses set up, training and drawing up projects. Alico's work is educational because it not only deals with the bookkeeping and various legal requirements but also makes sure the group knows how to get hold of information and imparts a minimum understanding of management skills. Accounting is seen as a tool of management rather than simply a legal obligation. The idea is to enable those taking decisions to understand what the figures mean and see them as information vital to the effective running of their organisation.

Alico has set up a computerized accounting service carrying out: bookkeeping, tax and VAT returns; social security contributions; annual financial reports.

Management services: regular financial statements, evaluation of the overall state of the business in the light of the accounts.

The services are in modules so that each group can choose which services it needs. The prices are calculated on the basis of a very competitive hourly rate. Alico does not aim to make a profit but to cover its costs. Payment is made in monthly installments for all the services agreed at the outset.

In the case of Cotrans, a building cooperative at Vottem, Alico helped at several different levels. The cooperative was already operating and employed seven people with seven share-holding members. The first two worker-managers were not qualified enough for the task and no member was trained in management or accountancy. Alico began with one visit a week. At first it gave moral support to encourage people to make decisions and take risks. People used to obeying orders and leaving others to make decisions need to be "decon-

ditioned psychologically." Alico then carried out feasibility and viability studies. During the launching phase Alico helped with legal formalities, organisation, and administration.

Of the original Cotrans' group, four decided to stay, a "natural selection", and after six months "we are not yet viable, but we have plenty of work, we have orders two months ahead." At present Cotrans' building work includes woodwork, insulation, constructing open fire-places, drawing up detailed plans and carrying them out. Cotran also plans to move into prefabricated structures.

Alico's training courses are aimed at groups (about 15 people) or individuals, and cover all business problems likely to arise: the law (1 day module), accounts (4 days), management and budgeting (2 days), the commercial side and marketing (2 days). In certain cases, and in collaboration with Nouvelles Coopératives, it carries out training on group relations, the preparation of a collective project, power relations.

Wider development work

Until now, Alico has only acted when called in by a group. But a critical examination of the projects shows that few are economically viable and that in general the jobs they create are limited in quantity and quality. The ideas of the people setting up the project are often limited by the environment they live in, the skills already acquired, previous experience. Lack of money is another major handicap. Such groups find it almost impossible to have access to credit as they lack the guarantees required by banks. In these conditions, projects tend to have difficulty getting off the ground.

To break down these barriers, Alico and Nouvelles Coopératives realised there was need for a complete action programme covering the four essential prerequisites for creating a business: people, ideas, money and better counselling services. They became involved with other groups to try and get such a project off the ground. In 1983, a meeting was held, under the aegis of the Asbl Terre and SAW (Solidarité des Alternatives Wallonnes), between NGOs (non-governmental organisations) and the alternative cooperative movement including Nouvelles Coopératives. This meeting was followed by several others which resulted in the creation of Alter-Monde and Alter-Fond. When they were launched, SAW withdrew, although it had participated in the preparatory work and was one of the main initiators of the project.

Alter-monde's purpose is to organise systematic contacts between cooperatives, new alternative initiatives and NGOs, and to inform the public about the causes of underdevelopment and the need to support development projects. An investment and guarantee cooperative was set up at the same time as Alter-monde, under the name Alter-Fond. Created through shares held by associations or individuals, this solidarity fund is held in a blocked account to earn interest, and is to be used as joint collateral by new cooperatives when looking for bank loans. The same sum can act as a guarantee for many cooperatives.

Nouvelles Coopératives and SAW both contributed technical expertise and advice during the preparation of the project. At present only Nouvelles Coopératives and one of its Asbl, Inform'action, at Nivelles, are involved. This latter Asbl is an important information tool for cooperatives and has produced an information pack "Creating your own cooperative ... how to do it", which was widely distributed and is now out of stock.

Inform'action was asked to organise the meetings of Altermonde and it also provides the secretariat. After dealing with the technical and legal side, Inform'action decided to tackle the problems of group dynamics through videos, which show a series of typical situations, acted out by the Brocoli theatre company. These videos are intended for training new or existing cooperatives which want to clarify or discuss their objectives, working methods, the relations between the members. They can also be used by "non-economic groups" because they cover general problems of group organisation, internal democracy etc.

A dispute between SAW and Nouvelles Coopératives arose from a disagreement over sharing out funding for training that had been applied for jointly. Nouvelles Coopératives participated in all the work preparatory to getting the funding but it seems that finally all the money went to Cunic (the university centre which set up SAW), "the majority of the AGM general assembly (to set up Altermonde) was made up of trade union delegates ... or people who have no ties to the cooperative movement". Whatever the truth of the matter, Nouvelles Coopératives felt used. "We find it unacceptable that cooperatives be used for the sole purpose of getting funding". Apart from the issue of funding, the conflict had other - ideological - origins dating back to the creation of the network. It should be noted that Nouvelles Coopératives still collaborate with cooperatives which have been helped by Cunic in the carpentry/building network.

Facts and figures

In 5 years Chantier coopératif has helped about 20 initiatives of which 10 are successfully operating either as cooperatives or as Asbl. By 31 May 1983, Nouvelles Coopératives as a whole had helped more than 40 initiatives re-

presenting a total of 189 jobs. The total number of jobs in the Nouvelles Coopératives network in Wallonia is about 1,500 (including CSTs).

Conclusion

The new cooperative movement is becoming an economic and cultural phenomenon which must be taken into account. Everyone seems to want to take credit for its development. Many different interests claim to be at the origin of each new business. Organisations linked to the political parties write about cooperatives starting up. As for the Ministry of the French Speaking Community, it cannot show itself indifferent to this resurgence in many ways firstly a cultural phenomenon. Outside the cooperative movement itself, things are starting to move for alternative businesses: money is promised, things are organised for them, people are paid to meet, to work with them, to help them. All of this has some positive aspects but the Nouvelles Coopérative movement are worried as to what is behind this mobilisation, believing that the cooperative movement must above all be autonomous.

The cooperative idea is not new and historically in Belgium it has been linked to the political parties. But the aim of the grassroots movement is to develop a new kind of collective which is independent of existing structures.

Section 4

ITALY

Italy has the largest cooperative movement in the EEC and the numbers of cooperatives have been growing fast in recent years. Indeed, apart from the very long established ones, most cooperatives were founded either in the 1950s in the post-war construction or in the latter half of the 1970s as the present crisis deepened and unemployment, especially among young people, soared.

More than 67,000 cooperatives of all types were set up between 1972 and 1982, the trend accelerating after 1976. Of these, more than 13,000 were producer cooperatives. But these figures, from the Italian Ministry of Labour, should be treated with caution as they represent attempts to set up cooperatives rather than the real number of those operating. Only a little more than half this official number are registered with the three cooperative associations - Lega Nazionale delle Cooperative e Mutue (Communist/Socialist), Confederazione Cooperative Italiane (Catholic) and the much smaller Associazione Generale delle Cooperative Italiane (Social Democrat/Republican). While there are a good number of cooperatives which do not choose to join one of the three associations, those registered with them represent the majority of truly operational enterprises.

These associations provide a much stronger and more complex infrastructure for their member cooperatives than can be found in other countries. They are the political voice of the cooperative movement, their "trade union", negotiating with the government and public authorities on all matters relating to cooperatives. Since 1982, they negotiate with the trade unions on a national level and have won recognition from the unions of the particular nature and special needs of cooperatives as employers.

Each of the cooperative associations is made up of a complex structure of provincial and regional committees, regrouping cooperatives of all types; sectoral associations and/or federations for each sector, organised at national and regional level, and finally unions of cooperatives, "consorzi", providing specialist collective services. The associations are self-financed, the only public subsidy being paid for the legally required two yearly revision of cooperatives' books carried out by the associations for their members on behalf of the Ministry of Labour.

However, the degree of organisation and the amount of support these structures can offer varies over the country. The movement is generally better organised in the North. Although the associations resemble each other in the way they are organised, there are individual differences. Lega is much better established in the Centre North, especially Emilia Romagna and the "red belt" generally, where it has many big industrial cooperatives. The Confederation, with its historic base in the Veneto, is stronger in agriculture, tends to have smaller industrial cooperatives than Lega and is better represented in the South.

Many of the most recent cooperatives were set up by young people following the adoption of the 285 law in 1977. This law was an attempt by the Italian government to tackle the problem of youth unemployment by providing Lit 1,310 billion over four years for youth employment schemes. This covered incentives for the employment of young people (a fixed contribution for each one taken on), the promotion and development of producer cooperatives set up by young people and the organisation of vocational training schemes linked to the scheme. By 1980, nearly 7,500 cooperatives had been set up as a result of the 285 law. The national law has now expired; some regions such as Emilia Romagna and Sicily have introduced their own youth employment laws (Italy is a semi-federal country), others have taken no steps of their own.

This surge in the number of cooperatives set up by people with little experience posed tremendous problems for the associations, especially in areas where the movement's structures are weaker. There was a high failure rate and to some extent there is the feeling that "we have burnt our fingers", as one cooperative association official put it.

But the government and unions are still enthusiastic about cooperatives in their employment strategy. Another scheme on the drawing board is the Marcora proposal, named after the then Minister of Labour. This proposal tackles another area of cooperative growth and a very problematic one as far as the associations are concerned - the reconversion of firms in crisis. The associations have repeatedly said that reconversions are not possible if there is not the financial package to relaunch them properly. The Marcora proposal involves the setting up of a sizeable fund to be used by workers forced into cassa integrazione (a state fund for paying 80% of the wages of workers "temporarily" - it can in fact last years - laid off by firms in crisis while they restructure) or by workers whose firm is about to go under, primarily to set up cooperatives. It is proposed that the fund's contribution to each cooperative enterprise set up will be equal to three times the total amount raised by the cooperative itself and the members' individual stakes, fixed at Lit 2 million each, to come out of their severance pay. Applications will be reviewed by a committee made up of representatives from the ministries concerned, the trade unions and the cooperative associations. Initiatives in economically depressed areas (still to be determined) will benefit from an additional 4% tax deduction on top of the usual fiscal concession to cooperatives.

The proposal is not yet law because when the previous government fell the bill went with it and the whole parliamentary procedure had to be restarted under the new govern-

ment. This, plus the fact that much parliamentary time has been spent on the government's controversial wages/price control decree means that the proposal, now existing in the form of four different bills each with minor variations, is not likely to become law before the autumn of 1984. If the fund does not become available, commented the head of Federlavoro, the producer cooperative arm of the Confederation, the associations would not undertake reconversions since such projects require big injections of capital and impose a heavy burden on them.

The associations have chosen carefully what reconversions they will support. Out of some 500 feasibility studies in recent years only 92 have been taken up - 85 are still operating. In his opinion, the best source of growth lies not in reconversions but services - service cooperatives having grown by 500% over the last 10 years. The Confederation in fact prefers new cooperatives as opposed to reconversions and is perhaps more open to projects presented by women and young people than, say, Lega.

The crisis has also brought about much closer links between the trade unions and the cooperative movement in recent years. In 1978, Lega and the CGIL trade union set up Coopsind, a joint structure to carry out research and development in the cooperative sector and, more recently, to implement projects. The main areas of common concern to both organisations were specified as: improving the access of young people to the labour market and taking into account their demand for "a new quality of life and work"; the Mezzogiorno - new employment in cooperatives, especially in the earthquake areas, and the requalification of workers in crisis industries with a view to future employment in cooperatives; international cooperation with developing countries (exchange programmes and two-way support). A few years later the Confederation and the Catholic union CISL followed suit and in 1982 created

Cooperlavoro composed of representatives of Cenasca, the union's national centre for cooperatives and self-management initiatives, and INECOOP, the Confederation's education and promotion arm.

These joint initiatives are still at an early stage and going through teething problems. Pulling together the different demands of two organisations is not easy, explained a Coopsind official. The union is anxious to create jobs while Lega has its sectoral programmes into which promotion has to fit.

Until now promotion has been carried out by Lega's national sectoral bodies through the regional committees. This made it difficult to do inter-regional promotion. Other Lega agencies such as PROMOS are there to assist bigger business concerns and are "less interested in social objectives". Coopsind promotes on a broader front and tries to create spaces for less advantaged groups with little capital. But it has to fight for resources and space in the cooperative "establishment". "That's not to say that the Emilian cooperatives are nasty or against young people - they know that the economic structure they have cannot be the only reference point. On the other hand, the cooperative movement cannot meet all the requests by social groups such as young people and women who want to do an economic activity."

Further support from the unions is proposed in the form of a solidarity fund for the Mezzogiorno, known as the 0.5 because the fund would be formed through workers agreeing to 0.5% of their earnings being stopped at source and paid collectively into the fund. The funds would go to create self-management initiatives with priority going to young people. The proposal originally came from the Secretary General of CISL in 1980. However, it did not win immediate

support from the rank and file. It was only in late 1982, after intensive debate at grassroots level that it was approved in principle with the stipulation that each sector should choose the exact method and amount of the contribution, with workers having the right to opt out within a set period after the signing of the national contract. The chemical workers were the only branch to act immediately by drawing up a clause for inclusion in their contract; others hesitated. Only in the course of 1984 will it be seen if the unions' membership will give full commitment to the scheme.¹

¹For further details on Italian employment strategies based on promotion of cooperatives, particularly the role of the trade unions, see "Trade Union Attitudes to Producer Cooperatives in three member states: Italy, Ireland, Britain." by J. Crowley for the European Commission (V/1715/83).

Section 4.1

LEGA - EMILIA ROMAGNA

Emilia Romagna, the heart of the "red belt", is one of the strongholds of the cooperative movement in Italy, particularly the Communist/Socialist backed Lega delle Cooperative e Mutue. The big Emilian cooperatives have great weight in the movement and a very influential role in policy-making and the allocation of resources. In the region, Lega has a highly developed and sophisticated support structure for assisting and developing cooperatives.

Lega's structure in Emilia Romagna has undergone some changes over the past year with the emphasis now on a more regional approach. Individual bodies and associations will be much more under the direction of the Regional Committee, the apex of the regional movement. This, it is said, will make it possible to implement a more coordinated international approach to policy-making and give the movement a more unified face.

One of the backbones of the structure are the regional sectoral associations. Previously they were also organized at the lower provincial level, but have now been abolished to be replaced by a more flexible structure of sectoral committees. The number of committees set up depends on the sectoral association in question and comprise representatives from the cooperatives (presidents, vice-presidents and administrative council members). If there are a large number of cooperatives, direct elections are held. The main aim of these committees is to enable the cooperatives to express their views directly and contribute to the formulation of sectoral policies and the general strategies of the movement. To coordinate this work sectoral officials are chosen by the committee in agreement with Federcoop, the services arm of Lega, and the regional asso-

ciation. The officials, whom Lega describes as "area managers", will monitor firms operating within a determined area and will have direct contact with the regional association and Federcoop. The officials are expected to be specialists rather than generalists and be responsible for carrying out regular cooperative "check-ups", the trend here being towards a "professional" approach.

The regional sectoral associations will continue their role of defining regional policy for their sector with the aim of developing existing cooperatives and promoting opportunities for cooperative development. In general, they do not offer services as such to cooperatives. Their main task is to implement marketing strategies and carry out analysis, forecasting and planning of market developments, also using outside specialists. They liaise with the individual cooperatives and sectoral committees and act as their representatives with external bodies.

The Regional Committee is in charge of the movement's overall direction and decides on intersectoral policies and programmes and promotion strategies. It also decides on the criteria for allocating resources within the movement. As is the case with any regional cooperative body, there are two aspects to the committee's work: the organisation of internal structure, and political representation of the movement.

Lega officials explained that the inspiration behind the organisation is to streamline and simplify operations with the aim of overcoming "the movement's old weakness whereby for every official there was a department and vice-versa." The idea is to set up "work teams" answerable to one department official and strengthen the ties between those working in the sectoral associations and committees and the regional headquarters.

The regional administration, based in Bologna, is composed of seven departments.

The "business planning and development" department works on projects and prepares the ground for inter-sectoral programmes. This department is the "reference point" for economic research and statistical analysis; innovative sectors, particularly ecology, information technology and energy; projects and programmes on specific themes, currently including housing, agro-food, new services, transport and the distribution network, plus "crisis points" in the movement. All questions relating to credit, finding alternative sources of finance and cooperative investment programmes come under the finance department. It monitors financial developments in each sector and is responsible for relations with Lega credit bodies (Unipol, Fincooper). The labour relations department is responsible for the implementation of national labour agreements and draws up guidelines for the negotiation of local agreements. It maintains contact with the trade unions and argues the case for cooperatives' specific needs.

There is also a public relations department, which is responsible for the documentation centre, Editrice Emilia Romagna (the regional movement's publishing house) and the monthly magazine. (Speaking of the Lega's public impact, one might mention here that there is now a cooperatively owned local television station.) Other departments deal with Lega's internal administration and financial contributions, regional legislation and the coordination of all advice and policy on taxation. Finally a general affairs section coordinates information and documentation and backs up the work of the presidency. It is also meant to be setting up a women's coordination and liaising with Federcoop and the regional associations on issues concerning women.

Federcoop

The Regional Committee and regional associations described above establish the policy guidelines for the movement - programmes, the sectors to be developed, the political stance etc. The provision of services to the cooperatives is the task of Federcoop, which has a number of offices in each province of the region.

The larger cooperatives and consortia, especially in Emilia Romagna do not seek Federcoop's services. These businesses are very large and operate on a national and even international scale and have their own resources for dealing with day-to-day business problems. Federcoop generally does not have the resources to offer the kind of outside help they might need with a major problem. In addition, the consortia offer specialised services to their member cooperatives. Federcoop therefore deals with small and medium-sized businesses. The cooperatives pay for the services by making a financial contribution to Lega in proportion to their turnover. The services can be quite basic such as accounting or more complex involving general planning.

Federcoop also has a representational role involving contacts with provincial or regional institutions. For example, if a local authority is drawing up a town planning scheme, Federcoop will inform cooperatives and represent their views.

Federcoop's offices give back-up for the everyday running of the cooperatives. Federcoop will look into the general economic situation of a cooperative about every six months to check up on its progress. It offers financial services and can act as an intermediary with banks, sometimes obtaining a slightly lower rate of interest for the cooperative. Training is another important aspect of Federcoop's

work. It surveys the training needs of cooperatives and draws up plans which are presented to the local authorities for financing as part of their training programmes. These include basic and specialist courses.

One of the most popular services is legal advice, which helps businesses with mainly social legislation and gives advice on dealing with bodies such as the national social insurance institution. In the same way, if a business has problems with the trade union there is a labour relations service. However, Federcoop would be called in usually to advise on individual relations since the basic collective agreements are negotiated nationally.

Federcoop also offers a service compiling a list of people interested in working in a cooperative. This is not for basic categories of workers which the cooperative could find itself or seek through the employment office, but "people with a high level of professional skills". Thus when a cooperative needs someone specialized in, for example, administration, Lega can pass on a list of possible candidates. This saves the cooperative having to advertise and hunt around itself. Last but not least comes tax counselling - how to draw up the yearly books most advantageously, what allowances there are available etc.

These services largely meet the cooperatives' needs, said a Federcoop representative, "especially in the field of tax and labour legislation." When they are approached by a group Federcoop's promotion office will advise them and examine the project. The first thing that is checked is the "economic viability of the project" and what sector it will be inserted into. They will also look at the "social aims" in the cooperative's proposed statutes. This, Federcoop stressed, was important since there are business and other advantages offered to cooperatives and some people might want to exploit this, although normally such a

group would not turn to one of the cooperative organisations. Most of the groups that approach them "have a serious idea of working together." Once the project is judged economically valid and the cooperative is registered, the various Lega services described above are available to give support. "But then it is up to them. We don't intervene or try to monitor the cooperative systematically. It is up to the members and workers to make the cooperative stand on its own two feet."

Obviously the transition to self-management is not easy and needs support; "all the services we offer are aimed in this direction." Training, it was emphasised, was very important in two ways - at one level to give an injection of specialist managerial and technical skills that are usually lacking at the outset. This is because "the old style of entrepreneurship is on the way out. You can't just produce in relation to your capacity - you have to look and see what type of product is needed and identify your position on the market." This has to be explained to the ordinary members so that they will understand how the cooperative needs to develop. At another level, particular emphasis is put on contacts with and training for the administrative councils which are often made up of ordinary members who are not directly involved in management. An effort is made to teach them the basic principles of personnel management, marketing, etc. so that they can understand and decide on the issues that are brought up at the council.

However, the level of involvement in the cooperative and knowledge of what is going on can be very low especially in bigger cooperatives. They are often criticised for being little different from private companies in practice. The Federcoop representative admitted there was a problem and participation had declined. The general assembly is still very important in the life of a cooperative but if

the members do not know enough to intervene effectively they can end up merely being a "rubberstamp". Lega has not found a solution to this so far; "it's a long-term effort requiring a different mentality and culture - but we are trying to do something."

As regards promotion, reconversions of firms in crisis are a particularly thorny problem for Lega and the other cooperative organisations. With a rise in the number of these firms, they are under pressure from the workers and unions to intervene and set up cooperatives. Now there is the proposed Marcora law to back this on a national scale. It is the first piece of economic legislation aimed at creating cooperatives to solve certain problems, said the Federcoop representative, who added that they basically supported the Marcora idea "on the condition that it is properly implemented and financed." The Emilian position on this issue is clear: "reconversion is only possible if there are real prospects for the firm and if there are sufficient financial resources to relaunch it. Otherwise we would only be creating assisted cooperatives which we can't and won't do. We are not an 'assistential' body." (It should be noted that the term "assisted" has a negative connotation in Italian.) Until now the government has not given the associations any concrete support to undertake reconversions or wider promotional work. So while there have been a number of cases of reconversions "they remain cases". "What we contest is the idea that the cooperative formula is some kind of magic formula that can in itself resolve certain difficulties. In fact the opposite is true - a cooperative is on the market and the fact of having set one up does not automatically make the workers into entrepreneurs."

Emilia Romagna has the strongest cooperative movement in the EEC, a constantly cited example. Here there is no question of cooperatives being seen as alternative or

marginal. "Lega has chosen to be an organisation of businesses that are not marginal. It is a sector with special characteristics contributing to the economy, the third sector. We don't see it in terms of taking what the other two sectors cast aside. For example, one of the biggest Italian building firms is a cooperative, also operating abroad." To maintain their position in the economy there is the constant search for new markets to develop. Lega makes a conscious effort to expand into sectors such as new technologies, the environment and energy. They set their sights high although they modestly admitted that a few sectors such as aircraft construction were beyond their reach but in areas like this "the whole Italian economy is marginal anyway."

Asked why the cooperative movement is so strong in the region, they denied that there were any "special factors" or that it was a "purely left wing thing". It is true however, that the alliance with local governments of the region is an important factor. "There is a shared platform of social policy. We are two parallel realities that in growing have provided mutual support for each other." Not, they hastened to add, in an "underhand manner", it was a question of a "political climate". "In the choice between private speculators and cooperatives they (the local authorities) made a political choice. Proof of this is the fact that the other cooperative associations are also strong in Emilia Romagna."

The three cooperative associations have a fairly close working relationship, they reported. At national level all three have taken a common stand on the Marcora proposal, for example. In Emilia Romagna, a regional law on cooperatives is now at a fairly advanced stage. All three "centrali" managed to agree on a common text which was not easy but it was important to unite their forces in the face of criticism from the private sector. The regi-

onal presidents of the organisations meet occasionally and in particular circumstances the three have also created "unitary" cooperatives. As well as the different ideological labels there are practical policy differences. In the industrial sector Lega's policy is to set up big cooperatives while the Union (Confederation) is still prepared to set up smaller ones. In sectors such as agriculture where the Union is particularly strong it is easier to make joint initiatives. "Obviously there are political differences but on a practical level much is done in harmony. Indeed, in our congress documents we continue expressing the hope that there will be a new organic unity in the cooperative movement." But current political tensions in Italy mean that this is not likely in the short-term.

There have also been attempts to "export" the Emilian model. Since the 1981 earthquake there have been a number of examples of twinning with cooperatives in the less developed south. "We had already been thinking about this before, but the earthquake provided the occasion. In fact Lega has been talking for the last 10 years about how to export the Emilian model to other regions of Italy." However, in some ways this had been a mistake, it was felt, and problems had arisen from the idea that the same conditions for development could be created elsewhere. Some initiatives such as the twinning between building cooperatives had proved a success, however, with many benefits for the southern cooperatives. "There has been a development of cooperatives there unthinkable a few years ago."

The government is now proposing to encourage more cooperatives in the south, especially involving young people. But while agreeing with the principle, Lega fears that this could lead to a lot of failures and points to the experience with the 285 law which led to a wave of young people's cooperatives. Many of these young people, Lega offi-

cialists explain, did not have a clear idea of what they wanted to do. Graduates with no experience of farming had taken over uncultivated land which was difficult to make a living off anyway without the necessary skills and equipment. This posed a problem even in Emilia where the cooperative movement has very strong structures. In the south the failure rate was extremely high. "There, out of 100 perhaps as many as 95 went down, but here only 60 went down." They would prefer to see existing cooperatives reinforced and encouraged to take on young people. "But in any case, new cooperatives can only be created when a place on the market has been identified."

Facts and figures

The regional Lega in Emilia Romagna has started drawing up detailed analyses of economic trends in the cooperative movement and comparing them with trends in the regional and national economies. An information system, "Osservatorio sui bilanci e sulla congiuntura" has been set up based on surveys of the cooperatives' yearly accounts, employment and membership figures, and a half-yearly analysis of economic trends. Lega aims to provide figures on the main economic variables for cooperatives and at the same time define suitable indicators for business analysts to use as a basis for comparison between groups of similar cooperatives. The system is still being built up and the report on 1981-82 was only published in late 1983.

In 1981, the cooperative sector was still in a phase of economic growth but the Emilian economy as a whole was also resisting the recession starting to hit the rest of the country. Nationally the economy shrunk - the slide in agriculture (-2.8%) and industry (-0.7%) was only compensated by the growth in the tertiary sector (0.9%). In contrast, the Emilian gross product grew by 2%, a growth rate

beaten by only two other regions - neither in the industrialised north. This relatively good showing was mainly due to Emilia's strong industrial sector. Lega's comparison between the cooperative sector and the overall regional economy on the basis of turnover but especially value added is very flattering to the cooperatives (+26.7% against 18.8%). Lega is careful to point out, however, that a comparison in real terms, net of inflation, significantly alters the picture. Inflation was by no means uniform and was particularly significant in the building sector which makes up a big proportion of the cooperatives' aggregate. On this basis, the cooperative advantage compared to the regional economy as a whole is eroded. Another point to note is that while industry is the strongest sector of the regional economy, it is the tertiary sector where cooperatives are growing the fastest.

The figures for 1981 also confirm that cooperatives are stable employers. While in the region as a whole employment was starting to decline (-0.4%) despite some economic growth and increased employment in services (+1.8%) and the public administration (+1.5%), Emilian cooperatives were still hiring: +0.4% in manufacturing, +2.4% in services, +7.9% in consumer cooperatives. Even in agriculture the number of permanent employees rose by 0.9% against a fall of 6.8% in the region as a whole.

In the second half of 1982 the recession reached Emilia Romagna as well. Industry was still holding up better than in other parts of the country but other sectors suffered as much if not more. Over this period Lega made a survey of 160 cooperatives in agriculture, manufacturing, building and services (excluding distribution). Although some sectors still had cooperatives that were bucking regional and national trends there was a general slowdown in productive activity showing a trend towards recession in the cooperative movement for the first time in a decade.

Asked for their opinion on the state of the market, cooperatives in dairy and meat processing, wine producing, plant installation, cleaning and delivery services judged the situation as "normal". A negative evaluation was expressed by cooperatives in road haulage, catering, typography, furniture/carpentry and, above all, the building and engineering sectors.

As regards turnover, four sectors managed a growth of more than 20% - dairy and meat processing, wine producing and delivery services. A further four - animal feed/milling, plant installation, graphics and catering - had increases varying between 10% and 20%. Increases in turnover below 10% were recorded by transport, cleaning, furniture and engineering cooperatives. For the building cooperatives the indicator chosen was the number of contracts in hand - down 15% between the second half of 1981 and the second half of 1982. In agriculture the variations in turnover were recorded on an annual basis: market gardening and livestock production put in a big increase (28% and 25% respectively) but cooperatives in arable farming managed only 13%.

Overall employment in the cooperatives dropped over the six-month period. Of the some 24,350 jobs at the beginning of the period, almost 300 were lost (-1.2%). The biggest losses - between 2.5% and 3% were in the building, meat processing and wine producing industries. Other manufacturing industries also shed jobs with dairy processing an exception. However, in the region as a whole, employment in industry was down by more than 4.5%. The situation was brighter in the service cooperatives with a slight drop in road haulage but stability in catering and delivery services and a significant increase of employment in cleaning. Days worked in agriculture were down by between 3.5% and 13.2% compared to 1981 with the exception of distribution of market garden produce.

The cooperatives forecasts for 1983 were not too pessimistic; those with a healthy turnover in 1982 were predicting substantial stability while those in difficulty such as building were looking forward to an improvement. An exception was the engineering sector, which saw demand both in Italy and abroad continuing to fall. Fruit and vegetable growers were worried about the future of the market in view of EEC enlargement. Employment was expected to remain stable except in the building cooperatives where more than 40% of the cooperatives surveyed forecast job losses. The only sectors which expected to take on more workers were catering and delivery services.

Views of the Cooperatives

At first glance Lega's structure in Emilia Romagna has the appearance of an impressively well oiled machine. But despite, or maybe because of this, there are many criticisms of what it has to offer and conflicting ideas on what its role should be. Economic crisis has reared its head even in this relatively well off region and parts of the cooperative movement here are feeling the pinch for the first time in ten years of expansion.

A sign of the times was the imminent collapse of a large printing cooperative in Bologna and demonstrations by the cooperative's workers outside Lega headquarters. The cooperative argued that it had been the victim of policy errors by the leadership of the movement which had sent in the cooperative's managers over the last nine years. The movement was accused of adopting "a purely employers' logic" in dealing with the crisis - cassa integrazione, staff reductions, shifting workers between cooperatives and even closures. Lega officials replied saying that many cooperatives had become "complacent" and "had not moved with the times."

Many of the bigger cooperatives would like to see Lega becoming a much more "businesslike" organisation. The Vice-President of a big catering cooperative commented that while Lega structures could do a lot for cooperatives starting up, they had little to offer for the bigger ones that had expanded fast in the 1970s while Lega had remained static. Lega was a political force that protected their interests but did not prospect the market and help them develop and consolidate. He was anxious to see the reorganisation of Lega going ahead faster with much more emphasis on "responding to market requirements".

At the other end of the scale, a small women's cultural cooperative complained that cooperatives like themselves had a difficult time gaining acceptance. It had taken them one and a half years to get started up because of lack of support from Lega, which did not regard the initiative as a profitable undertaking. "We were told quite bluntly by Lega, 'we don't want any dead wood'." Although the cooperative is now operating and has carried out a study for Lega and research and training programmes for local authorities, they felt that Lega did not do enough to encourage its own cultural cooperatives by giving them work, turning instead to outside institutes and universities. "The situation is very, very difficult for cultural cooperatives here." This cooperative suffered from the common problem that public authorities are very slow in paying up. "Of the Lit 30 million we earned last year, 20 million is still owed us."

Il quadro economico nel 1981 e nel 1982

Indicatori macroeconomici

	1981-82	1980-81	1979-80
Valore aggiunto e P.I.L. (Variazione % su valori a prezzi costanti)			
Agricoltura, silvicoltura e pesca	- 2,5	- 0,1	+ 4,0
Industria in senso stretto	- 1,4	- 0,9	+ 4,7
Costruzioni	- 2,2	+ 1,0	+ 4,0
Servizi destinabili alla vendita	+ 0,9	+ 1,2	+ 4,2
Totale beni e servizi destinati alla vendita (al netto dei ser. bancari imputati)	- 0,5	+ 0,2	+ 4,3
Prodotto interno lordo	- 0,3	+ 0,1	+ 3,9
Occupati (Variazioni %)			
Agricoltura, silvicoltura e pesca	- 5,6	- 3,8	- 2,8
Industria in senso stretto	- 1,9	- 1,4	+ 0,6
Costruzioni	- 0,9	+ 1,8	+ 1,1
Servizi destinabili alla vendita	+ 2,5	+ 2,7	+ 2,3
Investimenti (Variazioni % su valori o prezzi costanti)			
Agricoltura	- 6,6	- 4,3	+ 1,3
Industria	- 10,5	- 3,4	+ 14,9
Servizi destinabili alla vendita	- 3,5	+ 2,8	+ 8,9
Prezzi (Variazioni % degli indici)			
Costo della vita	+ 16,3	+ 18,7	+ 21,1
Prezzi all'ingrosso	+ 13,9	+ 16,6	+ 20,0
Costo di costruzione di un fabb. resid.	+ 17,5	+ 22,9	+ 15,0
Prezzi dei beni di investimento	+ 13,9	+ 19,4	+ 18,3
Deflatori del valore aggiunto (Variazioni %)			
Agricoltura, silvicoltura e pesca	+ 17,1	+ 10,9	—
Industria in senso stretto	+ 17,2	+ 13,1	—
Costruzioni	+ 17,9	+ 22,3	—
Servizi destinabili alla vendita	+ 17,1	+ 18,7	—
Prodotto interno lordo	+ 17,5	+ 18,4	—

Cooperative e base sociale

Settore	Cooperative Lega	Cooperative Censite	SOCI 1981	$\Delta\%$ $\frac{81}{80}$
Agricoltura	664	413	161.206	+ 2,3
Produzione e lavoro	216	182	30.176	+ 2,7
Servizi	242	184	22.133	+ 7,5
Consumatori	42	21	277.878	+ 11,1
Dettaglianti	54	40	6.922	- 1,8
Culturali	91	51	3.921	+ 1,2
Turismo	37	17	4.500	+ 10,3
Altre	465	112	154.755	+ 2,1
Totale Lega	1.811	1.020 (1)	661.494	+ 6,6

$\Delta\%$ = Incremento percentuale

(1) Le cooperative escluse dall'osservatorio sui bilanci sono generalmente unità molto piccole che hanno strutture contabili inadeguate alla metodologia adottata nell'indagine. Inoltre è stato escluso il settore Abitazione in attesa di definire criteri d'indagine appropriati e schemi d'integrazione con gli altri settori produttivi.

Volume d'affari (2)

Fatturato Settore	Previsione 1982 (in mld. di lire)	$\Delta\% \frac{82}{81}$	Consuntivo 1981 (in mld. di lire)	$\Delta\% \frac{81}{80}$	$\Delta\% \frac{80}{79}$
Agricoltura	2.306	+ 23,4	1.869	+ 20,1	+ 26,0
Produzione e lavoro	2.108	+ 12,9	1.866	+ 23,3	+ 32,6
Servizi	642	+ 11,4	576	+ 28,0	+ 57,0
Consumatori	602	+ 31,2	459	+ 36,8	+ 31,6
Dettaglianti	342	+ 26,6	272	+ 25,9	+ 22,7
Culturali	12	+ 28,6	9	+ 35,0	+ 47,0
Turismo	34	+ 27,6	27	+ 65,5	+ 37,5
Altre	276	+ 11,8	247	+ 20,5	+ 19,8
Totale Lega	6.322	+ 18,7	5.325	+ 23,8	+ 31,9

(2) I valori del fatturato attribuiti ai settori nella tab. n. 2 sono diversi da quelli risultanti dai conti economici di settore perché i primi sono stime, calcolate per inferenza statistica facendo una proiezione dei dati del campione tenuto conto della sua incidenza sull'universo rilevato nel 1979.

Mancano i dati dei valori del consorzio interregionale delle cooperative di consumo (C.I.C.C.) e dei consorzi di produzione e lavoro per evitare duplicazioni nel volume d'affari. Ciò comporta una lieve sottovalutazione relativa all'attività produttiva del C.C.P.L. di Reggio e al valore aggiunto di tutti i consorzi per l'attività di servizio (complessivamente circa 70 miliardi nel 1981).

Occupazione

Occupati fissi Settore	Previsione 1982	$\Delta\% \frac{82}{81}$	Consuntivo 1981	$\Delta\% \frac{81}{80}$	$\Delta\% \frac{80}{79}$
Agricoltura	9.237 (3)	- 1,2	9.350	+ 0,9	+ 4,7
Produzione e lavoro	31.496	- 2,7	32.370	+ 0,4	- 0,5
Servizi	12.230 (3)	+ 0,5	12.170	+ 2,4	+ 7,3
Consumatori	4.939	+ 10,9	4.450	+ 7,9	+ 27,1
Dettaglianti	873	+ 1,6	860	+ 0,5	+ 22,7
Culturali	308	+ 2,7	300	+ 3,3	+ 18,0
Turismo	196	+ 3,1	190	+ 8,5	+ 4,2
Altre	1.886	+ 0,9	1.870	+ 3,0	- 0,4
Totale Lega	61.165	- 0,7	61.560	+ 2,1	+ 3,8

(3) I dati del settore agricolo sono da considerare con cautela in quanto la classificazione dei lavoratori fissi nella conduzione terreni avviene al raggiungimento di 180 giornate di lavoro annue pro-capite. Il calcolo corretto degli addetti fissi equivalenti non è sempre possibile per la mancanza di dati sulle ore lavorate. Nel settore servizi, per quanto riguarda l'autotrasporto, non c'è omogeneità con gli anni precedenti nella classificazione dei lavoratori autonomi soci delle cooperative.

UNIONE REGIONALE EMILIANO-ROMAGNOLA
DELLA CONFCOOPERATIVE
VALORI STIMATI AL 31.12.1983

<u>Settori</u>	<u>Cooperative</u>	<u>Soci</u>	<u>Addetti</u>	<u>Fatturato</u> (miliardi di lire)
Agricolo di produzione	221	8.143	1.061	106
Servizi agricoli	240	26.395	767	410
Pesca	5	774	18	17
Forestale	45	1.203	312	8
Macellazione carni	29	7.048	898	379
Lattiero caseario	630	34.335	2.379	1.219
Vitivinicolo	54	19.403	594	191
Ortofrutticolo	59	13.037	3.650	513
Totale settori agricoli	1.283	110.338	9.679	2.843
Produzione e lavoro	185	4.022	3.675	319
Abitazione	373	24.839	43	311 (1)
Trasporti-servizi	50	2.043	2.157	56
Consumo	72	33.348	273	72
Dettaglianti	18	1.796	203	126
Mutue	15	3.415	13	--
Culturale	116	6.626	92	6
Turistico	66	3.981	103	8
	2.178	190.408	16.243	3.741
Credito	45	19.105	1.015	2.009 (2)
T O T A L E	2.223	209.513	17.258	5.750

(1) valore appartamenti costruiti nell'anno

(2) monte depositi

SITUAZIONE AL 31.12.1983

S E T T O R I

PROVINCIA	AGR	ABT	P/L	TRS	CONS	CRD	CLT	MISTE	TOTALE
BOLOGNA	14	49	3	11	1	1	2	-	8
FERRARA	20	19	9	1	1	-	-	-	5
FORLI	28	47	21	5	3	1	88	10	20
MODENA	5	22	6	-	-	-	2	9	4
PARMA	30	13	4	-	-	-	3	-	5
PIACENZA	9	3	1	-	-	-	-	-	1
RAVENNA	66	9	6	-	-	1	61	2	14
REGGIO-E.	2	11	2	-	-	-	-	-	1
TOTALE SETTORE	174	173	52	17	5	3	156	21	601
TOTALE SOCI	86.650								
TOTALE (Fatturato 396.000.000.000)									

ASSOCIAZIONE GENERALE COOPERATIVE ITALIANE

FEDI IONE REGIONALE EMILIA-ROMAGNA

Section 4.2

CAMPANIA

Recent trends show that cooperatives are growing faster in southern Italy than in the North. Estimates put the number of cooperatives in the region of Campania at the end of 1981 at almost 12,000 out of a total of 125,723 in the whole of Italy (all types of cooperatives). The cooperative "birth rate" has risen all over the country as a result of reconversions of firms in crisis and the incentives given under the 285 law for young people setting up cooperatives. But these official figures do not give a realistic picture of the cooperatives actually operating.

The main sector in Campania is, not surprisingly, agriculture. The old cooperative movement of 20-30 years ago was almost exclusively agricultural, born out of the struggle for land reform in 1946-49. Only recently has it become more diversified with agro-industries, services, mass catering, transport and producer cooperatives.

Producer cooperatives are smaller and weaker than in the North. Many of the manufacturing cooperatives are formed in traditional industries in crisis such as textiles, where workers have been banding together to save their jobs. Here there is the problem of "up-grading" the products or services of these cooperatives and making them more competitive. A "younger" and poorer cooperative population also presents problems for the region's cooperative associations, themselves poorer and less well equipped than their counterparts in the North. Cooperative "culture" is not as deep-rooted as in the historic birth-places of the movement, Emilia Romagna and the Veneto; the movement is less cohesive, the offices of the associations are often far apart and communications are bad outside the more developed areas of Naples and Salerno.

Another limitation on the strength of the associations and the assistance they can give is the fact that many cooperatives (more than half) do not choose to join one of the associations. The reasons for this seem varied; some see them as too "official" and prefer to keep their independence, others find the members' financial contribution, however minimal, too high, especially if the services received in return are regarded as inadequate.

As in other regions, there is a regional law for the promotion and development of cooperatives, dating from 1977, but it seems to have had little impact. The Regional Consultative Council on Cooperatives (Consulta), set up under this law and including representatives from the cooperative associations, has never met. The law also provides for the inclusion of cooperatives in the region's economic development programmes. But in practice regional policy has remained haphazard. The general complaint is that intervention bodies, training programmes and aids remain badly structured and ineffective. There is no centralized coordination or information, making assessment of the situation very difficult. There are no direct channels between what is proposed in the regional legislation and those who are meant to benefit. "If someone wants to know how many cooperatives there are, what laws, how much money has been spent on cooperatives, what types of cooperatives there are, then most of the figures are available. If you want to know what happens afterwards to all these cooperatives and all this money, then you will have a great deal of difficulty," commented a regional official. In principle, the region had a policy to promote cooperatives but in practice acted fairly blindly, he said. There is little information on the survival rate. A particular problem here are the cooperatives set up under the 285 law, many of them were very fragile and collapsed quickly. There is also the problem of avoiding overlapping and competition between the associations. Even the assistance given tends to be mostly administrative and legal. "It's all very bureaucratic."

There are various forms of public assistance for the different sectors. In agriculture, for example, there are development boards, but such aid is usually not specifically formulated with the needs of cooperatives in mind. There are some exceptions such as the law for the commercial sector providing technical assistance for small firms. Here it was specified that aid for cooperatives was a priority.

There have been a few occasions when the region has been forced to intervene directly when public firms were threatened with closure and occupied by the workers. The region authorised the workers to form a cooperative but there is no systematic action of this nature.

Again and again, the problem of finance and inadequate credit facilities was brought up. Banks do not lend without guarantees and this is also true of the special cooperative lending facility at the Banca Nazionale del Lavoro (BNL). The bank naturally tends to favour cooperatives with the soundest base and the best prospects, and these are often the bigger northern cooperatives. "Out of say, 100 loans, 80 go to the strong areas and only 20 to the weak ones, i.e. the Mezzogiorno. Many of our cooperatives are not able to offer guarantees and so cannot even apply." Or again, "unless there is a fund giving credit on the basis of sound projects rather than real assets, workers cooperatives, whose main capital is labour, will never benefit. Otherwise it goes to those that already have capital, some of which are cooperatives in name only. Examples being building cooperatives created upstream by contractors to benefit from advantages given to cooperative firms such as tax concessions."

There was a consensus of opinion that all these "strings" needed pulling together to avoid a dispersal of energy. Proposals included an up-to-date register of cooperatives

and a regional centre for coordinating information and activities. More specific training for cooperatives and better planned courses was a frequently made demand.

The cooperative associations in Campania

There are many similarities in the way the associations operate and the assistance they can give a cooperative setting up: an explanation of the principles of the cooperative movement, dealing with the legal and bureaucratic formalities, insertion of the cooperative into the sector and the appropriate sectoral groupings etc. But their resources are more thinly spread than the associations in the North and they can offer less technical assistance and follow-up. We shall here concentrate on how the two biggest associations, Lega and the Confederation, view the problems of promoting and assisting cooperatives in Campania.

Confederation Campania

The Confederation has a broader-based organisation in Campania than Lega - five offices, one in each province, compared to Lega's two, reflecting the Confederation's greater penetration in the South. However, the four provincial offices - Salerno, Caserta, Benevento, Avellino - are very small compared with the regional seat at Naples. It is only here that a fairly full range of basic services are offered.

There are four main departments, one of which deals with the administration, contributions from the cooperatives, etc. Another two are aimed at helping cooperatives in the initial stages. One, the social planning department, has become very important, at least in Naples. Operating on

the principle that the huge numbers of unemployed in Naples are potential members of workers cooperatives its job is to keep in contact with them and help develop projects to set up cooperatives. Four cooperatives have been formed in this way including one of elderly people.

When a cooperative is setting up it becomes the responsibility of the economic planning department in charge of all the various sectors: agriculture, consumer, manufacturing, building and housing, transport, fishing, tourism, cultural. The department will help the cooperative fulfil the various requirements of the sector, ie. legal and technical provisions they have to comply with; and help it join the appropriate sectoral groupings.

The fourth department deals with the whole range of basic services - legal advice, accounting, finance... The Confederation is trying to improve and coordinate these services. For example, like any other business, cooperatives need an accounting system. The Confederation is drawing up a plan for a more standardised accountancy system for all cooperatives, facilitating the auditing. Although auditing criteria are established under Italian law, there is a great deal of subjectivity in any assessment. The new system would "homogenize" this and form the basis for consolidated accounts, making it possible to have a clearer picture of the situation in each sector, they explain.

Lack of adequate information was a problem for the Confederation. They do not have the means to gather the information needed to get a clear idea of the movement's "global assets" in the region. "We need to know if it's possible to set up, say, two transport cooperatives here or an agricultural cooperative there because at present you sometimes get a situation where one cooperative ends up competing with another. There is no planning of development here, everything is left to spontaneous action."

The Confederation said that the crisis had not made them adopt a specific policy on promotion: "We look at each case realistically".

Like many others, the Confederation insists on the need to gather facts and figures on every sector on which to base regional plans, and to set up a regional centre, a "laboratorio territoriale" of the cooperative movement to collate and process this information. The cost of doing this, they argue, would be more than compensated by avoiding mistakes and waste at the planning stage.

As mentioned above, a reasonable level of services can only be maintained in Naples. The association would like to broaden its scope further afield not just at the level of the province but put down roots much more locally. Ideally, explained the President, they would like to set up 45 "comprensori" or district offices covering much more manageable areas. He gave the example of the province of Salerno where members of a cooperative in the south near the border with Calabria would have to travel more than 300 km to visit the Salerno office. "If we don't manage to set up the district offices, we shall never succeed in having a direct, on-going contact with the cooperatives." The chances of getting them off the ground in the present circumstances, however, are slim due to the lack of money. "For example, we used to produce a magazine to keep people informed on what was happening but we can't even afford this now."

Lack of funds is also an obstacle to training. The Confederation runs a training centre in Naples but the scope is limited. The region should be their main partner here but bureaucratic wrangling and Campania's own financial difficulties means that little can be expected from this quarter. "To give you an idea, the ordinary vocational training courses that should have started on 1 October,

1983 are still up in the air because of staffing problems," explained the training officer. Three years ago, the cooperative movement as a whole presented a project for the training of association officials and cooperative members. This would also have been a step towards the setting up of the "compensori" but it was never implemented because the region did not find the funds. Action here is vital, she emphasized, "since it's no good talking about cooperative development unless you have a training programme."

EEC support was felt to be very important, especially the ESF for training. But the EEC was criticised for its remoteness and lengthy procedures. It was difficult for regional officials to know what possibilities were open to them. "People who can, go to Brussels for information but the EEC should make an inverse effort. It can't leave it up to the one person at the region, who is also responsible for young people and countless other things apart from the EEC, to give adequate information." An EEC office was needed, they thought, to coordinate programmes with the various bodies involved and also provide continuity "especially since there is a political crisis down here every six months." Slow procedures could cause problems: "It can take up to a year to get an application for a training programme through and with the 15-20% inflation we've had in recent years, the sum applied for may not be enough by the time we get it." This wasted resources.

The Confederation believed that the problems faced by cooperatives in Campania were not because of opposition to cooperatives as such: "No one is against cooperatives in principle but nothing concrete is ever done. It's not a problem of willingness, it's a problem of instruments, the biggest being finance."

The President believed that with the right economic framework, cooperatives could be "an instrument of entrepreneurship" in the South. "There's a lot of literature on the

South saying that we're all unbridled individualists." But the right conditions needed for the growth of cooperatives in the South are the same as for economic development in general in the Mezzogiorno, he argued. "You can either write us off as monsters or people from the moon, or there is something beyond the black economy, the Camorra and all our other defects. If it's a problem innate in the people, why are they often such successful entrepreneurs when they go abroad? If they're incapable, then that would be true anywhere. Therefore there are concrete obstacles to economic activity here."

He took the example of the Cassa per il Mezzogiorno, the state finance body for creating basic infrastructure in the South. The idea is all very well, he said, "but who builds the roads, the aqueducts, factories etc. our brothers from the North. The conditions for development are not created here because the profit leaves." The earthquake was mentioned as another example of a flux of funds from other areas creaming off the work. "We haven't been able to do much for cooperatives in the earthquake area, what happened was that the Emilian consortia came. And whether it is an ordinary company or a cooperative the result is the same if the profits go back to Emilia."

But it is difficult to know what action to take. "In theory you could draw up a law saying that 50% of the work should be reserved for Campanian firms but we are not allowed to do this. With EEC money involved it would also be against EEC regulations. So we're left with having to be super-efficient but you can't ask an 'infant' to be super-efficient. Either we try to develop the cooperative movement and slowly become efficient, or we have to be 'born' efficient. This could be done but it poses a whole series of problems starting with the fact that we'd have to bring in company managers to run the cooperatives and pay them what they would be paid outside."

One suggestion made to help ease the crucial issue of credit was to set up a cooperative bank for the Mezzogiorno with an absolute prohibition on "exporting" money outside. "Either it invests here or it doesn't invest anywhere." An injection of finance is needed if the products made in cooperatives and southern firms in general are to be upgraded and the competitive gap narrowed. "When our firms are set up, they're already old compared to those in the North. We operate machines that are already out of date, therefore we cannot be competitive. It's a question of underdevelopment.... We Europeans offer machines to Africa that are no good to us any more and say we are no longer colonizers but are contributing to their development. Well, the same thing happens within this country."

Another demand raised by the President in this context, which is also a demand made by the Italian movement as a whole, is that the ceiling on the members' contribution to the cooperative's capital should be raised. The possibility of bigger investment would give workers more incentive to form cooperatives and there would be more reconversions, he argued. This would not affect the nature of cooperatives, he said. "The fundamental thing is the rule that every member has one vote. After that there are many ways of ensuring democracy."

Lega

The type of assistance given to cooperatives by Lega is very similar to the Confederation, the two main departments being the services centre and the department helping cooperatives set up.

At Lega's Campania headquarters, the emphasis was put on fostering more dynamic businesses and adjusting its orga-

nisation to a changing situation. "The organisation has to be less simply promotional and more professional. We're no longer at the stage of preaching cooperation."

With this aim in mind, Lega has been implementing what a member of the regional committee described as a "shake-up". The two key elements in its strategy concerning practical help for cooperatives are a qualitative improvement in the services department and increased training and research facilities.

The services offered are no longer adequate, it is freely admitted. "When setting up a cooperative 30 to 40 years ago, we brought together the general assembly and showed how to do the bookkeeping and that was enough. But not today." The two offices, one in Naples and one in Salerno employing about 14-15 people, are overstretched and the staff do not have all the skills needed. "Our officials are often not adequate. Take the example of agriculture. It's one thing to know about basic farming, quite another to run a farming enterprise. But all the sectors need an injection of specialist skills." Reform is imperative to improve the position of producer cooperatives and create more cooperatives in the advanced tertiary sector where there is expansion.

To improve this situation they have put in for an ESF-financed training programme for the services department and hope to develop better contacts with outside consultants. Most of the training organised by Lega is financed by the EEC via Coopsind and involves a variety of courses. Initially the programmes were presented individually on an ad hoc basis but there is now greater effort to coordinate them and liaise with the trade union CGIL. This is to avoid repetition or courses that have not proved useful. They felt that as a result recent courses had gone better. One problem mentioned in this context was organis-

ing the funding to complement the ESF's 50% participation. "In other regions there are laws and funds earmarked to integrate EEC funding but there is no such integration in Campania. Coopsind sends its programmes to the regions and Campania gives its approval but that's about it. Their funding remains dispersive."

Lega was also critical of the lack of coordination in the regional administration, training being cited as a specific example. The region's vocational training courses were said to be often irrelevant. "There's no rhyme or reason to these courses. They run several courses for say, hairdressers, without finding out if there are any outlets. This bars the way to new courses." Lega regretted that the cooperative movement's training proposals had never been implemented. "There has not been the turning point there should have been here." The region spends more than Lit 100 billion on vocational training but only a small proportion is directed to cooperatives. Lega feels that this is a result of the cooperative movement not being taken seriously enough. Despite being a significant economic force overall "we do not have enough weight with the institutions." More decisive action to have impact on legislation was needed and this was also a demand expressed by the cooperatives, said the regional committee representative. "If we can be more effective at this level, it would bring direct and indirect benefits for cooperatives."

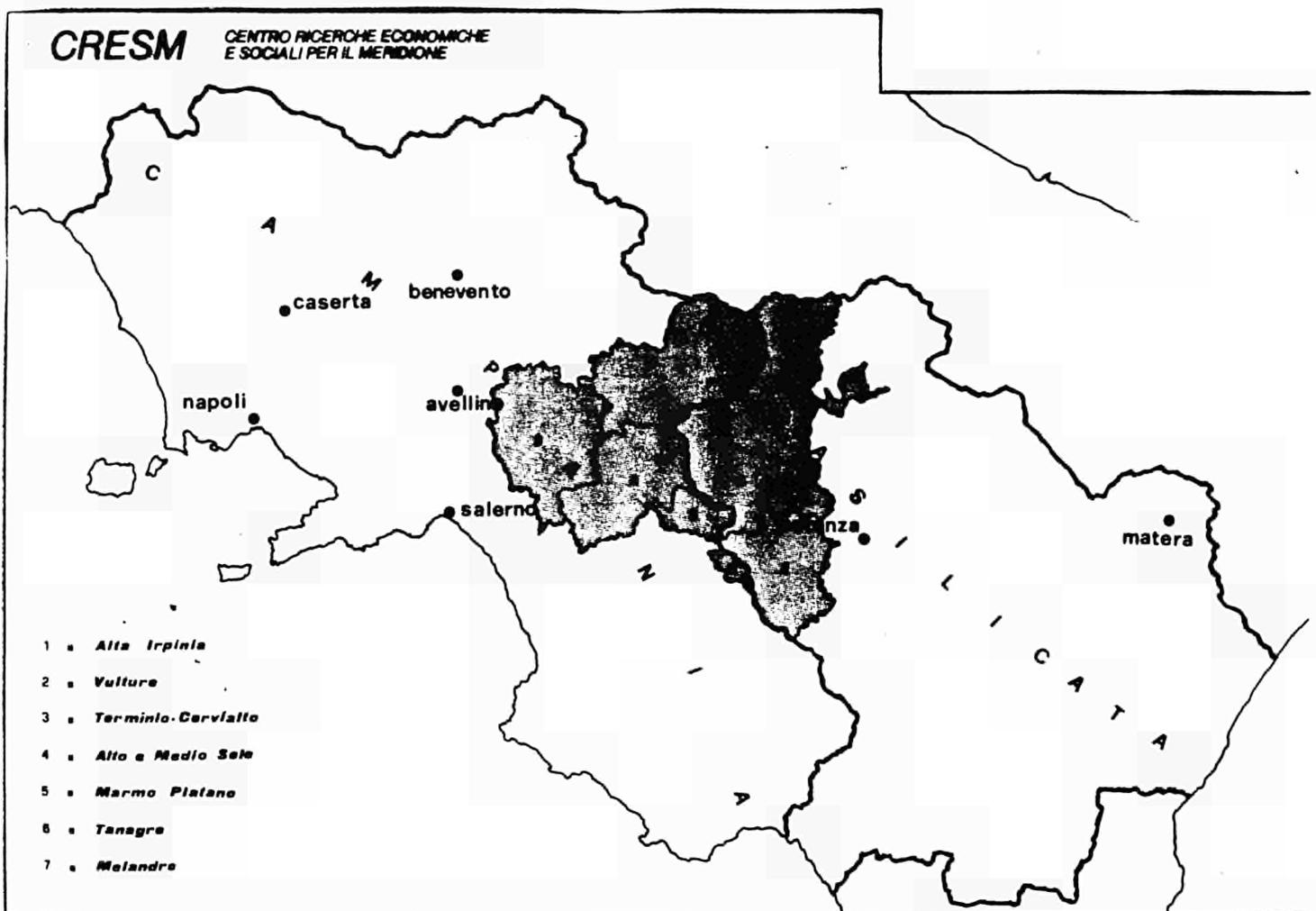
The economic crisis was adversely affecting the promotion and development of producer cooperatives. "It's easier to develop in a time of expansion than in a time of crisis." Many cooperatives are meeting with additional problems in marketing their products. As a result, Lega is taking a much more "prudent" approach. "For example, we have been approached by workers from a firm closing down. Two years ago we would have said almost without hesitation 'set up

a cooperative'. Now we're being much more careful and looking closely at the reasons for the firm's lack of success.... The general situation does not allow us to promote at the same pace." Seeing itself in a "defensive position", the watchword at Lega is now "consolidation". This cautious attitude is reflected in its approach to the many cooperatives recently set up in the earthquake area which are described in the following case study.

Section 4.3

CRESM

CRESM is an independent organisation formed to study the problems of the Mezzogiorno with the emphasis on drawing up practical local projects. It has offices in Naples, Palermo and, since 1981, Lioni (Avellino). This new office was opened after the 1981 earthquake and has been involved in the formation of some 160 cooperatives in the Cratere area.



Background

CRESM (Centro Ricerche economiche e sociali per il Meridione) was formed in 1973 as a centre for research into the development problems of the Mezzogiorno, the emphasis being not on theoretical research but active involvement in the drawing up of development projects. The centre had its roots in the popular movements which grew up in Sicily in the 1960s. One of CRESM's founders, and current president, Lorenzo Barbera, started working with the anti-poverty campaigner, Danilo Dolci, in 1956, in his centre for studies and initiatives for full employment.

The foundations of CRESM's working practice and philosophy were laid in a project (which sadly was to end in failure) in Belice, Sicily, a poor area with high unemployment. Barbera and another social worker set up shop in a village called Roccamina and over a period of eight to nine months went around the village gathering information on the economy and the employment situation. They looked not only at the material problems but also the political history of the village, the influence of the church, the nature of social relations and the kind of organisations and associations in the area, including some earlier, failed attempts to set up cooperatives. One of the major problems facing the village was water - there was a lot of rain in winter but in summer practically none. What was needed was a dam to make water available all the year round. The roads were so bad as to be practically unusable and many houses were on the point of falling down. "At this stage," said Barbera, "the important thing was the passage from understanding the problems to the proposal of solutions."

A meeting was held in the village. From the discussions everyone realised that Roccamina's problems could not be resolved in the village alone. For example, the dam

needed about 18,000 ha of land which would affect 18 different villages. They obviously had to meet up with the neighbouring villages and here the difficulty of communications threw up other problems such as transport. After this the villagers set up a citizens' committee for the development of Roccamina. This led to the first meeting on development in Sicily where the people concerned, many of them illiterate, were those making the proposals. "The plan developed didn't come off someone's drawing board, it was from the head of everyone."

By now other villages were becoming involved and the government was forced to take notice although the history of the dam proved to be a series of unkept promises. Other citizens' committees were formed and there was a general realisation that better organisation was needed. A "committee for the organic planification of the Belice" was created involving 18 citizens' committees and 16 local administrations. The Belice committee also needed a technical arm and a centre for the area was opened with three young people working in the office plus a "communal planner" attached to each village. Their job was to collect all the relevant data - employment figures, requirements - and contact everyone.

Training courses were also started for the young volunteer "planners", some 30 in all, and a monthly magazine on planning and development problems in the Mezzogiorno was produced. The public works side of the project for the dam became bogged down because of government inertia and growing nervousness in the local political establishment, but an effort to improve incomes and create jobs by setting up cooperatives was much more successful. One of the first was a wine producing cooperative that grew from 25 founding members to 500. The cooperatives in the area now have 18,000 members and most of them are very big. But they have brought in managers so there is not

the same participation. "There is always the risk of degeneration. The issue of technical and economic efficiency versus participation is a difficult one."

The Belice experience became something of a reference point for tackling the problems of poverty and development in the Mezzogiorno and attracted outside support and many volunteers. CRESM was set up to consolidate this experience and provide a continuous framework with reference to the whole of the South. Centres were opened in Naples and Palermo with the emphasis on not merely analysis of the problems but involvement in finding a solution, whether it be setting up a neighbourhood committee to campaign about housing; helping to form cooperatives, or looking into all the "unofficial trades" which are the bedrock of the black economy in the southern towns. When large areas of the poorest and least developed part of Campania were devastated by an earthquake in November 1980, CRESM became involved in the relief work and opened an office in Lioni, Avellino in 1981. (CRESM already had experience of the 1968 Sicilian earthquake.) Barbera came to the Cratere area to help with the relief work and the organisation of hundreds of volunteers.

Offers of support and assistance for the earthquake victims flooded in from northern and central Italy. But in the controversy over how the reconstruction was to be carried out and how the special funds should be spent, much of this effort was dissipated. No overall plan was developed, responsibilities were divided between four different commissioners and some of the proposed measures are still blocked.

CRESM is among those organisations which argue that the South's development has to be generated from within. For example, there are doubts about the long-term effects of state grants totalling Lit 2,000 billion for the earth-

quake area with the aim of encouraging firms to start up in the area and create about 6,000 jobs (Art. 32 of Law 219). The government contribution is officially 75% but in practice it is worth over 100%. This has led to the phenomenon of the "phoenix firm": firms that fold or shut in other parts of the region or country to be "re-born" again in the earthquake area. Not only is there a danger that their relocation will be only temporary but such an operation risks leaving local potential untapped, argues CRESM.

The Cratere, which is more-or-less covered by CRESM, straddles two regions - Campania (the mountain communities of Alta Irpinia, Alto e Medio Sele, Tanagro, Termi- nio Cervialto) and Basilicata (the mountain communities of Vulture, Marmo Platano, Melandro). The communities are associations of comunes - local authorities - in the inland mountainous areas. The Cratere is one of the poorest and most underdeveloped areas in the South. Its economy is based largely on agriculture; there are few towns and poor communications and infrastructure. Between 1951 and 1981, the population of little more than 300,000 people was halved through emigration to northern Italy or abroad. In this context, the earthquake was not merely a physical disaster requiring a clearing up operation. The problem of reconstruction and how to reconstruct brought to the fore the issue of the South's underdevelopment. The relief effort, believed CRESM and many others, could be an opportunity to launch a whole series of initiatives to develop the inland areas, already disadvantaged compared to the metropolitan areas of the South and doubly so compared to the North.

Setting up the office

Barbera and CRESM's Vice-President examined the employment situation in the area which was very bad, "even worse than in Sicily." People had been forced to migrate and some villages had lost 70% of their population over the last 15 years. But CRESM was also convinced that there were possible resources to be exploited - agriculture, woods, local crafts, tourism - not to mention "the most important one of all, the human capital." They were convinced that the attention and resources focused on the area had to be exploited to the full to provide lasting benefits and job opportunities. No private firm was interested in setting up in the area which was lacking everything and "historically marginal to the economic process." The only hope, argued CRESM, was local initiative. To sound out opinion it organised meetings and contacted two national officials from the Lega who expressed interest. In the meetings there was a great deal of enthusiasm by the villagers for the idea of getting together to create their own jobs. Although there had been a few cooperatives in the area there was no strong cooperative tradition and very little in the way of support or services for businesses of any sort.

CRESM was able to start in Lioni and get its project underway thanks to external aid. Following the earthquake, a Dutch support committee for CRESM was launched by a Franciscan priest who had worked in Sicily in the 1960s and kept in contact with CRESM's work. The committee donated the prefab which serves as CRESM's office and raised enough money to pay three people for 2 1/2 years (this ran out in November 1983). Further aid came from organisations such as Christians for Peace in Berne, Soccorso Operaio Svizzero - SOS (a Swiss trade union aid organisation), other relief organisations, Italian emigrants in Switzerland and Italian trade unions. In addi-

tion, volunteers help to staff the office and work in and with the cooperatives.

Internal working of the agency

CRESM's legal statute is that of a de facto non-profit making association. It has three centres, Palermo, Naples and Lioni, the one at Naples being the biggest and more or less the headquarters. There are some 20 members in all but other people work with the centres off and on and there are volunteers. At present there are 10 members at Naples, six to seven at Palermo and four at Lioni plus volunteers. "CRESM cannot be a mass organisation if it is to act quickly; we have to be autonomous although often people who get involved then go on to set up something else."

General policy decisions for the organisation are made by the annual General Assembly. The assembly discusses past, present and future activities, approves the budget and tackles the always thorny problem of fund raising for the coming year. Every three years it elects the Administrative Council and the Collegio Sindacale (board of auditors) and also makes any changes required in the statutes. Each centre organises its own projects, enters into relations with other organisations and institutions on its own account and is responsible for its own administration. The Administrative Council - President, Vice-President and three councillors - meet every month to deal with more urgent problems and decisions. The council rotates among the various centres and is always open, that is, if it meets at Lioni all the people working in the Lioni centre participate.

Lioni

Until late 1983 aid from outside sources paid four low wages (Lit 400,000 - 500,000 a month) plus odd payments. In all there have been about nine people working at one time or another. By early 1984 most of this money had run out. Two people are still officially employed by CRESM but not Barbera who, as President of CRESM cannot be an employee. He does, however, receive special payments from CRESM to tide him over until other funding comes through. CRESM reckons it needs about Lit 12 million a month to operate at even this minimal level but at the moment the money is not there.

"We're really down to the bone, it's getting to the point where we can't even afford to phone Switzerland to try and find some more money." Another big expense that can no longer be covered is transport since staying in contact with the cooperatives scattered over the area involves travelling hundreds of kilometers. In the present group, Barbera is a social worker by training, two are architects, one man and one woman, another woman is responsible for the women's cooperatives, another occasional collaborator is a lawyer. They used to have two other collaborators, one who dealt with agricultural problems and another for crafts but the centre can no longer afford to pay even their transport so they have been forced to stop.

The group works very much as a team but people with specialist skills or experience are obviously better equipped to deal with particular areas: Barbera - overall coordination, planning and some feasibility studies; the two architects - reconstruction plans and dealings with the building cooperatives; the lawyer - laws relating to cooperatives. There are still four volunteers helping at the centre but the problem is that volunteers rarely stay

for long and by the time they have built up some skills they have to leave. "Volunteer work is all very well but when after a year they start becoming useful they have to go away again simply to earn a living." Volunteers are also an expense in that the centre has to support them. They might earn something from the cooperatives they are working in but since these cooperatives are usually fledgling ones, which are not providing adequate wages for the members, this rarely amounts to much.

Promotion and counselling

CRESM has been responsible for promoting 160 cooperatives in the area with more than 5,000 members providing some 1,000 jobs (though it must be said that a number cannot yet pay all their workers regular wages). The centre is not aiming to promote any more at present since all its dwindling resources are needed to help consolidate the existing cooperatives, most of which are very fragile.

CRESM sees its role very much as "development education," a catalyst for channeling people's energy and determination, "the most precious capital." "This resource is never considered in standard policies for dealing with unemployment." CRESM argues that it would cost the Italian government up to Lit 2,000 billion to create 4,000 jobs but that the development project it is drawing up, which would create a similar number of jobs in cooperatives or small craft enterprises, would cost only Lit 300 billion. "The thing is not to make them charity cases but protagonists of their own destiny."

"The main target groups are young people, often forced to migrate because of lack of job opportunities in the area, women, for whom homeworking is often the only source of income and returning emigrants." The crisis has almost

stopped emigration, the "escape valve" for areas that are traditional exporters of labour such as this one.

The problem faced by CRESM was that any economic development work in the area had to start from scratch. It was not merely a question of counselling individual groups and drawing up feasibility studies but formulating a development plan and creating a whole series of necessary support structures. Another problem is that of distance and bad communications between one small community and another. Thus CRESM is not a "drop-in" advisory centre. Many contacts were made initially during the earthquake relief work. CRESM then studied many districts to see what businesses were operating and how many people they employed. It then worked out what potential there was for setting up cooperatives and made door-to-door surveys to find out the extent of employment/underemployment, the skills people had and who would be interested in forming a cooperative. Should a group decide to get together, CRESM was usually able to help prepare a feasibility study, sometimes done by CRESM itself and sometimes with the help of an outside expert since the centre does not have expertise in every sector. Leather, for example, is an important industry where it has no experience. In these cases, CRESM has to "fish" for an outside specialist who will do the work for free since neither the cooperative nor CRESM has the money to pay. "Luckily we have built up links with various institutes and organisations but obviously we can't always go begging them to do it for free. So far, however, we've usually found someone and most general business problems we can handle ourselves."

The key problems facing cooperatives just starting up are finance, machinery and equipment, training and finding a market. Perhaps one of CRESM's most vital roles in the early stages was finding the start-up capital and equip-

ment via its contacts with aid groups. It also ran a campaign to get groups not simply to give money for emergency relief work like building a school - "something which should be financed by the government" - but to help create durable employment in the earthquake area. In all CRESM has managed to raise more than Lit 6 billion in the form of grants, zero-rated long-term loans and machinery and equipment. In this way many of the cooperatives could get off the ground. But this was usually not adequate if the cooperatives were to win bigger contracts or break into a wider market. Many of the building or manufacturing cooperatives had to restrict or suspend wages for a while in order to buy more specialist machinery, access to credit being a constant problem. A certain number of cooperatives have managed to get wages up to contractual levels and, even when income is fluctuating, an effort is usually made to pay social security contributions.

Training is another problem. In the case of the agricultural, manufacturing (textiles, clothing, leather), building and craft cooperatives a core of the members had usually worked in the sector before and had basic skills. One interesting phenomenon in some cases is that of returning emigrants, some of whom decided to come back and help at the time of the earthquake, who had become skilled workers in Germany, Switzerland or Belgium and became key figures in setting up the cooperative and passing on their skills to the others. But much training is still needed - to update skills, acquire more specialist knowledge and in the case of many ex-homeworkers, adapt to industrial production techniques. Some small progress has been made here. Last year CRESM organised a course for 28 members of building cooperatives financed by the Region of Campania and the EEC, which was designed to train four foremen, 12 carpenters, six skilled labourers and six general labourers. Contacts were also made with Coopsind in Rome (a body set up jointly by the CGIL trade union and Lega

for cooperative promotion and training). As a result, seven young people from the inland areas of Campania participated in a course for cooperative promoters and a training project for 100 women cooperative workers has been approved.

Support given by trade unions and cooperatives in the North also opened up training opportunities. For example, a trade union official in Milan, responsible for providing the necessary machines to women's cooperatives also arranged specialised training in hand painting on fabric at a school in Venice. A massive training programme is the key element in CRESM's strategy to consolidate and expand the cooperatives and a training project which has been submitted to the EEC for ESF funding will be described a little further on.

Finding a market for the product or service is the hardest struggle of all. The local market is small and fragmented and people have very little spending power. There are few outlets and the cooperatives have to equip themselves to compete on a wider market. In some cases trade unions were helpful in finding orders. The building cooperatives, the richest and most dynamic part of the Crattere cooperative movement, have been able to benefit from the reconstruction boom to a certain extent but most of them are too small to get the bigger, more profitable contracts because they do not yet qualify for inscription on the register of building cooperatives. They also need to take on more specialist jobs and have a larger proportion of skilled workers than at present (once again the problem of training), especially if they are to survive once the funds for reconstruction dry up.

The manufacturing cooperatives - mostly women's clothing and knitwear cooperatives whose members have little working experience - have big problems. They are almost to-

tally dependent on sub-contracting which is less profitable and puts them in a very weak position. To produce on their own account they have to know what people want. This means that they have to be able to follow changing tastes and fashions and keep up with the latest technical advances. Again, to produce rationally and profitably the cooperative needs to work out production methods and times very precisely. For example, the machines have to be adjusted in a certain way for producing jeans or casual trousers and in another way for more classic styles. There are different production times for different models and all this has to be calculated so as to work out production costs.

In addition to all these specialist requirements there are the general accounting and legal services needed by any cooperative. With no such services and advice available in the area outside the private sector and the nearest Lega offices far away in Naples and Salerno, CRESM, after consultation with the cooperatives, decided that the only way to make these services available at a price the cooperatives could afford was to set up a consortium, Comer. "We have the arms and legs to produce but the head is often far away. If people can't control these processes then they lose control of almost everything and most of the value-added. They also lose interest. We have to create a tissue of 'brain cells' if the cooperatives are to have any autonomy."

Comer

Comer, Consorzio Cooperative Meridionali, was formed in December, 1981 as an inter-sectoral consortium to provide basic assistance and counselling and financial services to member cooperatives (about 40 at present). While CRESM is responsible for the development work, drawing up

projects and organising courses and seminars, Comer is where cooperatives can come with technical and business problems. It is run by the cooperatives which elect the seven-member Administrative Council. It has had a lot of teething problems, with difficulties in getting finance and finding the right expertise.

At present it has a technical office employing the services of an engineer, a surveyor and an architect. A mechanized accounting service is in operation and Comer plans to purchase the accounting machine that is currently rented. At the beginning a professional business consultant was brought in to get the office running. He is now training the two young women who have been recently taken on to staff the office (one employed by Comer and one employed by a cooperative). This reflects Comer's decision to develop internal expertise and take on people with basic skills but who need to "grow". It is also difficult for Comer to find or afford people with the right qualifications who will work for the consortium. In future it would like to organise a legal consultancy giving information and advice on all the various regional, national and EEC legislation relating to cooperatives and the sectors they are operating in.

The initial funds for setting up the consortium, applied for by CRESM, came from the national earthquake solidarity fund and SOS. This went towards paying for salaries and professional services and starting a revolving fund for start-up loans. Comer now has to move towards becoming more self-supporting. From 1984 the cooperatives will pay a certain percentage of their turnover for the service, which, it is hoped, will cover 70 - 80% of the running costs. The service will still cost the cooperatives less than they would pay outside.

Another potentially important source of funds is the percentage the consortium receives on contracts it secures for the cooperatives. This is the general practice of the consortia in the cooperative associations and represents a significant part of their income. External funds will be needed to cover the difference in the near future, however.

The revolving fund was started with Lit 96 million to make short-term loans (between three and eight months) of Lit 10 - 20 million at a 12-13% rate of interest compared to the usual 26%. The fund was very small in relation to the needs and it quickly ran out. Some cooperatives could not repay their loan on time and so worsened the situation. "We haven't cracked down hard on the cooperatives - we're not a bank and we wouldn't do anything to make them close down but we have to work out how the loans can be paid back quickly because other cooperatives are in need. At present, perhaps we're too slack." Comer hopes to increase the fund, perhaps from own resources.

Comer's overall objective is not merely to provide basic services but to "help the cooperatives mature into businesses." This means helping them acquire business and management skills, giving them a chance to learn new techniques and opening up market opportunities. The next step forward are consortia which group cooperatives in the same sector, providing technical offices and specialist services that one cooperative alone could not afford. The cooperatives can benefit from the advantages of collective purchasing and combine together for tendering. In this setup, Comer would be the coordinator for the various sectors, preparing business plans and operating the legal advice service and the revolving fund. One consortium for building cooperatives, Edilcomer, is getting off the ground and one for manufacturing is also planned. But

progress is slow because of inadequate resources, the lack of any other point of reference in the area and also conflict with Lega.

Relations with the Regional Lega are tense. Lega has never had an office inland, its activities being concentrated in the Naples and Salerno areas. "Lega did not believe that the inland areas would ever develop," said a representative from Comer's administrative council, "and it is not prepared to invest in promotion here. We occupied a space they left open." This reflects the policy being carried out by national Lega since its last Congress, that is, to consolidate the cooperatives formed three to four years ago and cope with the belt-tightening being forced on many cooperatives in the North. Traditionally the South is a market for the North and this is also true in the cooperative movement; many northern cooperatives are involved in the reconstruction, explained the Comer representative: "We're not necessarily against this - better a cooperative than some other company. But it is difficult for cooperatives down here to benefit from the reconstruction programme. Not all the cooperatives satisfy the criteria laid down by Scotti (one of the special earthquake commissioners) for competing. What often happens is that a big Emilian cooperative gets the contract and then sub-contracts some of the work to a smaller cooperative in the locality ... but the northern cooperatives are a conservative force, they have certain interests to defend, even against other cooperatives."

Contacts were made with Lega at the initial stage and many of the Cratere cooperatives are members. But conflict has arisen over organisational control and the setting up of Comer. Comer applied to Lega for membership and was turned down although Comer insists that it meets all Lega's criteria, "we adapted the statutes of one of the

Emilian consortia." Various meetings have been held but the situation remains unresolved. Lega argues that it is quite happy with CRESM's promotional role but that the cooperatives should join Lega's own sectoral consortia or those of one of the other associations. "We have our sectoral plans," said a representative of Lega's regional committee, "and we have to avoid possible conflicts of interest." In Lega's scheme of things, Comer would join Lega's services consortium and continue providing some decentralised services. Comer retorts that this amounts to decapitation that would rob it of any autonomy. These services and organisational structures have to operate locally if the cooperatives in the earthquake area are to have the support they need to survive, Comer says.

Future strategy

CRESM argues that what has been achieved so far, thanks to national and international solidarity funds, shows that it is possible to create a large number of jobs in the area at low unit cost. In creating some 1,000 jobs "the most precious capital has been people's need and determination to create their own jobs on their own land."

CRESM has drawn up a project to consolidate existing jobs and promote 3,000 more either by expanding the existing enterprises (mainly cooperatives and small businesses) or setting up new ones (mainly in agro-tourism and agro-industries). Of these 4,000 jobs, 1,350 would be in Basilicata and 2,650 in Campania.

The project takes a three-pronged approach: promotion, training and investment. A large part of promotion is in fact training, CRESM says, since it involves creating greater awareness of choices open to people and building up organisational and associative skills. This part of

the programme would be organised by CRESM in conjunction with the local authorities and other organisations in the area. CRESM would also be responsible for feasibility studies and investment plans for the individual enterprises. The investment funds would be managed by Comer, flanked by representatives of the financing bodies.

Promotion: since the cooperatives still have a fragile base and lack both business and technical/professional skills Comer would be reinforced and four sectoral consortia set up.

1. the already mentioned building and related industries consortium (including carpentry, metal-working, plumbing, electricity, etc.)

2. a consortium of craft cooperatives and small businesses providing the following services:

- assistance in planning and determining the working rates and methods of the workshops;
- production of designs and participation in fairs and exhibitions in Italy and abroad;
- creation and launching of a single brand name;
- long-term planning of orders;
- production link-ups between various activities (e.g. combined use of leather and fabric, knitwear and fabrics, embroidery and handpainting on fabric, etc.);
- repair and maintenance of machinery;
- setting up a permanent exhibition in the area showing the complete range of products made by the associate firms.

3. Agricultural consortia for collective harvesting, processing, packing and marketing:

- a collective dairy centre not only for the sale of milk but also the provision of artificial insemination, veterinary services and technical information on cattlefeed etc.;
- a processing centre for chestnuts, hazelnuts and walnuts;
- a processing centre for figs, cherries, apples and pears;
- a centre for olives and olive oil;
- a wine production centre;
- a centre for aromatic and medicinal herbs.

CRESM emphasises that secure outlets for agricultural products are needed if local farmers are to be encouraged to adopt more rational cultivation techniques to raise both the quality and quantity of production and thus incomes. Only in this way will young people choose to stay or return to the land, arresting the loss of population from the inland areas.

4. A consortium for agro-tourism and cultural activities to take advantage of the natural resources (thermal and mineral waters, lakes, streams and wooded areas suitable for turning into protected areas of special interest, good climate and snow-covered slopes for winter skiing), historical/artistic resources (pre-Roman and Roman remains, industrial archaeology) and local crafts, music and traditions. The consortium could act as a kind of agency to promote and organise tourist activities.

The project would aim to involve the population at large through meetings and popular assemblies in the localities concerned; conferences, seminars and round tables; films and slides; brochures, leaflets and albums.

Training: This is the "backbone" of the project for which ESF funding has been applied for. It involves the training of 100 entrepreneurs, 100 technical managers, 100 bookkeepers and secretaries and 600 workers in various sectors. Whenever possible the training will be carried out in the area using local structures, equipment and trainers. Where this proves impracticable, outside specialists or institutes will be called in. All the courses will include a theoretical part covering:

- economic and social problems of the Mezzogiorno;
- self-managed enterprises, particularly cooperatives;
- the economic, technical and marketing situation of the sector the trainee is involved in or will be involved in. Each course will last on average 400 hours of which 200 will be practical and on the job, 150 technical and theory and 50 socio-economic and cultural.

Organisation of project and timetable: the project will require a stable nucleus of 27 collaborators over three years. At the end of the period it is hoped that they can be kept on permanently by the consortia and the local authorities so that the skills and experience they have built up will not be lost to the area. Many aspects of how the project is implemented and its objectives will only be finally decided in the initial stages together with the participants and the local communities, in order to prevent it becoming something "imposed from above."

If on the other hand, the project does not get off the ground and CRESM and Comer collapse because of lack of funds, 50 to 60% of the cooperatives also risk going under, warns Barbera. If the money being injected into the area all goes to big companies from outside and leaves little in the way of permanent jobs "all we shall have after a few years is a cemetery of houses ... it would be a disaster worse than the earthquake."

Facts and figures

There are 160 cooperatives with 5,000 members in the earthquake area which takes in some 60 comunes (lowest tier local authority).

Manufacturing: 30 cooperatives with 500 members. These are the most recently established cooperatives most of whose members are young women with little training or work experience. This is also the sector with greatest marketing problems. In total, they have fixed assets of barely Lit 2 billion and had a turnover of Lit 250-300 million in 1982. It should be noted, however, that many of them had barely started up at the time of writing and some have not yet done so. CRESM estimates that with further investment in infrastructure and machinery 500 jobs and a total annual turnover of Lit 7-8 billion could be secured.

Building and related industries: 50 cooperatives with some 1,000 members. Total fixed assets of Lit 7-8 billion with an annual turnover of some Lit 20 billion in 1982. CRESM says that with a more rational reorganisation with an input of technical skills plus investment of Lit 10 billion, the jobs of all the members could be ensured and the total annual turnover increased to Lit 40 billion.

Agriculture: 60 cooperatives with about 3,000 members. This is the biggest sector with total assets of about Lit 15 billion (collective premises for livestock, dairying, etc., vehicles, barns and warehouses, agricultural machinery). Turnover of Lit 8-10 billion in 1982. With total investment of Lit 250 billion in improved harvesting techniques, processing and packaging, the turnover could be increased to at least Lit 150 billion. Some 3,000 jobs would be consolidated in agriculture plus 2,000 new jobs in related activities (CRESM estimate).

Services, technical and cultural: ± 20 cooperatives with 400 members. Assets of no more than Lit 500 million. Four catering, one transport, two technical and two cultural cooperatives have started up, the others are still inactive. Turnover in 1982 way below Lit 200 million. This sector is the most fragile and currently "lacking direction" as CRESM put it. CRESM believes that the way forward here lies in agro-tourism and the provision of cultural facilities in an area almost totally deprived of them. Investment of Lit 16 billion would be needed to create 400 secure jobs and an annual turnover of Lit 10 billion.

CRESM, between February and September 1983, had an income of Lit 139,763,000 (Lit 34 million of which was for on-lending to cooperatives, however). Expenditure came to Lit 174,131,000 (again including the loans). Another Lit 36 million were needed for the remainder of 1983 meaning it entered the new year with a deficit of Lit 70 million.

The Cooperatives

All the cooperatives interviewed had been set up within the last two or three years; indeed two were still in an "extended start-up phase" because of the difficulties facing them. All were in the earthquake area with the exception of one in Naples.

In many ways the cooperatives in the earthquake area have had the best and worst of worlds. Best, since in the aftermath of the disaster and also as a result of the campaign spearheaded by CRESM, many started life with a greater injection of funds and equipment than would otherwise be the case for small cooperatives in such a poor area. Indeed, without this stimulus many would not have started at all. Worst, in that everything has had to be built from scratch. The local economy is underdeveloped with very few market outlets. There is no room for an "alternative economy." For a number of the cooperative members, especially young people or women, it was the first experience of a job or paid employment outside the home, let alone setting up a business.

A typical example, also showing the many different sources of support these cooperatives received, was a women's cooperative producing handpainted designs on fabrics using semi-industrial techniques. The nine women, who had basic knowledge of sewing and embroidery but no professional experience, were inspired to set up a cooperative by a woman trade unionist from Milan who came to the area after the earthquake as part of the trade union's relief effort. Before the idea of the cooperative was suggested, some of the women had been thinking of emigrating. The trade union helped find machines and provided some initial funds as did the local council. In setting up they received advice and support from CRESM, which helped them apply for further funds from Switzerland and directed them to Lega. Their administration and bookkeeping is carried out by Lega.

Breaking into the market is the main problem. The women sell at fairs, exhibitions and through a few local shops but have not yet found regular outlets. "This is our main problem. We're earning something but not enough for proper wages and we can't continue much longer like this.

Someone from Lega is looking into a marketing strategy with us but it's a slow process." A CRESM worker also helped by contacting shops but it is still not enough. The women felt that in the way of practical aid - start-up funds, equipment, training, advice - they could not have asked for more: "Basically it's up to us now to see what we can do. There's a limit to what other people can do for you."

Finding a market in this depressed area was a problem for many other cooperatives. A catering cooperative in Lioni, which was one of just two in the area in which Lega invested a lot of effort, was also having an uphill struggle. The cooperative felt that prospects were basically good but the main problem was that they had started up when the school year had already begun, thus robbing them of the chance of bidding in what could be one of their most important markets - school meals. The restaurant/self-service part of the business was slow in picking up, they said, but they felt it was mainly a question of getting people with conservative habits "used to the idea" and waiting for the effects of the much delayed reconstruction programme to be felt. Others in CRESM and Comer who knew the cooperative thought the operation was too ambitious for the area and too sophisticated. "For example, they have all this equipment for self-service and it will never be fully exploited - it's a foreign idea. When people here go out and pay for a meal they want to sit down and be served."

The idea for a more ambitious project came from Lega and reflects its strategy of fewer, bigger - and theoretically better - cooperatives. The group originally thought of opening a restaurant but Lega was against the plan on the grounds that it could only create a maximum four to five jobs. "In my opinion they were right," said the cooperative's president, "it's not the role of cooperatives to

create only four or five jobs, they have to broaden the employment base as much as possible." They had drawn up an initial feasibility study for the restaurant themselves and even when they switched to the bigger project they had to do much by themselves "partly because Lega doesn't have enough properly qualified staff, partly because it is involved in so many other cooperatives in the Naples hinterland. It did a survey but it wasn't that much use, we just had to keep plugging away ourselves."

An important source of support from the technical point of view came from the national consortium for the services sector which gave advice on the technical specifications for equipping the prefab building they received from the comune. The consortium also advised on how to draw up a tender for a school meals contract but in fact more day-to-day assistance came from another cooperative in the consortium in Naples. In terms of practical help "the relationship is not so much cooperative-consortium but cooperative-cooperative via the consortium." They were convinced they had made the right decision joining Lega and a national consortium; "a cooperative can't go it alone, it can't create enough space by itself. We didn't join Comer because it couldn't help us specifically although it's playing a very important role here."

The main complaints concerned lack of support from local authorities and the rough ride from the banks, rather than assistance or the lack of it. "It's not that we wanted this or that from Lega and they didn't give it. At the beginning we thought of Lega in terms of 'assistance' but Lega doesn't give assistance in that sense. They told us in no uncertain terms that we would have to learn the hard way even at the cost of going under." But more specialist support was needed in the early stages, they felt, and Lega is weak here. "At the last regional services congress, the national association made an undertaking to put

technical experts at the disposal of services cooperatives in Campania. But we're not sitting around waiting for this famous expert to arrive. We've got to carry on working and putting pressure on local councillors." The financial administration, of which they have no experience, is done by a local woman who was previously in a cooperative and has set up on her own as an accountant.

A building cooperative in the area was also part of a big consortium based in Bologna. Under the aegis of the consortium it is much easier to bid for contracts - most of them have come via the consortium. The working relationship was described as "very good". But despite this, 10 of the 39 members were laid off in early 1984 because the cooperative had too many general labourers in relation to more specialist ones like carpenters. This problem of "balance" was a general one for all the building cooperatives. If they are only equipped to do general building work then they have to get outsiders in to do the plastering, woodwork, electrical installations, etc. "It's a very hard decision for a cooperative to lay off members, especially if they are older people with families to support. But we can't make a choice based on need - if we don't get the right people to fulfill the contracts then the whole cooperative would go under." Specialist training was seen as "absolutely vital".

Another big problem was delays in getting money from local authorities for contracts. "It can take months, years even." This caused tremendous cash flow problems. Comer's revolving fund was seen as a good idea but "not adequate" - the amounts outstanding from contracts done by any one of the bigger building cooperatives are equal to the whole of the fund. "Even when we get paid, some of it has to be ploughed back into more machinery and equipment." As a result wages are late or, especially in the initial stages, are not paid at all for four, five or even six months.

CRESM was praised for its energy in getting external funds and aid and supporting cooperatives in the start-up stage, "most of the cooperatives here would never have got off the ground otherwise." Comer was important "not so much for services - they're still pretty rough and ready" - but as "a rallying point" for cooperatives. "We need a focal point to apply political pressure. There's not much willingness on the part of local councils to help cooperatives, they prefer to turn to the private sector. They feel more at ease with private firms because they get more guarantees, they're more respectable and then there's the whole question of clientelist relationships."

The key areas identified by CRESM - more specialised training, a bigger revolving fund, access to technical expertise and marketing channels - were all points brought up by the cooperatives themselves. But it is a question of seeing whether the project to create more investment, specialised consortia and training will get off the ground. Lega's "chosen few" cooperatives that had the chance took the option of belonging to a big national consortium: "it gives you more breathing space, more weight." But even in this case, the cooperative was on its own when it came to day-to-day problems.

Many of these problems were experienced by a successful catering cooperative in Naples which was set up after a one and a half years campaign by workers of a private bar-confectionary-snack food firm which had decided to close down some of its branches. The workers had initially wanted to continue running one of the branches but this was rejected by the firm. With the trade union they developed the idea of general catering. It was at this point that Lega came in and advised them to move into the services sector. "Lega advised on the technical strategy for the sector and explained to us how to set up and run a

cooperative in this sector." They still use Lega for certain services such as wages and bookkeeping but Lega services alone are not enough. "They may be adequate if you are only a small cooperative with half a dozen people but not for a bigger one with a billion lire turnover." The cooperative therefore now employs the services of an outside financial advisor who has helped organise the administration. "Lega helped to the extent that it could but it was unable to provide the continuous contact we needed. I think we've got the balance right now." Ideally they would like to employ the advisor fulltime. "Right from the start our aim has been to be self-sufficient. Of course we want to be associated with the movement and contribute to Lega but we must be able to manage our own affairs."

Lega also arranged for them to do courses in Bologna and Florence to learn about industrial catering. "We learned a lot from the technical point of view. Our chef had experience of professional cooking but this is very different from doing it on an industrial scale - you have to calculate every gram." An expert on industrial catering from Bologna was called in by Lega to advise on the equipment and running of the cooperative. His services had to be paid for but he agreed to be paid in instalments when the cooperative got going. All payments had to be juggled like this since the cooperative succeeded in getting only one small bank loan, less than a tenth of what it needed to start up. "In the whole year we've been operating we haven't managed to get a loan on easy terms as provided for under the law, despite Lega presenting an application to the BNL and giving a guarantee. It is only now that the cooperative is going fairly well that BNL is showing more signs of willingness. This is totally the wrong way round. It's clear that a cooperative starting up doesn't have much in the way of assets." It also illustrates the problem that Lega "is not strong or credible enough."

Starting up was difficult, not only for material reasons. They are based in a "classy" commercial area of Naples and the formation of a workers cooperative "shook the whole neighbourhood. We weren't just fighting the firm but the whole commercial sector." With no work and so much opposition they hit on an unusual form of public relations. To give people the impression that the cooperative was doing well, they bought a couple of vans on hire purchase and drove round the town in them with the cooperative's name emblazoned on the side.

The first break came from the Comune of Naples which gave them a contract for supplying meals to the earthquake victims and has since given them more work. But in many ways the comune is also their worst enemy; like other Italian local authorities it does not pay its bills on time, a constant headache for all cooperatives operating in the public sector.

Any criticism was directed more at Lega and the associations in general than the individual assistance they had received; "a lot of the officials we've dealt with were good and dedicated to the work they're doing." The main problem is that materially Lega is not well enough equipped. "Just think that there's not one single data processing centre in Naples for the cooperative movement. In Naples there are a large number of cooperatives, although they might be small, and Lega has only primitive instruments to aid them. When we went to the North we saw that it's very different but down here neither us nor Lega has the chance of developing. If we're poor and don't pay contributions to Lega then Lega can't pay salaries - it's a whole vicious circle of deficiencies." It was felt that Lega needed a shake-up at the political level and that the movement needed a "new impetus." "It's no good making speeches about a 'qualitative leap' and saying ciao, see you at the next congress and then re-

peating the same thing at the next congress; meanwhile things go on as before. What they need to do is draw up a development programme and implement it seriously." It was also felt that political infighting was sometimes an obstacle in drawing up and implementing concrete policies.

The cooperative also made an effort to pass on its experience to other start-up cooperatives. It gave advice to the cooperative in Lioni mentioned above and also another cooperative of young people nearby. If the project was sound but the group had difficulty in getting support, its advice was to go ahead and see what could be done even without official support; find and start preparing the premises, and make a collection of initial funds from friends and relatives. "If you don't start doing something you give up hope. And after that you can also turn round and say 'we've made sacrifices ourselves' and that gives you more credibility."

The members were enthusiastic about what they had achieved and what the cooperative represented. "We regard it as a triumph over political conditioning. People who are serious and determined can perfectly well take the place of employers." They foresaw slow but steady expansion "but not too big, about 30 members would be right" since their experience of the big northern cooperatives was that they were "too impersonal." But they did not regard the situation in general as rosy: "We've been an exception but an exception like a swallow does not make a spring. I'm not going to tell people that it's easy to set up a cooperative with no money, no nothing. We've been lucky but there are many cooperatives with no outlets and no prospects."

Annex

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159 COOPERATIVE DEL CRATERE E DELLA SECONDA FASCIA

- Premessa
- cooperative agricole
- cooperative edili e affini
- cooperative manifatturiere
- cooperative di servizi e culturali
- cooperative aderenti al COMER

Premessa.

La lista di cooperative che segue si riferisce a 55 comuni della prima e della seconda fascia della zona colpita dal terremoto del novembre 1980. Nella lista delle 159 cooperative non sono comprese parecchie cooperative di abitazione e almeno una ventina agricole, di produzione e lavoro, manifatturiere e di servizi.

Come si può notare dalla tabella riassuntiva, la maggioranza delle cooperative (38%) con ben 3120 soci (il 64%) è agricola. Delle 61 cooperative agricole ben 38 sono nate prima del terremoto, ma in gran parte erano inattive. Dopo il terremoto vuoi per la spinta venuta dall'esterno, vuoi per la maggiore necessità di darsi strumenti e servizi comuni, molte di queste cooperative hanno ripreso a vivere.

Le 57 cooperative edili e affini costituiscono il 36% di tutte le cooperative con il 22% dei soci (1029). Quasi tutte le cooperative di produzione e lavoro costituite dopo il terremoto sono più robuste e attive. Ma anche le precedenti hanno avuto un forte risveglio anche a causa della amplissima prospettiva di lavoro offerta dalla ricostruzione. Se tutte queste cooperative riusciranno seriamente a rafforzarsi alla fine della ricostruzione potranno occupare circa il 20% del mercato del lavoro nel settore delle costruzioni.

Le 20 cooperative del settore manifatturiero rappresentano solo il 13% di tutte le cooperative e appena il 5% di tutti i soci. Ma sono di vitale importanza per l'inserimento delle donne nel processo produttivo e per l'assunzione di un loro ruolo nel processo di trasformazione sociale, civile e culturale delle zone interne.

Rilevante è la presenza numerica delle cooperative culturali e di servizi (13%) con il 9% dei soci, ma il loro ruolo è ancora scarso. Esse però costituiscono uno dei soggetti vitali per lo sviluppo socio culturale delle zone interne.

Tavola delle 159 cooperative.

tipo di cooperative	N. Cooperative			n. soci	
	prima del terremoto	dopo il terremoto	Totale	N.	%
Agricole	38	23	61	3120	64
Edile e collegate	22	35	57	1029	22
manifatturiere	9	11	20	253	5
culturali e di servizi	6	15	21	429	9
Totale	75	84	159	4830	100

160 cooperative con circa 5000 soci rappresentano nella zona del Cratere una forza decisiva per lo sviluppo. Esse hanno davanti a se problemi difficili e complessi. I fondamentali sono: la crescita del livello tecnico professionale, l'acquisizione di tecnologie moderne, il rapporto con il mercato, la disponibilità di mezzi finanziari.

Ma vi era, e in parte vi è ancora, la necessità di acquisire la coscienza di essere una forza decisiva sociale. Quest'ultimo problema è stato affrontato e finora solo parzialmente risolto attraverso la nascita del COMER (Consorzio cooperative meridionali). Quest'ultimo aggrega oggi una quarantina di cooperative; è un punto di riferimento unitario e può divenire una forza decisiva di orientamento non solo per le cooperative associate ma anche per molte altre cooperative che lentamente vanno associandosi.

Il COMER ha dato vita a un servizio di consulenza tecnico-amministrativa e legale per tutte le cooperative. Nel settore della produzione e lavoro in edilizia ha "di fatto" avviato l'EdilComer che avrà il compito di coordinare le forze del lavoro e i mezzi tecnici delle cooperative edili, procurando e coordinando appalti per le singole cooperative e attraverso un proprio ufficio tecnico assicurerà la direzione e la buona esecuzione dei lavori. Inoltre fornirà il servizio di progettazione alla gente che deve costruirsi la casa. Attraverso l'ufficio acquisti per tutte le cooperative edili procurerà ad esse considerevoli risparmi per l'acquisizione dei materiali.

Nel settore agricolo, molte cooperative sono interessate alla collocazione del latte sul mercato. Il CRESM ha realizzato alcune accurate ricerche sulla produzione del latte e sui possibili sbocchi di mercato. Una delle ipotesi è la creazione di un lattificio comune. Comunque certamente tutte le cooperative di allevatori sono interessate a riunirsi in consorzio per trattare unitariamente la collocazione del latte sul mercato. Inoltre, dalla cooperativa "Le castagne di Montella" è stata avviata la realizzazione di progetti di ampio respiro per la trasformazione e la commercializzazione delle castagne e delle noci; mentre dalla "Nuova fratellanza agricola" di Buccino sono state avviate importanti iniziative per la commercializzazione dell'olio e delle ulive.

Altri programmi sono in fase di discussione e di studio relativamente alle mele, alle ciliege, ai fichi e ad altri frutti che oggi vanno dispersi e che potrebbero trovare sbocco di mercato attraverso una riorganizzazione dei sistemi produttivi e di raccolta, trasformazione e commercializzazione.

Naturalmente perchè i vari settori della produzione agricola abbiano sviluppo e sbocco di mercato è vitale unirsi in appositi consorzi e puntare a un efficace utilizzo della legge regionale campana sull'agricoltura del 2 agosto 1982 e delle altre leggi della Basilicata.

Nel settore manifatturiero (ceramica, calzature, maglieria, confezioni, confezioni in pelle, pittura su stoffe, ricamo, ecc.) protagoniste sono le donne. Anche per questo gruppo di cooperative il CRESM propone un Consorzio che diventi il cervello tecnico produttivo commerciale del settore.

Le cooperative, essendo costituite da lavoratori interessati a creare, consolidare e difendere un reddito e un posto di lavoro nella propria terra, sono insieme alle aziende artigiane il soggetto più sicuro per lo sviluppo economico, tecnico, culturale, purchè l'apparato istituzionale sappia rispondere alla massiccia domanda di sviluppo che sale dalle aree terremotate delle zone interne della Campania e della Basilicata.

E' proprio la necessità e la spinta che viene dalle cooperative delle zone interne che ha portata^a una proposta di legge d'iniziativa popolare per la Regione Campania.

COOPERATIVE AGRICOLE

Nome della cooperativa	N. soci	data di costituzione	settore di lavorazione
La montagna di Ruvo del M.	14	1981	stalla sociale
S. Biagio di Rapolla	140	aprile 1980	trasf. delle ulive
La fiducia di S. Fele	17	1981	trasf. prodotti agricoli
Agro suinicola di Bella	16	1981	allevamento zootecnico
Campo di Venere di S. Angelo F.	9	1981	coltivazione funghi
1 maggio di S. Angelo Le Fratte	12	1981	stalla sociale
S. Vito di Tito	12	1978	sviluppo agro zootecnico
La nostrana di Brienza	100	1975	allevamento suini-bovini
Gecarni Loca di Genzano di L.	23	1977	commer. prodotti agricoli
Nuovo Sauro di Guardia Pert.	16	1979	coltivazione funghi
Le officinali di Guardia Per.	9	dicembre 1980	coltivaz. erbe arom. e off.
Angioina di Atella	9	ottobre 1980	raccolta frutti boschivi
Cantina sociale di Rionero V.	300	1954	lavorazione delle uve
Nuova agro silvi di Atella	9	1978	sviluppo zootecnica
Viti vinicola di Rionero in V.	505	1976	trasf. prodotti agricoli
Grumentina di Grumento nova	70	1979	raccolta latte e trasf.
Alta Irpinia di Aquilonia	16	1979	stalla sociale
Dell'Amicizia di Aquilonia	10	1979	stalla sociale
Romulea di Andretta	42	1966	stalla sociale
Verde Irpinia di Calitri	60	1969	servizi
Salume Irpino di Calitri	9	1981	servizi
S. Antonio di Castelfranci	150	1974	servizi
Valle delle noci di Castelfranci	12	1980	trasf. prodotti agricoli
Curci di Lacedonia	11	1980	stalla sociale
Solidarieta rurale di Lacedonia	55	1980	servizi
Le castagne di Montella	101	1975	servizi
La feggetta di Montella	9	1978	miglioramento boschi
La rinascita montellese	13	1981	utilizzo demanio
Bagno della regina di Montella	9	1979	stalla sociale
Ponteromito di Nusco	12	1978	stalla sociale
Campo di Nusco	60	1965	servizi
Campo Valle Ofanto di Nusco	18	1982	servizi
Valle Ofanto di Lioni	17	1981	stalla sociale
Daverdi di Lioni	10	1981	stalla sociale cond. aziend.
Iris di Lioni	110	1976	servizi
CAL di Lioni	12	1981	zootecnica
Erbe e piante off. di Lioni	16	1982	prod. e trasf. erbe e piante
Tre colli di Monteverde	10	1978	stalla sociale
Alto Ofanto di Torella Lomb.	23	1976	servizi
La primula di Villamaina	10	1982	conduzione aziendale
Stalla sociale di Morra de S.	9	1981	stalla sociale
Irpinia '68 di S. Angelo dei L.	160	1968	servizi
Coop. Fredane	18	1981	servizi
Frigentina di Frigento	41	1975	servizi
Pane e lavoro di Morra de S.	170	1949	servizi
S. Nicola di Castelfranci	50	1967	servizi
Faflagone di Caposele	15	1981	commercializzazione frutta
Buoninvente di Caposele	10	1981	stalla sociale
Collianese di Colliano	180	1975	raccolta latte
Alto Sele di Oliveto Citra	51	1969	stalla sociale
Senrechiese di Senerchia	22	1981	stalla sociale
Rinascita valvese di Valva	25	1977	utilizzo terreni incolti
Lega pastori e contadini di Ric.	10	1981	servizi
Vigna della Corte di Laviano	22	1980	impianto fruttifero

Nuova fratellanza agricola di Buc.	120	1969	servizi
S. Vito dei Greg. di S. Gregorio	74	1979	stalla sociale
San Cristoforo di Ricigliano	25	1969	allevamento suini
Alto Sele di Calabritto	26	1979	oleificio
Monte Petrella di Santomena	12	1979	trasf. prodotti agricoli
Azzurra '82 di Teora	12	1982	servizi
Montepetrella	12	1980	caseificio

COOPERATIVE EDILI

Nome della cooperativa	n. soci	data di costituzione
Rinascita e sviluppo di Ruvo del Monte	16	1981
La civiltà del lavoro di Rapolla	13	1980
Iniziativa edilizia di Villa D'Agri	40	1979
Edil coop di Albano	25	1977
Costruttori genzanesi di Genzano	25	1980
EUREKA di Genzano	9	1978
CAEL di Laurenzana	25	1975
Il muratore di Campomaggiore	27	1974
Ricostruzione raponese di Rapone	11	1981
C.M.S. di S. Angelo le Fratte	9	1981
23 novembre 80 di Rionero in V.	40	1980
Edera di Viggiano	35	1979
Girasole di Rapolla	9	1979
Edilnova di Castelgrande	11	1981
Temete di Laviano	15	1981
Rinascita di S. Gregorio Magno	30	1981
Terremotati salvitellesi di Salvitelle	30	1981
La rinascita salvitellese di Salvitelle	10	1981
Costruzioni buccinesi di Buccino	13	1981
CRIS di Valva	35	1981
San Romano di S. Angelo dei Lomb.	9	1981
Edilnostra di S. Angelo dei Lomb.	12	1981
CEA di Torella	11	1981
Eleonora di Rocca S. Felice	22	1981
La casa nova di Nusco	16	1981
La rinascente di Nusco	9	1981
La Rinascita di Paternopoli	14	1981
L'Amicizia di Paternopoli	10	1981
Nuova Irpinia di Morra de S.	12	1981
Rinascita di Morra de Sanctis	12	1981
La volante di Montella	14	1978
La Sorgente di Montella	65	1977
La Picentina di Montella	18	1979
Castellese di Castelfranci	10	1981
La sorgente di Caposele	25	1981
La perfetta di Bisaccia	14	1972
IDEAL di Bisaccia	13	1978
La rinascente di Bisaccia	9	1978
Il cigno di Bagnoli Irpino	15	1977
Bell'arte di Bagnoli Irpino	11	1975
Leonardo di Capua di Bagnoli Irpino	15	1977
Rinascite Irpina di Lioni	45	1980
Edilcarbonara di Aquilonia	12	1979
1 maggio di Aquilonia	22	1976
Aquilonese di Aquilonia	9	1977
Edilnova di Aquilonia	12	1981
Edilfredane di Villamania	18	1981
Coo. edile di Buccino	15	1982
Castelnuovese nostra di Castelnuovo di C.	12	1982
Coop. costruttori Sanmennesi	15	1982

Cooperative collegate all'edilizia

Nome della cooperativa	n. soci	data di costituzione	settore di lavorazione
Metal coop di Montella	29	1977	impianti
Metalmeccanica Irpina di Nusco	12	1981	impianti
Laviano legni	22	1981	segheria
Elettrosud di Lioni	12	1982	impianti elettrici
Sanmenna di Santomenna	10	1982	falegnameria
Edilmarmo di Lioni	10	1982	manufatti perl'edilizi
Futur Sud di Bisaccia	20	1981	impianti elettrici

COOPERATIVE MANIFATTURIERE

nome della cooperative	n. soci	data di costituzione	settore di lavorazione
Ruvo di Ruvo del Monte	11	1979	abbigliamento
Maglie Rufria di Ruvo del Monte	11	1979	maglieria e abbigliamento
COPIS di Muro Lucano	9	1978	lav. piatr sint. e rubini
Salvia tappeti di Savoia di L.	9	1980	produzione tappeti
COMAL di Venosa	9	1979	maglieria
Stella maris di Calvello	9	1980	trasf. e conf. abbigliam.
Il gomito di Castelgrande	15	1980	maglieria
IDEAL pelle di Melfi	12	---	lavorazione pelle
La midinette di Satriano di L.	10	1980	trasf. e conf. abbigliam.
Il Lucignolo di S. Angelo dei L.	11	1981	lavorazione ceramica
San Crispino di Salza Irpina	12	1981	calzaturiera
La meta del cielo di Teora	11	1981	dipinto su tessuti
La ginestra di Rapone	14	1982	ricamo
La sirena di Calitri	12	1982	ricamo
La spiga d'oro di Santomenna	22	1982	pantalificio confezioni
La Verde valle di Conza della C.	18	1982	lav. confezione in pelle
L'Ofantina di Lioni	12	1981	maglieria
Lioni Stile	12	1981	confezioni
Il cigno di Lacedonia	12	1982	ceramica
La mongolfiera di Torella dei L.	22	1982	confezione camicie

COOPERATIVE CULTURALI, TECNICHE E DI SERVIZI

nome della cooperativa	n. soci	data di costit.	settore di lavorazione
Radio Bella progetto futuro	9	1980	recupero cultura popolare
Rocco Scotellaro di Tramutola	9	1979	servizi socio-cult. e t.
17 ottobre di Savoia di L	10	1980	servizi socio-cult. e t.
Promozione 80 di Oppido Lucano	10	1979	" " "
Nuove Professionalità di Tolve	15	1981	culturale
Alta Valle del Sele di Santomena	9	1982	ristorazione e panifici
CASSA di Atella	9	1980	servizio mensa anziani
SAT di Bella	9	1980	servizi turistici
La mimosa di Lioni	10	1981	ristorazione
La lesta di Bagnoli Irpino	9	1977	trasporto materiali
Tre Rose di Calitri	19	1973	" "
Tre Rose di Calitri	10	1981	ristorazione
Concerto musicale Laceno	9	1980	att. musicale
Incontro di Buccino	12	1981	culturale
Franco Colantuono di Lioni	12	1981	"
Solidarietà di Nusco	18	1981	recupero trad. popolare
Cultura terr. e tradizione di Ricigliano	15	1980	" " "
Tecnici di Pescopagano	11	1981	progettazione
CIRP di Torella di Lombardi	9	1981	"
Buona Novella di Caposela	200	1981	abitazione
SCEDAP Calitri	15	1980	"

Cooperative aderenti at COMER

- Alta Valle del Sele di Santomenna (servizi)
- Buona Novella di Caposele (abitazioni)
- La primula di Villamaina (agricola)
- CEA di Torella dei Lombardi (edile)
- CIRP " " " " (tecnici)
- Coop. Costruttori Sanmannesi di Santomenna (edile)
- CRIS di Valva (edile)
- Edilfrenane di Villamaina (edile)
- Edilmarmo di Lioni (marmisti)
- Eleonora di Rocca San Felice (edile)
- Elettrosud di Lioni (elettricisti)
- Il Cigno di Lacedonia (ceramica)
- Il Lucignolo di S. Angelo dei Lombardi (ceramica)
- Incontro di Buccino (culturale)
- La Casa Nova di Nusco (edile)
- La ginestra di Rapone (ricami)
- La Rinascente di Nusco (edile)
- La Sirena di Calitri (ricamo e confezioni bambini)
- La Spiga d'Oro di Santomenna (confezioni)
- La Soregente di Montella (edile)
- La Mongolfiera di Torella dei Lombardi (camicificio)
- La Verde Valle di Conza della Campania (confezioni in pelle)
- Laviano Legni di Laviano (segheria)
- L'Ofantina di Lioni (maglificio)
- Le Castagne di Montella (agricola)
- Metalmeccanica Irpina di Nusco (impianti vari)
- Nuova Fratellanza agricola di Buccino
- Nuove professionalità di Tolve (culturale)
- Rinascita Salvitellese di Salvitello (edile)
- San Crispino di Salza Irpina (borse e scarpe)
- Sanmenna di Santomenna (falegnami)
- San Romano di S. Angelo dei Lombardi (edile)
- SCEDAP di Calitri (abitazione)
- Temete di Laviano (edile)
- Terremotati Salvitellesi (edile)
- Tre Rose di Calitri (trasporti)
- Valle Ofanto di Lioni (agricola)
- Vigna della Corte di Laviano (agricola)

Section 5

FRANCE

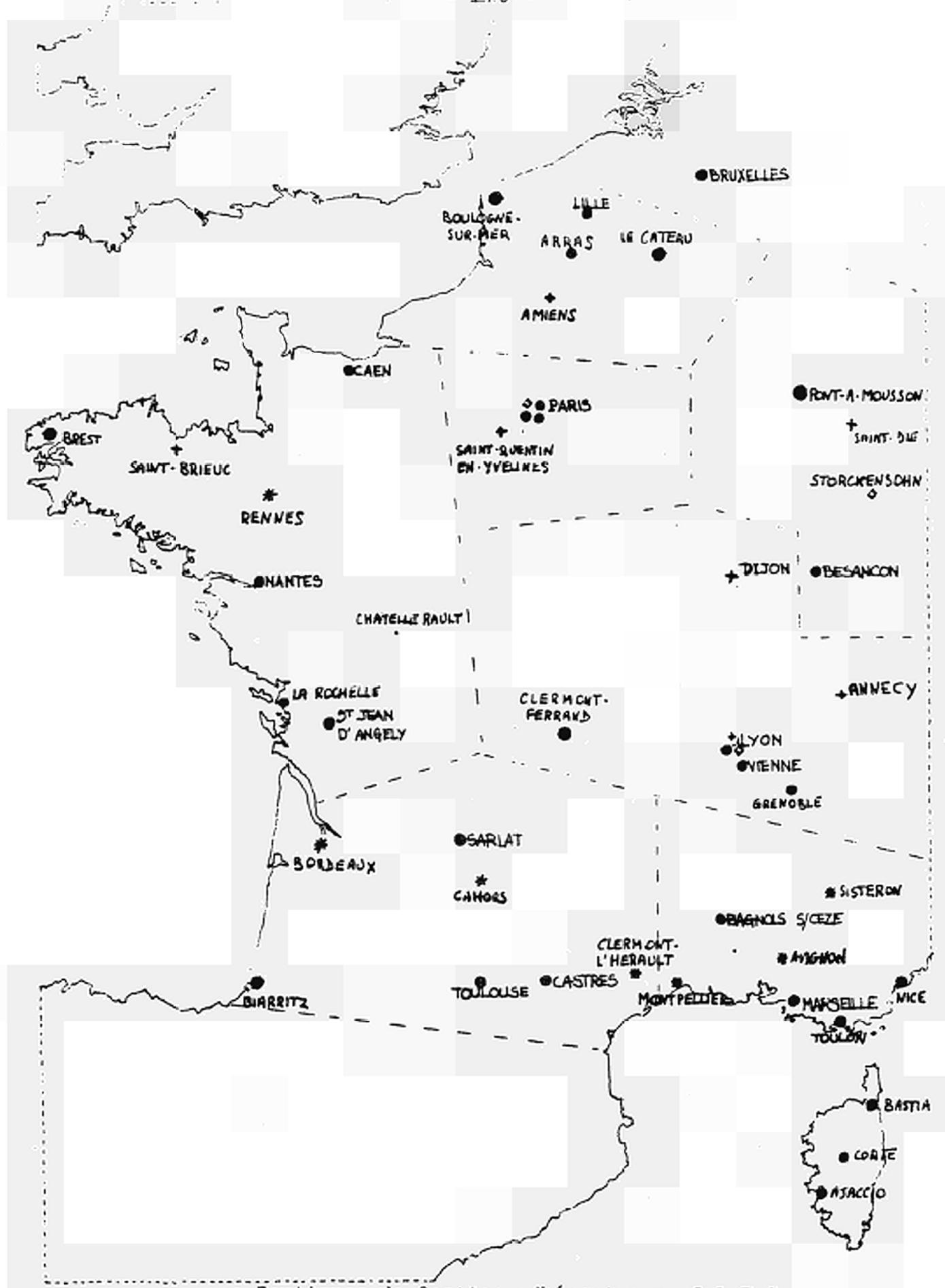
Boutiques de Gestion

The first boutiques de gestion were set up in 1980 by groups or individuals active in employment projects and generally having a business background. Over three years some 35 boutiques de gestion were set up, either from scratch by motivated individuals or by existing business consultancy groups. In December 1980 an umbrella organisation was created, the Comité de Liaison de Boutiques de Gestion (CLBG), to coordinate the various agencies.

Two Paris-based groups, Autrement and l'Atelier pour la création, had been working together examining new employment initiatives and giving information and advice. In 1976, a list of "social-cultural" initiatives was drawn up by l'Atelier and between 1977 to 1979 there was an influx of inquiries by people with little business experience wanting to set up their own initiatives. This prompted l'Atelier, together with Autrement, to publish in September, 1979 the book "Et si chacun créait son emploi?" (And if everyone created their own job?)

Two months later a meeting was held in Lille on the "new entrepreneurs". Inspired by the speech of a participant, Henri Le Marois, a university professor and a business adviser, the meeting decided that to encourage employment initiatives a new locally based structure was needed to help local projects get off the ground or develop. The name given to these new bodies was Boutiques de Gestion.

The first such local office to open its doors was in Paris, in March 1980, and at the time shared the offices of Autrement and l'Atelier. June that year saw the second boutique



- Boutiques de Gestion adherentes au C.L.B.G.
- Boutiques de Gestion stagiaires.
- + Organismes postulants
- ◆ Membres associes.

de gestion in Lille headed by Henri Le Marois. There were some 40 throughout France by the end of 1983.

The development of the first boutiques de gestion was helped by ESF money, which was given between 1981-83 to l'Atelier to study possibilities of starting them up and helping them get off the ground. The money was used for the boutiques de gestion in Paris, Lille, Caen and Toulouse. Financial support for these offices also came from the French national and regional authorities.

Between October 1981 and October 1982, the 15 existing boutiques de gestion helped to create or maintain 2,276 jobs and did more than 40 studies into employment initiatives. But despite the large number of people using the services, the boutiques de gestion were unable to make ends meet without subsidies - there was a small fee for counselling.

The boutiques de gestion have very clear aims written into the constitution. These include helping to create jobs; promoting new forms of business; participating in local development; encouraging awareness of appropriate technology. Open to "all potential creators of activities or jobs" the boutiques de gestion are meant to give "highest priority to those undertaking activity in the field of the social economy (workers cooperatives, non-profit making associations) and those initiating socially useful projects."

The constitution describes the aims of the movement as follows: "The growing desire to have a different relationship with work and money and to have an autonomous job, is leading individuals or groups to create firms producing goods or services which do not have purely economic objectives. These individuals or groups are looking for financial independence, a collective form of organisation and a socially useful activity. In addition, they seek to promote

mutual aid and solidarity. Management is an indispensable tool for these organisations which they must be able to master collectively."

This is the rule book of each boutique de gestion - providing the expertise to help these firms manage their business collectively.

The clientele of the boutiques de gestion varies. Almost half are unemployed manual workers who often choose to set up workers cooperatives and sometimes firms owned by one person (entreprises individuels) and craft businesses. "Their main motivation for setting up is the need to find a job." Then come people involved in community projects who want to start projects to help people back into the labour market; activists from inner-city or rural areas wanting to help in the development of their locality, and engineers and technicians wanting to develop alternative or "appropriate technologies."

All the boutiques de gestion use the same work methods. The first contact, where the idea of the group or person is discussed, is free. During the second meeting, for a small fee, the development work will start which can last for several sessions. The boutique de gestion will help with the business plan, the choice of legal statutes and work models and financial projections. The group or individual would then be accompanied through the stages of start-up.

One source of revenue for the boutiques de gestion are their training programmes that are often followed by people wishing to set up their own firms. A lot of monitoring work is also done once the firm has been set up and in recent years "this function has tended to increase in importance sometimes to the detriment of the business creation side."

All boutiques de gestion set up informal liaison networks between the local businesses and institutions such as banks and local authorities. They feel this is important as it helps the credibility of the new businesses and improves communications and contacts.

Each boutique de gestion operates autonomously in its own geographical area (city, "département" - region) and has on average two to three paid workers usually with a business or economics background. "They are strongly motivated activists and so many are prepared temporarily to accept salaries considerably below market rates." To supplement their skills the boutiques de gestion also have a network of consultants and experts.

Boutiques de gestion have four sources of funding: fees for services to clients invoiced in proportion to their financial means at prices below market rates; training courses; financial agreements (conventions) and study contracts with the public authorities and regional administrations; grants. Resources are divided up as follows: services and training, 40%; study contracts and "conventions", 40%; grants, 20%.

An analysis of the 15 oldest boutiques de gestion shows that their main activities were creating and maintaining jobs - from October 1981 to October 1982 they claim to have helped 2,276 jobs, of which 1,107 were new, 645 maintained and 524 in the process of being created. During the same period some 815 people were trained on how to set up a firm including basic management skills, computing and energy saving, and production.

The boutiques de gestion hoped to be self-financing after three years of operation but it was soon realised that there were few possibilities for this, unless there was a change in their objectives followed by a rapid move towards commercialisation.

Out of the total 40 boutiques de gestion there are differences both in the skills they can offer and their contacts with other bodies in the area - in some areas they are still considered very marginal.

In a report given to the ESF after its three years of funding, l'Atelier said one of the main objectives was to create an alternative economy, products and services, of "social utility", as well as democratic decision-making and control. But "we have not always been able to achieve these ambitious objectives in the present crisis. With high unemployment, economic depression setting in and few businesses being set up, quality tends to give way to quantity. At whatever the cost it is necessary to maintain present jobs irrespective of the products or legal structures chosen. The boutiques de gestion thus have a double role in the medium term - they respond to urgent demands and continue inventing different types of initiatives."

The Comité de Liaison des Boutiques de Gestion (CLBG)

In December 1980, the 12 then existing boutiques de gestion met in Cognac and decided to set up the CLBG as a loose structure to coordinate their work. In June 1981, the Comité de Liaison was set up. The boutiques de gestion were to remain autonomous and the CLBG was to keep information circulating, organise meetings and become their national representative.

The CLBG remained an informal loose structure until October 1982, its work mainly focussing on developing the movement and ensuring that existing or planned boutiques de gestion did not discredit their patent name.

The CLBG also signed a number of agreements on behalf of the whole movement. For example, with the government it signed an agreement which allowed conscientious objectors to work in the boutiques de gestion instead of doing their military service. The CLBG organised and took part in a number of meetings and committees to explain and put forward the views of the movement on local job creation.

By October 1982, it was felt that a more formal structure was needed if the CLBG was to do its work properly. The new structure has a general assembly, a central committee which meets every month and an administrative council comprising two groups - one elected by the general assembly and the other appointed to represent the boutiques de gestion on a regional basis. Provision was also made for the setting up of ad-hoc committees, as the need arose, to deal with particular problems and to develop common programmes.

The existing boutiques de gestion were divided into larger regional "zones" and were asked to organise regular meetings so as to exchange information, give support to each other and form a common platform to face the regional authorities. It is these "zones" that choose the representatives sitting on the administrative council. In December 1982 one full-time worker was taken at the CLBG. The main funding comes from public authorities in the form of grants and study contracts. A much smaller sum comes from contributions of members, fixed at 1% of their total turnover.

This new structure has permitted the CLBG to play a more active coordinating role and enables it to negotiate with public authorities on behalf of the whole movement. For example, in 1983 a national committee was set up with representatives from several public administrations and private bodies. In the committee the needs, particularly financial, of the boutiques de gestion were discussed and future action planned.

The CLBG still has a "policing" role which extends to examining potential boutiques de gestion and deciding which group wanting to set up a local advisory office can adopt the name. The CLBG has devised strict entry rules that each applicant group has to satisfy. People interested in setting up a boutique de gestion have to get in touch with the CLBG which will discuss the project with them, examine the skills of the people and help them go through the various procedures. Two existing boutiques de gestion are appointed as sponsors to follow the group's progress and report back to the CLBG.

According to the CLBG, an entry procedure was necessary because of the large increase in the number of people applying for membership who were often unknown to the Comité de Liaison. Having little or no background information on the applicants the CLBG was "prompted into this policing role". The main aim was to ensure that the candidate groups would respect the objectives of the boutiques de gestion and prove they had "the capacity to function in a professional way. This is indispensable." This also avoids "multiplication of a number of boutiques in the same area, ensures that they all follow the same line and avoids competition between the different boutiques de gestion."

The two sponsoring boutiques de gestion have a detailed questionnaire to fill out on the candidate group. This includes the number of people involved and their backgrounds; the network of local contacts; planned premises, documentation and means of finance; their independence from either public or private bodies; historical origin of the group, its views on self-management and on how to carry out the work both in theory and practice; fees they wish to charge for their services.

On the basis of the report the CLBG bureau then decides if it should accept the candidature. If the answer is yes, a temporary status of a trainee boutique de gestion is given for one year. During that period monitoring continues and the two sponsors will then make a second report to the administrative council, which gives the final approval.

In October 1982, the CLBG had 13 full members. By December 1983, another 14 boutiques de gestion became full members. Seven were on probation, four after having been on probation were refused entry. An additional seven had asked to be members and were on the CLBG's candidate list. One boutique de gestion that used to be a full member was put on the candidate list because its services were not up to scratch, and one was expelled.

The CLBG has associate members which include La Fondation Rurale de Wallonie in Belgium and a Paris-based group financing local alternative projects.

The CLBG also undertakes training courses, one of them being aimed specifically at development workers.

Although not all regions of France have a boutique de gestion, the CLBG feels that it is not up to them to go into an area and set one up wherever it is necessary. "A boutique de gestion must be rooted in the local environment having good relations with the different organisations and public authorities, so it must be a local initiative."

In its 1983 report the CLBG gave global figures for the activities of all the boutiques de gestion. Some 1,405 companies employing 3,405 people were helped. However, only 820 were newly created companies with 1,705 jobs. Some 128 companies were helped with expansion plans, creating 267 jobs, and 1,433 jobs were maintained in 457 firms that were having problems.

Most of the companies assisted were in the craft industry (374 companies), 304 companies were in the cultural sector, 181 companies in "non-identified sectors", 163 in commerce, 116 in the services, 86 in industry excluding technology, 82 in agriculture, 56 in building and construction and 43 in technology.

In December 1983, there were 96 full-time workers in the boutiques de gestion with 470 experts giving additional services. Fifteen boutiques de gestion were computerised. The boutiques de gestion had a consolidated budget of 14.5 million French francs. They did 111 training courses which comprised: 18 schemes with an average duration of 200-427 hours for those wanting to start businesses and 93 shorter courses (one to five days) in business management. The longer training courses also included work on each person's project. There were 13-14 people per course, although the majority were individuals wanting to set up on their own. The boutiques de gestion organised 19 meetings, participated in 135 conferences or seminars and worked in 62 committees.

In 1983, 268 "entreprises individuels" were helped to set up, mainly in crafts and commerce, creating 375 jobs. In total almost 40% of the boutiques de gestion's time was spent helping these small firms and dealing with inquiries from another 272 small firms. Some 36% of the time was taken up helping Associations. About 511 Associations had used the boutiques de gestion services. Of these 317 were new firms, mainly involved in cultural services, creating 508 jobs.

Help to limited companies and partnerships (companies of société de capitaux) took up a smaller part of the boutiques de gestion's time (13%). Some 139 such firms were helped to set up, employing a total 409 people. Inquiries from another 52 firms were also dealt with. The majority were in commerce and crafts.

The boutiques de gestion helped to set up 77 cooperatives, mainly in industry, creating 364 jobs. About 10% of their time was spent helping cooperatives but this includes inquiries from 55 established cooperatives.

The majority of new jobs created were in commerce and the services (35%), followed by industry (30%), crafts (21%), construction (10%) and agriculture (4%).

A breakdown of the boutiques de gestion 1983 budget shows that 32.2% of their income came from services and training schemes, 19.1% from local aid, 45.4% from national aid and 3.3% was miscellaneous. For 1984 a slightly bigger increase in the income from training and services is forecast. The estimated breakdown is as follows: 41% self-financed, 20.5% local aid, 35.9% national aid and 2.6% miscellaneous.

The first boutiques de gestion were aimed at supporting the creation and development of firms that did not have an exclusively economic objective - these firms were created by "the new entrepreneurs". As an official from the CLBG said, "four years ago many people wanted to create jobs with economic and social aims, they were searching for a new way of working." Advice to help set up such initiatives was unavailable so the boutiques de gestion were created.

However, since the end of 1982 there has been a shift in emphasis. According to the CLBG, "people are more worried about creating jobs that will be economically viable and are long-lasting." Although the boutiques de gestion still give priority to projects in the "social" economy which are mainly self-managed, they have also widened their activities to advise anybody who takes the initiative to create new activities and jobs.

The CLBG defends this move by saying that they are responding to the demand of those using their services, especially the unemployed. "The present economic crisis has pushed an increasing number of people to set up on their own. Creating your own firm is no longer the luxury of those that are idealistic and looking for new ways of working," explained the CLBG official. The boutiques de gestion, he added, "could not just support self-management initiatives - some 45% of firms set up in 1983 were cooperatives or associations with collective self-management - and ignore other requests for help. In the last two years there have been fewer requests from alternative initiatives and a lot more by those who want to set up traditional firms." These people "wanted to create their own jobs whatever the cost, they had no possibility of salaried work. We could not impose an extra burden on them by demanding that their firms are run according to certain principles."

The CLBG said that more than 60% of those setting up new firms are manual workers "with little tradition of working collectively. They have more need than others "for continual help to set up their firm, preparing the business plan, feasibility studies, marketing advice." There are other organisations offering advice to traditional small firms but this advice "is usually very technical in answer to a specific problem rather than the continual support work needed. The boutiques de gestion are the only ones to offer this service," said the CLBG official.

This tendency to deal less with collective self-managed projects, enshrined in the constitution of the boutiques de gestion, has taken place in many of the local offices. The official from the CLBG said this is because the demand for such projects is shrinking. He could not explain why this was happening, although one reason could be the failure of some collective self-management initiatives. The CLBG believes in looking for a leader in any group "that

will mobilise and encourage the others." He said that many recent initiatives failed more because of internal conflict between the people in the firm rather than any economic reasons.

The shift to helping anyone with a project, whatever the motive or the type of enterprise being set up, has meant that "the specialisation of the boutiques de gestion has become less evident." But the CLBG stresses that their difference is the way they give support and advice. "People need more than just technical advice and help with finance, they need an organisation capable of listening and accompanying them during the project." This is especially the case as the decision to set up an enterprise "is not the result of a free choice but the last step in a search for work; people are more motivated by the idea of creating their own job than by creating a company." This is why they need close support pinpointing and solving problems.

In its 1983 report, the CLBG gives a number of reasons that make the work of the boutiques de gestion specialised. First, the workers have created their own enterprise and must ensure "its eternity." They are thus able to understand the problems faced by others wanting to start up and help them to face the risks involved. Secondly, the experience of working in a small organisation gives them additional competence to counsel on the problems faced during start-up.

The boutiques de gestion know that any one of a number of factors, such as sales, marketing, internal relations, can go wrong and pull down the business. They can examine all sides of a business so as to prevent bad management, "for example, they attach as much - if not more - importance to the qualities of the entrepreneur as they do to the possible market and financing."

The boutiques de gestion will also ensure, through training, that those setting up learn to run their business on their own.

ESPACE-Région - Etudes et services pour la promotion des activités créatrices d'emplois

ESPACE was one of the first boutiques de gestion to open its doors after the November 1979 conference which gave birth to the movement. Some of the conference participants decided to set up an office in Lille, to cover the whole of the Nord-pas de Calais area. By June 1980 two permanent staff were taken on and a network of outside consultants created.

Between June 1981 and December 1982, ESPACE reorganised its work. Development work was done by the local offices in Lille and three newly opened local offices in Le Cateau, Arras and Boulogne sur mer, employing in total eight people. Regional coordination and support as well as research work was left to the three permanent staff of ESPACE Région.

Each of the four local offices has an administrative council comprising politicians and others "of influence" in the political and financial life of the area. There is also the regional administrative council of ESPACE Région responsible for the four offices. It works closely with regional offices of organisations such as the cooperative body SCOP.

Most of the people working full time for ESPACE have a business or economic background.

In addition to support work, ESPACE has developed training courses for people wishing to set up on their own; researched into the needs of these "new entrepreneurs"; looked into sectors with potential for expansion, and informed

local administrations, politicians and business people about the importance of local initiatives.

Like other boutiques de gestion ESPACE's original aim was to help people set up alternative enterprises in the "social" economy such as the production of goods "with a social value" or crafts when it helped the development of the local economy.

Those using the services range from manual workers (about half) and people involved in community projects to "militants" and those wanting to set up companies in new technologies or products. All are motivated mainly by creating their own jobs; other reasons include different work relations, gaining independence.

An official at ESPACE said that most people, generally speaking, want to create their own jobs "as a way of leaving the dole queues." The present economic crisis has led to a rise in the number of people wanting to set up on their own and take an individualist path", she said. The majority have no training and little business experience. "So setting up a new firm is more the result of failure than the culmination of a long-term project."

The agency initially "was very enthusiastic" about creating cooperatives, but now, the official commented, ESPACE is more "prudent" as many of the new cooperatives had serious problems, often leading to collapse.

The ESPACE official said that both the groups coming forward and the agency were aware of the difficulties involved in setting up collective management initiatives. "At the beginning we were enthusiastic and the agency had an official attitude to encourage cooperatives. We were attracted to cooperatives because they offered a different way of working." One of the problems most underestimated was the

difficulties that could arise within the group. "The interaction of personalities, the way of working, the experience of working collectively."

The agency has now changed its policy. "We encourage people to set up cooperatives but only for certain projects. We would accept or recommend this if the team is quite well structured with a leader, somebody that can act as the centre of the team - not necessarily to rule but to make the project more coherent." Apart from this, the agency tends to encourage people to set up traditional firms and if possible to institute worker's participation. The advantage of this structure, according to the official, is that it gives "a recognisable and recognised centre of power".

The first meeting at the boutique de gestion is taken up with a general discussion of the project. If people decide to go ahead ESPACE offers advice and support throughout the project, assessing the market, helping with organisation of the work, legal structure, financing etc. The agency will also help the new firm to approach banks and other bodies for loans. ESPACE says that there are no other organisations which, for such a small fee, can help small enterprises through all the stages of start-up, and with their teething problems. This has meant that most of the small firms assisted return to the agency for advice.

The training programmes of ESPACE for people wanting to set up can take up to 400 hours, equivalent to three months full-time work. During the training session, the business plans are worked out and the training is oriented towards each person's project. The scheme also covers basic business skills, legal structure and internal organisation. In-service training is also organised.

ESPACE stressed that its method of work (initial meeting, accompanying the project through the various stages and offering training) has been very successful. Once set up, each firm would then be closely monitored for up to one year.

To carry out its functions, ESPACE insists that both its staff and network of consultants have specialised skills. "At the beginning the agency used outside people with very general backgrounds to help with the projects. But it was soon evident that this formula did not work, as these generalists did not have the time or the capacity required to satisfy the needs of the new firms." This is why the agency decided to use outside specialists for specific problems and leave it to the staff to do the main development work.

The agency is now faced with the problem of where to concentrate its resources - should it continue to help the creation of new firms or strengthen and expand existing ones? ESPACE feels that both are important. One way out could be to form a service for existing small firms to be controlled by those who use it.

Some 5% of the agency's income comes from advice work - apart from the initial visit a small fee is charged for the consultations. Training provides anything between 25-30% of the agency's income, 30% comes from research and local "conventions" and grants and another 30% from national "conventions" and grants. The agency fears that national grants will disappear and is hoping that the local authorities will take on a larger share of the financing. At the same time it is trying to increase income from its own services but comments that many people find it difficult to pass from a free to a fee-paying service.

In 1983, ESPACE helped some 47 firms set up, creating 155 new jobs. Another 26 firms facing difficulties used the agency's services, three of which were reconverted into new firms so saving 117 jobs. The majority of firms helped were in craft and building sectors.

Of the 47 new firms, 18 were set up and run by individuals employing 21 people; 20 were limited companies or partnerships employing 87 people, and nine were cooperatives employing 47 people.

ESPACE helped to create 71 jobs in 1980, 86 jobs in 1981 and 162 jobs in 1982. In 1982, nearly two out of three jobs created were in crafts, building or manufacturing. Only one out of every four firms chose to be cooperatives but were responsible for almost half of the new jobs created. Nearly half chose to set up as "entreprises individuels" (responsible for 24% of the jobs), 10% were Associations (responsible for 7% of the jobs) and 16% were limited companies responsible for 20% of the jobs.

There was a certain shift in 1983, as only one in five chose to be cooperatives and were responsible for 30% of the jobs. Some 42% of those helped set up limited companies creating 56% of the new jobs and a smaller 38% set up "entreprises individuels" creating 13.5% of the jobs.

From the 158 firms helped since 1980, some 20 companies have collapsed with a total job loss of 61: four out of 27 set up in 1980, four out of 30 set up in 1981, 10 out of 54 set up in 1982 and two of the 47 set up in 1983. Taking 1980-82, the failure rate of companies was 16% and jobs lost 18.5%. The national average failure rate is between 50-60% in the first four years of start-up so ESPACE says that the record of firms it has helped has been good. Reasons for failure given by ESPACE vary. These include disagreements between those working in the company

(four out of five firms); lack of skills (two out of five firms); insufficient motivation by those setting up (one in five firms), and errors of strategy (one in five firms).

Many of the new firms have taken up the government's scheme whereby a lump sum equivalent to six months of their social security payments is paid to provide start-up capital.

Concluding remarks

Despite their proclaimed aims, the boutiques de gestion are moving increasingly into helping small, traditional firms start up with little control as to the types of jobs created and internal organisation. The CLBG and ESPACE both claim that this is a response to the needs of the people asking for help rather than any conscious decision on their part. They have no explanations as to why there has been a move against collective self-management initiatives in France over the last few years.

Another boutique de gestion, CREER based in Toulouse, has said that although the number of cooperatives helped by the agency has fallen, most of its clients want to set up collective self-management initiatives. CREER was also one of the first boutiques de gestion to be set up. For example, in 1982, CREER helped 30 new firms to start up, of which 21 were Associations, three were cooperatives and only six were limited companies.

CREER feels that one reason for the continued development of self-managed enterprises in the Toulouse area could be that it has a different tradition from the industrialised north. "There are a lot more small communities," said a CREER official. One of the reasons people may choose to set up as limited companies is because "they have an in-

sufficient number of partners to form a cooperative or investment needs necessitates the participation of outside shareholders."

CREER did not feel the same need to look for a "boss" in each of the groups, they prefer to "ensure a clear sharing out of responsibilities." In only a few cases, where people had no training or business skills, did the agency feel the need to look for someone that could assume a leadership role in setting up the firm.

The regional office (Nord-Picardie) of SCOP (Société coopérative ouvrière de production - the office operates in the same area as ESPACE), did not agree that there has been a fall in the number of cooperatives being set up. The regional office has little time to concentrate on small projects needing intensive development work and usually passes such inquiries onto ESPACE. "In the last year, there has been less of a demand to set up small cooperatives of four to five people but this was not the case for bigger cooperatives," said one of the SCOP officials. "Demand to set up bigger cooperatives continues to increase. A number of these are reconversions." The Nord-Picardie SCOP only has three regional delegates and one secretary. This is why small projects of three to four people are passed onto ESPACE. Since 1982, cooperative projects are often on a larger scale. One SCOP official felt that the shift to bigger cooperatives of between 10-15 people, can be linked to the subsidies and grants presently available which are much more oriented to bigger groups than the small three to four people set-ups.

The groups coming to the Nord-Picardie SCOP usually are able to do their own business plan; SCOP is there to help with market studies and put them in contact with outside experts. Help is also given with administration. The assis-

tance, however, depends on each case and one of the officials at SCOP said that the approach is helping the group to do the work themselves.

The regional office has concentrated in recent years towards strengthening existing cooperatives rather than helping create new ones. In 1983, for example, 32.7% of time spent was with existing cooperatives and 23.1% of time with development work. Despite this there has been an increase in new cooperatives in the area. In 1982, there were 17 new cooperatives employing 176 people, an average of 10 jobs each. In 1983, there were 18 new cooperatives employing 234 people, an average of 13 jobs each. In the first quarter of 1984, three cooperatives were created with 210 jobs, an average of 70 each. In general terms, 40% of cooperatives have at least 10 workers and 80% have at least 30 workers.

In 1983, 17 cooperatives stopped trading, of which four were nearly one year old, nine less than two years old and 14 less than three years old. There was a total job loss of 222. According to the Nord-Picardie SCOP some 80% of cooperatives failing were recent ones employing less than 10 people. But SCOP added that this compares favourably with firms in the traditional industrial sector because it corresponds to the loss of one cooperative in three with nearly three years of existence.

But despite the favourable comparison SCOP said that in recent years it has seen too many cooperatives go under and therefore wants to better monitor existing ones. This is considered to be a "preventive medicine" treatment rather than the present practice of being called in when it is already too late. This has prompted SCOP to concentrate during 1984 on strengthening, better monitoring and helping to expand existing cooperatives. They plan to spend less than 20% of their time on cooperative creation in 1984.

Another worrying sign, according to the Nord-Picardie SCOP, is that cooperatives set up in recent years have confirmed a trend of employing fewer people directly. These cooperatives have greater access to public aids and subsidised workers (EIL, regional council subsidies, ASSEDIL aid), resulting in the founders putting in less effort to make the cooperative work. "Too many groups do not have sufficient cohesion to prevent starting up problems leading to the collapse of the initiative." Also many are set up for purely financial reasons and not so much because there was a motivation to create jobs.

The regional SCOP office is funded by contributions from the various cooperatives and by state and regional aids. SCOP is arguing that these aids are necessary if it is to do any development work, its own funds going mainly to help existing cooperatives.

Nationally, at the end of 1983, there were 1,269 cooperatives in France. Some 60% of those created since 1978 were conceived as cooperatives, 30% are rescue operations and 10% are reconversions. Some 44% employ less than 10 people, 44% between 10 to 50 people, 6% employ 50 to 100 people and 6% more than 100 people. Since 1978, 1,108 cooperatives have been registered with SCOP employing in total 17,382 people, an average of 16 people per cooperative. Since that date one cooperative in four has disappeared (253 cooperatives, some 2,807 jobs), but this loss has been compensated by the growth in new cooperatives. Some 70% of National SCOP's money comes from the cooperatives' contributions, which are based on their turnover.

Section 6

THE NETHERLANDS

INTRODUCTION

The Economic Environment

Despite its relatively small population of nearly 700,000, Amsterdam still suffers from the economic and social problems plaguing many larger European cities. Unemployment is rampant, traditional industries are in decline, prosperous people are moving to the outskirts along with much of the new industry, leaving a large immigrant population to compete with unemployed young people for scarce jobs and even scarcer housing.

In March 1984, the official unemployment rate in the Netherlands was 19.8% for women and 17.2% for men, with an overall level of 18% of the working population. Excluded from these figures were the estimated 24,000 people (82% of them women) who were unemployed but seeking only part-time work - which in the Netherlands means less than 20 hours per week.

For Amsterdam the picture was even grimmer, with 39,031 men (22.6%) and 20,864 women (19.4%) on the dole queues. Traditionally, male employment was concentrated in the harbour and in shipbuilding as well as some industries, such as car manufacture. But in recent years Amsterdam has been losing ground as an international port and the shipyards are in decline. In early May 1984, for example, a yard closed down with the loss of about 1,600 jobs.

Women's jobs are also threatened, though concentrated in the service sector. There, public spending cuts and rationalisation, especially through the introduction of new technologies (in banking for instance), have reduced employment.

Yet, while job possibilities are declining, a significant change of attitude is taking place among Dutch women. Women now make up about a third of the labour force, compared with a quarter in the early 1960s. This seems to indicate an irreversible trend and one which is not directly related to economic factors. While in the past Dutch women did not generally look for paid work outside the home, and although their participation in the labour market is still low compared to other European countries, more and more women in the Netherlands are entering the ranks of the "economically active" (whether employed or unemployed) despite the crisis. It is estimated that "at least 45% of married women now want paid work outside the home," although many of them do not appear in the official statistics of the unemployed.

In an economic crisis minority groups are especially vulnerable. The older neighbourhoods in Amsterdam contain a high proportion of immigrants from Surinam, who account for 18% of the city's population. While most of them hold Dutch passports, they face particular problems in finding jobs and places to live.

The Role of Cooperatives

According to Stew, the agency studied, job creation in collective businesses is "a drop in the ocean" but it represents a growth area nevertheless. For example, the increase of workers' cooperatives in the Netherlands over the past seven years has been impressive, despite the lack of a long tradition of such cooperatives, and the unsuitable legal system in which they operate.

There are no accurate figures of the number of cooperatives in either the Netherlands or in Amsterdam. According to the Associatie van Bedrijven op Coöperatieve grond-

slag (ABC), the main Dutch organisation of workers' cooperatives, there were 400 workers' cooperatives in the Netherlands in autumn 1982. Of these, 43 were members of the ABC, as compared with 15 members in 1977. The ABC member cooperatives employed 1,800 workers. By early 1984 these figures had not changed. "We have the impression there is a levelling-off," said an ABC staff member. "The number of cooperatives organised by ABC has reached a stable 42 or 43, employing about 1,800 workers. Of these, 1,000 are concentrated in three big building cooperatives."

In Amsterdam, ABC estimates that there are some 40 cooperatives, (10% of the total), eight of which are members of ABC. If the average number of workers in a Dutch cooperative is about 20 (as is indicated by ABC figures) then cooperatives in Amsterdam must provide employment for about 800 workers. However, this figure is very approximate. It could be too high since many of the newer cooperatives employ less than 10 workers, or it could be too low, as there are many new cooperatives which have no contact with the ABC.

Many groups wanting to work collectively which would normally set up as cooperatives have difficulties because of Dutch law. This is why, for example, the ABC looks "not at the legal form but how a business actually works internally." If it is run on self-management lines then, for the purposes of ABC membership, it is considered to be a cooperative.

Dutch cooperative law as it stands does not take the situation of workers cooperatives into account. Oriented towards large agricultural cooperatives it presents particular difficulties for workers cooperatives, for example, in the area of social security. If employees of a cooperative are also members of the governing body then they are considered to be self-employed and therefore excluded

from unemployment and sickness insurance. This has particularly damaging implications for new, small workers cooperatives.

ABC, Stew and other bodies have been putting pressure on the government to change the law but the chances of this taking place in the near future are slim.

As a consequence of the legal situation and also to make it easier to get funding, many new collective businesses register as foundations (stichting), not cooperatives. This creates unnecessary complications, at the initial stages, as a group has to work out a compromise between the legal requirements and the way it wishes to work. Stew has built up expertise in helping cooperatives to adapt legal forms to their own needs.

There are differences of opinion within Stew, as well as between Stew and the ABC as to what is the best legal form group initiatives should take in the present legal set-up. "A cooperative is not the most efficient or advantageous form for a self-management venture to take," said the ABC. "It can be better to create a limited company and run it on self-management lines. We often advise people to do this." On the other hand, the Stew mixed team favours loose partnerships of officially self-employed people "with joint ownership of premises, machines etc. ... Each contract is signed by one of the members who then hires the others. For social security and taxes this works best at the moment." Another solution is advocated by the Stew women's team who advise setting up foundations both for "ideological reasons" and because it is then easier to get subsidies from both central and local government. Clearly this legal diversity of self-managed initiatives in the Netherlands creates complications for groups trying to launch new ventures and makes assessment of the actual numbers of such initiatives almost impossible.

Support and advice for local initiatives

Apart from Stew, there is a fairly broad range of organisations available in Amsterdam to help initiatives get started or advise them on their problems.

The creation of a cooperative support agency by ABC in 1982 was seen at the time as a significant development, both because it was the first time the government agreed to give direct financial support to ABC's work, and because it was hoped that it would give a boost to the development of workers cooperatives. However, since Stichting Zelfbestuur (SZB) opened its centre in Utrecht almost two years ago, the workers cooperative movement has stagnated rather than expanded. Neither ABC nor SZB were able to offer any explanation for this phenomenon beyond the general economic crisis.

The SZB, like ABC before it, has been active in aiding cooperatives in Amsterdam, both by giving advice and guidance, and by running courses for those who want to set up cooperatives.

Another useful resource has been Memo, an organisation which emerged like Stew from the alternative movement of the late 1960s. Primarily an organisation of small businesses rather than collective initiatives, Memo stands for "Mens en Milieu - vriendelijk Ondernemen" or "enterprises which are friendly to man and nature." Many of the businesses concerned are involved in wholefood production and distribution, but there has also been expansion into the building sector, graphics, arts, crafts and services. Memo has been instrumental in setting up local, small-scale coordination groups who "help people who want to start an alternative project to find their way or to get new ideas." Or it helps "more specifically with technical and commercial advice given by experts who volunteer their services..."

Memo advisors also work on a paid or a voluntary basis in the local, small-scale groups." As will be seen in the case study, some cooperatives in Amsterdam have found Memo a useful source of both business and group advice.

More traditional advice centres also exist. The Centraal Instituut voor Midden-Kleinbedrijf (CIMK) - Central Institute for Small and Medium Sized Enterprises - has occasionally given advice to alternative groups. One of the groups interviewed described a report CIMK did for them, analysing their business and advising them on future developments, as "excellent, realistic and thorough."

Local and national government bodies can also be helpful. These include employment and job creation organisations and training centres, whether organised in the city or its neighbourhoods.

Section 6.1

Stew - the Foundation for Experimental
Workshops, Amsterdam

Historical Background

The origins of Stew lie in the radical movements of the late 1960s and early 1970s, which looked on Amsterdam as a Mecca. Thousands of young people poured into the city to find new ways of living and working. Part of the alternative philosophy was a rejection of traditional, hierarchical forms of work organisation, and cooperatives and other collective initiatives seemed to offer an acceptable alternative. Some of those involved were politically motivated, others were mainly responding to their own individual needs. Whatever the underlying motivation, collective work forms of all types blossomed.

Local government in Amsterdam, meanwhile, was concerned by what seemed to be a mushrooming problem of youth unemployment. In 1970, therefore, it backed the creation of Stichting Experimentele Werkbemiddeling (EWB), a foundation which was to act as an intermediary between unemployment offices and the unemployed and, in particular, to help young people from the alternative movement to find "acceptable" work. EWB saw its role as one of developing the self-help idea. It aimed at finding jobs for individuals but also at undertaking "activities to humanise the labour market generally."

EWB quickly found itself working mainly with the "difficult cases" or the so-called "unemployables" for whom the conventional labour market offered few possibilities. So, in 1971 an experiment was made in extending placement activities to job creation, by launching a workshop to produce wooden toys. The workshop was to be organised in

a "horizontal" fashion so as to create jobs in "an acceptable environment." This first attempt at creating a collective business was not successful but the EWB workers involved learned from their experience. Wishing to continue with this type of work, the subgroup "Stew" decided to leave the EWB and in 1972 formed a new foundation whose specific purpose was to start up and guide new collective businesses. In this way Stew - Stichting Experimentele Werkplaatsen (Foundation for Experimental Workshops) - was born.

At first Stew's main activity was organising work projects. These are set up in the Netherlands for people who are considered unable to fit into the normal workforce. They are therefore allowed to work for one year in a project while receiving social security. During that time they are not obliged to look for other work. The purpose of the year is to give them "work orientation" so that they can then look for an ordinary job, go into business as individuals or change the project into a collective business.

The first successful Stew project was a gardening and nursery business set up in May 1972. It was to provide the model for "all the businesses being set up under the umbrella of Stew", in terms of organisation (collective) and financing (using subsidies at first). By 1974, when it was considered viable, several other projects had already begun.

EWB, meanwhile, continued to concentrate on individual placement and support for those considered "unemployable" by the normal employment office.

Organising projects for the unemployed formed the major part of Stew's work in the early years and is still important. One of Stew's teams (see below) deals exclusively with projects and Stew still helps some projects go on to become viable businesses.

However, the emphasis has gradually shifted. While projects continue to be important, the main focus has become advising new and existing collective businesses.

Internal organisation

Stew is registered as a stichting or foundation and is run by a steering committee. However, its actual work methods are much more democratic and "horizontal" than its legal structure would indicate. The steering committee "is an external group which is formally responsible to the law as an employer for us... and also gives us feedback on the quality of our work." It has five members at present but Stew would like to expand that number to about seven. The Stew workers choose new members of the committee although existing members have a veto as to who gets accepted. While the steering committee has formal power to choose new workers, in practice the staff select two candidates from whom the committee makes the final choice.

Since its creation, Stew has been funded almost entirely by local government sources. However, this does not seem to have affected its autonomy. Funding came at first from the Amsterdam City Council's Department of Youth Affairs, and now comes from the council's Department of Social Affairs and Employment. The latter approved last year a three-year plan for subsidies providing adequate funding for Stew, including money for new premises. Despite public spending cuts Stew does not anticipate financial difficulties in the near future. Indeed, it believes that its funding is reasonably secure since "unemployment of youngsters is a very important problem." Stew also has "a good relationship" with funding bodies that give money to new initiatives.

The only cloud on the horizon is a plan by the national government to increase control over support agencies, and to "reorganise all these sorts of advice organisations under the same umbrella as traditional organisations." The national government does not believe in "segregation" and so aims at having centrally controlled regional bureaux all over the Netherlands to act as advice centres for all types of businesses, whether collectively or individually owned. Stew is opposed to this kind of rigid approach, arguing that "a very specific kind of advice is necessary for collective businesses."

A similar tendency is emerging in local government policy. Since Stew is the oldest support service linked to the alternative economy and with a proven success rate, official bodies tend to have confidence in it. It is feared, therefore, that centralisation may mean that all alternative groups in the city would be channelled through Stew, and even that other support groups would become "subsidiaries of Stew". This is a role which Stew does not wish to have thrust upon it.

The background of most of Stew's 10 workers tends to be in "cultural work", that is, a combination of social and group work. One worker has an agri-business background and another an administrative-financial background. Stew acknowledges that this limited range of experience is a weakness. They hope to rectify this soon by appointing three part-time workers with business experience along with expertise in law and taxation. The groups interviewed also considered the background of the present workers as limiting the service that Stew could provide.

Counselling

Since 1981, Stew's workers have been divided into three separate, autonomous teams, working fairly independently. One team specialises in projects for the unemployed, the second in employment initiatives for both men and women and the third in women-only initiatives. In addition, some members from all the teams form a fourth group to do liaison with and give aid to outside organisations. Each team meets either once a week or once a fortnight to discuss their work and take decisions. Every month there is a full staff meeting.

The women's team was set up mainly as a result of external pressure. Women's groups wanted to see positive action from Stew to promote women's employment and proposed the creation of a new post. The first woman recruited specifically for this purpose began working for Stew in November 1981. In July 1982 she was joined by a second woman, and the team was formed.

Since Stew is the only support agency studied which has created a special service for women's initiatives, the case-study will mainly focus on its work.

There appears to be a significant difference of attitude and working method between the mixed team and the women's team partly because of their different target groups and partly because of the viewpoint of the workers in each team.

The women's team puts more emphasis on self-reliance and independence for the groups, Stew's role being to provide basic information and then to help the groups find any other information or assistance themselves.

As one team member commented, their aim was "to make women stronger themselves, not to get their strength from us." The mixed team, in contrast, tends to play a more direct role both in the creation of businesses and in their continual monitoring.

Another difference is in preparatory work. According to a worker in the mixed team, "the level of knowledge and skill" is not the same among women as among men. "Most women have not been raised to start their own businesses." Working with women's groups, therefore, "demands more attention" to things like bookkeeping, taxes, social insurance. Whereas mixed groups "are mostly male groups" and "most men have had a lot of schooling in that direction ... so the pre-phase is not necessary."

The women's team

When a group of women come to Stew with an idea for a collective business they are first given a small booklet to read containing basic information for setting up a business. They are then encouraged to come back and discuss any particular questions with the women's team.

Twice a year Stew offers a course for women planning to set up a self-managed business or just beginning to do so. The course consists of six four-hour sessions at fortnightly intervals. The sessions are adapted each time to the needs and interests of the women participating and cover financial management, working together in co-operatives, the advantages and disadvantages of the different legal forms of organisation, administration and political goals. The course's emphasis is on the practical problems that tend to arise when starting a collective business and getting it off the ground. Sometimes outside speakers are brought in to cover special subjects.

In most cases, this is all the advice the women look for from Stew although sometimes groups come back with particular problems. In these cases, Stew gives general information and encourages the group to go to individual experts, for example, a lawyer or a financial advisor, for further help. It is at this point that Stew's service does not seem to be meeting all the needs of the initiatives it is dealing with, as will be seen in the section on the response of groups they have worked with. The women's team recognises this shortcoming and hopes that their service can be improved soon with the appointment of a third member who will be chosen from a business or financial background.

One of the most frequent inquiries from start-up groups is the tax consequences of the different legal forms. Stew can deal with this in general, but some groups with particularly complex technical problems have had difficulty in getting answers to their questions either from Stew or from the experts with whom they are in contact.

Other support work which Stew offers is in collective decision making, where a new or even an older business is experiencing conflicts within the group. The women's team may then, if asked, do a session of what they call "intervision," that is, working for a day with the group on the problems which have arisen, their possible sources and solutions. The word "intervision" is meant to signify a process which is taking place between equals since the women's team strongly rejects a supervisory role.

In one case, a member of the women's team carried out these sessions with the cooperative once a month for six months. However, before agreeing to the six sessions, Stew made it clear that such support could not be "open-ended". A work programme was agreed on lasting six months. Stew felt that in this way it would avoid creating dependency.

There are only two cases in which the Stew women's team feels that it must take a more direct role in helping set up collective businesses. (Although even here they doubt the effectiveness in the long run of doing things "for people".) The cases are trying to encourage new target groups, such as migrants, to think of setting up cooperatives and other local initiatives, or trying to get women into non-traditional areas of work. As a sort of trial, the Stew women's team took the initiative to set up a neighbourhood restaurant; but it took a long time "as the group had to be closely guided through the whole setting up process." Stew was uncertain if it wanted to repeat this exercise, getting the women to take charge of the business was a lengthy and difficult process. On the other hand, they feel that it is sometimes necessary to take such initiatives. An interesting example is underway with Surinam women setting up a hairdressing cooperative. In this case the initiative did not come from the young women who will form the cooperative but from a Surinam cultural organisation working with Stew. "We worked out the business plan, without having the people, because it took about nine months and young women who are very frustrated already with the labour market do not have the patience to wait all this time. The Surinam organisation selected the people."

The mixed team

By contrast with the women's team, the mixed team places greater emphasis on having a direct role and starting initiatives. As a member of the women's team said, "we stimulate people to get the knowledge they need to run their business themselves... In the men's section they do more guiding. Sometimes they go with the group to ask the specialist or they ask the question and then tell the group." The mixed team tends to seek out the necessary

information for the group rather than pushing them to find out for themselves. It is more inclined to begin the process of establishing a business and then to look for the people to work in it. It then closely monitors progress made.

Monitoring and guidance

Stew and its users reject constant monitoring as unnecessary and undesirable. One business commented: "If you create dependency they would have to do your thinking for you."

Stew believes that the main problem for women setting up collective businesses is not their inability to organise but a lack of belief in themselves. "Women are very good organisers but need encouragement to gain confidence," one Stew worker said. So, rather than giving women pre-packaged information, the women's team prefers to act as a "contact point" and "to stimulate people to get the knowledge they need from the experts." In this the women's team differs from the mixed team which is more likely to look for answers from the experts and then transmit them to its groups.

The most important continuing contact between Stew and the women's initiatives is through the organisation of Amsterdam Women's Cooperatives - Organisatie van Amsterdamse Vrouwenbedrijven (OAV). The OAV was established in 1982. Stew played a key role in its creation and continues to play a "leading role". The OAV meets in Stew's premises and a member of the women's team attends every meeting. There are 24 women's cooperatives participating and through the evening meetings, held every two months, and the theme days held about twice a year, the cooperatives thrash out solutions to their problems and exchange experiences. In

this way Stew maintains direct links with most of the women's cooperatives, giving "collective guidance" without playing the monitoring role which the women's team rejects.

As the 1983 annual report said, Stew feels that in the last two years "the OAV has become an advising, supporting and guiding body." When a new cooperative is starting up, it is encouraged to join. At the OAV meeting each woman gives a short report on what has happened in her cooperative since the last meeting and, in particular, on any problems which have arisen. Other cooperatives also ask about problems which were mentioned at previous meetings, if they have been resolved and, if so, how. When a difficulty is posed, the other women present, including the Stew worker, try to suggest solutions or ideas for dealing with it from their own experience. The cooperatives find this a very valuable process since "we're always busy and don't take time for discussions. So when we go to Stew there's a clear moment to talk about things."

The theme days usually take place every six months at the Amsterdam women's house. The participants, who are workers in women's businesses, spend the day discussing aspects of the chosen common problem. Sometimes guest speakers are invited to contribute a particular expertise relevant to the theme. At the first theme day, held in early 1983 more than 40 women looked at organisation, decision-making and work methods. The most recent was on women working "in the black" in collective businesses, the implications of this and how it could be changed.

Along with the OAV, Stew is involved in a number of initiatives to help the development of women's businesses. Early in 1984, a fund for women's cooperatives was launched. Called "Fonds bv" or Stichting Fonds voor Bedrijven van Vrouwen, the fund aims at encouraging the creation of

women's employment initiatives, especially in the form of self-management ventures, by providing low-interest loans. Money is being sought from women's groups and organisations, and individual women, by emphasising the key importance of women's financial independence which is being eroded by the effects of the economic crisis. Support for the fund has come from women across the political spectrum. Stew believed that getting such widespread support for the fund was crucial. By January 1984, about 40,000 guilders had been collected for the fund. The fund will operate in conjunction with another foundation called "Mama Cash" which also finances women's initiatives. Fonds bv and Mama Cash have an agreement to work together to help women set up collective businesses. The fund also has links with local and regional organisations of women's cooperatives, as well as job-creation bodies, such as Landelijk Steunpunt Vrouw-en-Werk in Utrecht.

Problems

Stew's main problems tend to lie in internal organisation and training of its workers, rather than in the more bread-and-butter issues of finance, premises or wages.

As an organisation which emerged from the alternative movement and which maintains direct links there, Stew has always emphasised flexibility and collective decision-making. This commitment has caused some difficulties and although Stew still rejects hierarchical organisation, it has decided to tighten up its internal work organisation.

There is always a danger in loosely structured groups run on collective lines of seeing "a lot of informal power" concentrated in a couple of individuals. Staff discussions about this led to a decision to make the internal working

of Stew more formal so that it becomes "clear on each level who is deciding what." This coordination, it is hoped, will distribute power within Stew more fairly.

Work arrangements too have been changed after reflection on the way the organisation was developing. All Stew workers have flexible working hours, some choosing a three and a half or a four-day rather than five-day week. However, work arrangements used to be even more flexible until it was realised that "now that we are getting bigger we need to know who is where, and when." The workers decided that arrangements needed to be "a bit tighter and more cohesive and with more rules." On the initiative of the staff, and after discussions with them, the steering committee drew up some ground rules: eg. that a worker must give prior warning when he/she wants to take a day off.

Stew occupies a building overlooking a canal near the centre of Amsterdam, but it has become too small for their needs. This is not, however, a major problem as some half a million guilders have already been earmarked by the local authority for purchasing new premises.

Publicity does not present any great problems either. Stew has built up a certain reputation during its 12 years' existence, above all in its special constituency - the alternative movement. It also tends to get good media coverage for interesting initiatives it is involved in. For example, in 1983 a controversial women's cooperative was launched with Stew support, to run a barge transporting goods by river. Three of the women involved have licences as barge-skippers and the cooperative received ESF funding to run a training course for women in this male-dominated area where many women work as their husband's assistants, but few women obtain their own recognised qualifications.

The hostility to the cooperative from some barge-owners led to widespread publicity and, incidentally, an increase in inquiries to Stew.

The women's team tries to make its work better known, particularly through the women's movement. Most of the women's collectives interviewed said that they heard of Stew "in the women's house" or through feminist circles and a major factor in making Stew known, in the last year, has been the OAV theme days.

Training was an area mentioned where Stew needs to make improvements as most of its workers do not have business or financial backgrounds. Although some of them have done courses with outside bodies and they "learn practically from each other" this is not enough.

Perhaps the most serious problem facing Stew is the increasing demand for its services. As the 1983 annual report said: "Increasing unemployment leads to an even faster growing number of people who choose to set up new types of employment for themselves, often in cooperation with others." Because of snow-balling demand Stew has to increase its effectiveness so "in the future most support will have to be short-term advisory contacts, so those setting up the initiatives will have to rely even more on their own resources."

Contacts with other groups

Stew has good contacts with cooperative and small business organisations (ABC, Memo), central and local government bodies, "neighbourhood groups" concerned with employment, and independent organisations dealing with work and working conditions. The links with local government are strong partly because it funds Stew and partly because Stew runs,

for the authority, work projects for the unemployed. In addition, Stew has been asked to participate in a city council advisory body established to make recommendations on employment policy.

Stew's women's team works closely with groups from the women's movement and organisations concerned with women's employment. Contacts have been made with the Emancipatieraad (the Dutch Emancipation Council), a central government body responsible for promoting equal opportunities for women. The Emancipatieraad has a small amount of money for women's cooperatives. One cooperative, for instance, received a grant towards the purchase of office equipment and furniture. In addition, Stew, through the OAV, is trying to pressurise the Emancipatieraad to give work to women's cooperatives - to use women printers instead of a government print-shop, women translators, caterers etc. Stew is also working with the Emancipatieraad on a series of "return-to-work" courses for housewives in North Amsterdam. These courses, jointly funded by the local government and the Emancipatieraad, include running cooperatives and small businesses. It is hoped that some new women's businesses will emerge from these courses and links are already being established with the OAV.

Stew also has links with the Vrouwenbond or women's union, a unique trade union that is largely composed of housewives. It recently became an affiliate of the FNV, the Dutch trade union confederation. The Vrouwenbond is organising a national project to train 80 women in new technology and collective businesses. The hope is that collective businesses will emerge and Stew is advising the Vrouwenbond on the project.

In May, 1984 the Vrouwenbond decided to set up a foundation to run a "school of economic education for women"

which will mainly focus on collective businesses and micro-electronics. It is hoped that the school will open in September 1984.

As already mentioned, Stew's women's team is working with a Surinam cultural organisation to create a hairdressers cooperative. They hope this, and other contacts with groups in migrant communities, will enable them to work more with migrant women in the future.

Future plans

Stew's activities have changed little since its creation in 1972, the main aim being to create viable permanent employment in collective self-management units. However, since 1981 special efforts have been made to help the long-term unemployed, particularly women, "who, within the existing employment structure enjoy the least opportunities."

At present, the Stew women's team is trying to establish the OAV on a firmer footing. They would like to see the OAV take on a separate identity and legal form, be recognised by official bodies as representing women's cooperatives in the city and be funded to employ its own research team.

Stew believes that the OAV could strengthen the position of women's collective businesses by developing the links between them and the women's movement and "making women feel a responsibility to use women's services."

The OAV and Stew also plan to help set up women's collective businesses or cooperatives in different sectors so "building a chain" between the various initiatives instead of the present haphazard growth which can result in "too

many businesses of the same type," being established. One example given is to help start a women's distribution cooperative to market the products of women printers. Extensive market research will be vital, they said, to back up both of these efforts - encouraging women to use women's cooperatives and creating networks of complementary cooperatives.

The Stew women's team feels that expertise, especially business skills, need to be improved and are looking for a woman with a business and economic background to fill one of the three new part-time posts in Stew. In addition links between women working in collective businesses and those working in traditional ones, begun through the OAV theme days, will be continued and expanded.

Response of the groups aided

None of the groups interviewed considered Stew as their sole source of advice and counselling. This can be partly explained by the existence of a range of other organisations available to help cooperatives in Amsterdam. One cooperative, for example, had asked, at different times, both the ABC and CIMK, to do a business assessment and found both useful.

The groups recognised that Stew could not be expected to have expertise on all the sectors in which they operate nor on all the detailed legal and technical problems which might arise in each sector. "We must look outside the women's circuit to other cooperatives and even commercial printshops," said a printing cooperative. "Already we have well-developed contacts with all the alternative print-shops throughout the Netherlands." Another cooperative found advice from Memo helpful, especially its troubleshooting checklist containing about 60 questions used to assess problem areas or likely points of conflict in the group.

Many of the groups interviewed felt that Stew could improve its service both by developing the business skills offered and by having a better network of specialist advisors who could help with particular problems. As one group commented: "We have not been able to find good, all encompassing advice. So we have had to pick a little bit here, a little bit there."

One group emphasised that such specialisation was necessary as "we have some things in common even with IBM. We have to keep our books, we have to pay our taxes, etc." But they said that this expertise need not come from the Stew staff themselves, a good contact list of experts would be sufficient. Stew does have a list but it is not as extensive as some of the groups wanted.

All the groups said that Stew's initial advice was very good but once an initiative was set up and started trading it needed "a different kind of advice" which Stew was not always able to provide.

The groups said that Stew was strong when it came to advice on internal work organisation, relationships within the group, legal structures and bookkeeping. Several also said that Stew had been very good in helping them get subsidies from various sources.

Stew was much weaker, however, when it came to "the second stage of a cooperative's development" and some groups felt this was related to the cultural work background of the two team members. One cooperative said that Stew, for example, did not point out the need to advertise. "We thought of this relatively late. Maybe they thought it was too obvious but they failed to mention it." It was Memo which advised them to advertise and since then there has been a significant increase in the business's work and income.

Some of the groups have problems deciding on the aim of the cooperative, whether it should be a business or a political group. Many start off hoping to be both but soon run up against difficult choices when one or other of these aims needs priority. One group interviewed said that "there was a painful divorce between the women who wanted to build it up as a real business paying proper wages and those who saw it more as a hobby, not wanting to work too hard and have more time to talk with each other." Another group with similar experiences added, "certain differences are irreconcilable."

Many of the new groups have found it difficult to reach a point where they can pay all their workers a living wage. To deal with this problem, a number of the groups preferred that some of their workers continue to receive social security rather than risk taking out loans or looking for subsidies to cover wages. This solution has at times meant that the groups failed to recognise the real financial position of their business.

Stew's work to promote the development of women's cooperatives through the OAV (especially its theme days), and the cooperative fund, received unanimous praise from the groups interviewed. This was probably the area of Stew activity most singled out for commendation. The course for women's cooperatives was also considered extremely useful for those thinking about setting up a collective business.

Some facts and figures

In its first year of operation, 1981-82, the women's team dealt with a total of 22 initiatives. Of these, 12 were new start-ups in areas such as translation, record importing and bicycle repairs. From the 12 new ventures, seven

were successfully established by the end of the year, four had disbanded and it was not known what had happened to one.

Stew categorises its assistance to women's cooperatives under the headings of specific advice, general guidance and the training course. During that year 54% of the groups sought advice (36% advice only), 14% were given guidance and 59% did the training course (27% the course only).

The following year, 1982-83, the team dealt with 16 groups (clothing, hairdressing, restaurant, mechanics). There were 12 new initiatives of which three were successfully established by the end of 1983, the fate of four was unknown and four were considered still to be in the initial stages. One initiative had failed.

During 1983, 93% of the groups sought advice, 37% looked for guidance (one group wanted guidance only) and 75% attended the training course. Although the number of new start-ups was down, the amount of work done by Stew with each group increased.

The number of jobs or potential jobs involved is relatively small: all the initiatives provide, or will provide, less than eight jobs each and the majority fall between one and three jobs. In 1981-82 the total number of jobs either existing or potential was 65, with 27 in existing businesses and 33 created in the successful new ones. In 1982-83 there were 51 jobs in all, 10 in existing groups, 16 in new ones and 13 potential jobs in the initiatives which were not yet off the ground at the end of the year. Ten jobs were involved in the initiatives whose situation was unknown. However, these figures do not show a level of "real employment" because some of the cooperatives are not in a position to pay wages and the women are receiving social security.

On average the women's team now deals with about two inquiries a week asking for general information, along with two to four requests for advice from those involved in or thinking of setting up a collective enterprise.

Most of the women Stew works with are in the 25-40 age group, despite pressure from the local government "to put more emphasis on young people." Many of the women have had difficulties in getting work, either because they have been unemployed or absent from the job market for a period, or because they have qualifications which are no longer suitable.

PART II

Conclusions and Recommendations

CONCLUSIONS AND RECOMMENDATIONS

The support organisations studied operated in areas with acute employment problems - declining inner cities, regions abandoned by traditional industries they depended on and regions historically overlooked by economic development.

The agencies and organisations examined were all set up with the aim of giving support to people wanting to create their own jobs. Some like BSC Industry emphasise mainly job creation pure and simple. Others, like the cooperative associations and agencies, exist specifically to build up collectively owned businesses. STEW in Amsterdam works on a small scale with the emphasis on achieving new ways of working. By contrast CRESM in Italy has embarked on an ambitious project of wide-scale development. The approach, structure and environment differ in each case. Common to all of them is the mounting pressure to create jobs.

Often a conscious effort has been made by individuals and groups, and sometimes by local authorities, to set up support structures and promote job creation. In all cases, local employment initiatives are not seen as the solution to unemployment and in many cases agencies stressed the need for an economic framework promoting such initiatives.

The type of services offered in heavily populated urban areas and the problems faced can be very different from agencies setting up in more sparsely populated areas suffering from a rural drift and offering few market outlets for new businesses. In the urban areas there is already scope for an alternative market and infrastructure to support new cooperatives as they start trading.

An agency like CRESM operating in a mountainous region cannot adopt the idea of being a "drop-in" agency. The members have to go out and travel to the various villages and towns and the services offered are spread thin. The lack of infrastructure in rural areas handicaps both the businesses struggling to set up and the agencies wishing to help them set up.

Setting up and structure

The initiative to set up support agencies has come from individuals, voluntary groups, public authorities and co-operatives. If the initiative comes from community-based voluntary groups and collective businesses it is almost certain that they will be involved in policy making of the agency. Those employed by the agency, even if each worker has a specific specialisation, will also practise collective working methods (see London, the Netherlands). One such CDA, Lambeth, even changed its constitution to ensure a better control by the cooperatives.

The initiative to boost cooperatives or collective businesses can also come from a political alternative movement (see France, Belgium, the Netherlands). But control of the agency remains in the hands of the initiators and their approach to development work can vary. In some cases, competition between alternative groups as to who should control the agencies and represent the movement can arise, with energy going into organisational rather than development work. In Belgium, Les Nouvelles Coopératives was born after disagreements in SAW as to links such alternative job creation agencies should have with the trade unions and political parties. In France, the Boutiques de gestion have patented the name and instituted complicated entry procedures so as to keep tight control on the number and type of agencies that can use the name and benefit from the Boutiques de gestion's reputation.

As support agencies have spread, some local authorities have been prompted to set up local agencies on their own initiative. One such agency examined, WEDA, had a more hierarchical work structure with each official having a specialised job and few decisions taken collectively. It is almost inevitable that WEDA's approach to development work was also along these lines.

Where a cooperative movement is established, it has built up its own organisations which are normally cooperative-controlled but have all the strengths and weaknesses of large bureaucratic bodies. This is especially the case in Italy. Such large and powerful structures make it difficult for a small agency such as CRESM, which relies largely on voluntary effort, to establish itself.

Agencies set up by industry usually have the advantage of being well funded and concentrate on providing the right environment for businesses to grow, for example, premises and loans. The approach to development work may vary but there is a general emphasis on helping small or individual private firms with little monitoring of the type of jobs created. The two main elements of their work are assistance with business plans and an injection of finance to get the project off the ground when commercial banks do not respond.

In the cases studied some of the staff were seconded from industry but although they may be highly qualified in business they had little experience in development work - helping to build up confidence in the people they are dealing with and transferring their skills to those running the new businesses.

This contrasts with the staff of other agencies studied. Most have a good general background, may have worked in collective businesses and are usually very good on general development work and support for new groups. However, they

are much weaker on business expertise and this has left some of the groups helped unsatisfied. This weakness is recognised by all the agencies, which are now moving towards more specialisation in business skills so as to better meet the needs of the groups and an increasingly competitive economic environment.

General support and assistance for local employment initiatives

Whatever the strengths and weaknesses of each support agency, all the businesses interviewed were unanimous that their help was useful for setting up. Many said that without such back-up they would never have attempted to set up on their own.

Agencies set up in the last decade have in general terms one of two approaches to their work. One is the top down approach to development, i.e., doing the market research, feasibility studies and recruiting and making support and assistance dependent on close monitoring and support of the group. Groups seeking advice are not necessarily taught to do all the work themselves as the agency will take over certain aspects of management and accountancy. In the case of WEDA it provided marketing, financial and cash control as it did not believe that people could be sufficiently trained in the first few years. In some cases it even took over the management of the new businesses. One comment WEDA made, however, was that it had a problem in getting people committed to running their own firm and often had to make what it called continuous injections of management control. One criticism of this approach is that it makes the group very dependent on the agency's resources.

The majority of agencies preferred a policy towards the development of collective businesses which was from the bottom up. Although this was more time consuming, as it

involved taking the cooperative through each stage and ensuring that they had the confidence to go it alone, many of the agencies believed it was the only way to ensure the commitment and enthusiasm of the group of people involved, an essential ingredient. They also added that this approach is more in line with the concept of self-sufficiency and makes those running the business ultimately responsible for the way it is run. It is at this stage that they will start learning the generally underestimated human and economic problems in managing a business.

All the agencies offered more or less the same type of services - help with marketing, accounts, cash flows, business plans, with some having a large training input while others even helping with product development. Businesses helped also stressed that moral support and help with getting finance were essential services.

Support agencies distinguished themselves from traditional advice centres aiding small firms by saying that such centres are only equipped to give quick on-the-spot advice on particular technical problems and cannot go any further. The support agencies offer instead a more global view of the problems of a business. The CDAs in London, STEW and the Belgian agencies pointed out that groups often complained of having a specific problem such as accounts or finance, but this problem may conceal something quite different such as working relationships, bad management or even bad costing and pricing. It is the role of the agency to examine each problem in relation to the whole business and spot the difficulties, something that cannot be done by traditional advice agencies geared to solving specific problems.

Whatever their approach to development work, support agencies expect to help groups not only through the setting up stage of their business but also in the first few years of

trading. This hand-holding role is aimed at helping the people understand figures, properly analyse their business and so take responsible business decisions. Although securing finance will continue to be important, this alone cannot ensure stability or enable new businesses to expand.

In Italy, the services offered by the associations are something in between the two approaches explained above. They have a business-like approach to the cooperatives they help and are efficient in offering advice on the bureaucratic and technical aspects of setting up, legislation, taxation, wages and accounts. The services are more split up, with different departments dealing with particular problems while the consortia and sectoral associations deal with more specific problems of each business such as marketing, distribution and product development. Lega, for example, would help a new cooperative set up and join the appropriate sectoral association, comply with the various legal provisions and benefit from the advantages available in the sector. For specialist problems such as marketing and distribution the cooperative would then turn to a consortium where it would be in contact with other cooperatives in the sector and benefit from joint purchasing contracts. However, the level of services offered and the strength of the associations varies regionally and there is a big gap between the support given in Emilia Romagna and in the south. In their dealings with new groups the main emphasis is getting them to function as viable businesses; there is a lot less person-to-person development work. This is further accentuated as the associations and especially Lega, put their weight behind setting up much bigger cooperatives than is the case in other agencies studied.

Taking the example of teaching accounts and bookkeeping, Lega is more inclined to offer the service rather than to try and teach at least some members of the group to do

accounts and ensure that all the members at least understand what the figures mean.

But Lega recognises that a lack of understanding of basic business concepts results in members of the administrative council rubber-stamping managerial and financial decisions, especially in big cooperatives. They are attempting to help train at least those in the administrative council, which comprises the management and some cooperative members, to understand what lies behind the figures.

In the face of an increasingly specialised market, most of the agencies are turning to outside consultants to back up their support structure. This trend is taking place irrespective of whether the agency has staff with good business skills or not. This need has also prompted many of the more generalist agencies to take on specialist staff and put greater emphasis on the financial side of the business with better planning and examination of the product and market.

In the majority of countries examined, with the exception of Italy and the French SCOP, new collective self-management businesses are still suffering from what some people describe as the legacy of the 1960s. The businesses are seen as being there to serve the alternative market and remain marginal to the economy (see Belgium, the Netherlands, the UK). The agencies have to fight this legacy in an attempt to legitimise these businesses and to ease access to credit and other benefits. This was considered to be a major role of the agencies by all the businesses interviewed. The task is made easier if such initiatives have the backing of local authorities and are seen as part of a policy to regenerate the local economy (see London). This representational role was also greatly stressed in Italy where the cooperative movement has much greater respectability and weight.

The importance of creating viable jobs has made most of the agencies anxious to consolidate existing businesses although some, such as the London CDAs and the Boutiques de gestion in France, said that development work remained important. In Belgium, where the infrastructure is minimal, the agencies are still concentrating on building up such businesses and networks.

Les Nouvelles Coopératives, for example, is trying to work through pilot cooperatives which will then help others to set up and become a contact for that sector. The pilot cooperatives are established in sectors that have potential for development. The idea is that a network will slowly grow from the bottom up creating information channels and economic ties between the cooperatives with the aim of consolidating the movement at the base and promoting new initiatives. Cooperatives are encouraged to organise by chain of production, from raw materials to the finished product, by economic sector and by geographical grouping to encourage a snowball effect.

In Italy on the other hand, where cooperatives are increasingly recognised as a third sector of the economy alongside the public and private sectors, an interesting phenomenon can arise where government authorities are keener to set up new cooperative businesses than the associations, which have a certain in-built conservatism. The government and the trade unions are turning to cooperatives as a way of creating new jobs and saving jobs through reconversions. This has been received with mixed feelings by the cooperative associations which do not see themselves as having the role of propping up the economy. Lega, for example, insists that reconversions are worthwhile only if there are real prospects for the firm and if there is enough money to relaunch it. The associations have developed in parts of the country where the economy was stronger and in weaker areas the cooperative movement reflects the lack of

development of the whole business sector. This has left a space especially in areas such as the south of Italy where the associations are weaker for independent agencies to be set up and deal with development work.

It is interesting to note that while tensions exist between the established cooperative associations in Italy and a new movement wanting to set up alternative experiences, this has not led to the setting up of an alternative network as in France. The same tensions are also found within the Italian cooperative movement where there are often complaints that the strongest and longer established sections of the movement, which also provide the bulk of the associations' income, are reluctant to invest in new promotion and do not give enough space to groups like the young and women.

In France, where cooperatives are also quite strong, the national association SCOP was seen in the 1970s as very conservative and unable to respond to the needs of the new movement that was seeking an alternative way of working. This led to the Boutiques de gestion. However, the crisis has meant that more and more people thinking of setting up do so because they feel they have little chance of alternative employment; proportionally fewer people are prompted by more "alternative" views. The Boutiques de gestion said that this had led to individualism and so they have responded by encouraging anyone who comes forward with a viable business idea to set up irrespective of the type of jobs created or the internal organisation of the business. This attitude is now more closely aligned to the views of agencies set up by BSC Industry and JCL.

The Boutiques de gestion argue that present jobs must be maintained, whatever the cost. They also explain their move away from encouraging self-managed businesses by saying that many had failed in recent years because of inter-

nal conflict rather than economic problems - an experience not shared by other agencies. Other factors have also contributed to the failures, they say - lack of skills, insufficient motivation (a problem aggravated through the use of state subsidised workers who might be less committed to the business) and errors in strategy.

Some commentators feel that the existence of the Boutiques de gestion have pushed SCOP to be more dynamic. A similar trend has arisen in the region CRESM operates in. Lega, for example, now plans to set up an office in the same area. Lega has stated that there are political reasons for this decision. It says there is a pressing need to have a permanent centre because "of bodies and associations that continue to carry out activities in competition with Lega."

SCOP emphasised that its main concern was to consolidate existing cooperative businesses but it added that public funds (which it already receives) must continue if it is to carry out further promotion work. The SCOP regional office in Lille and ESPACE, the Boutique de gestion in the area, seem to have reached a happy compromise. SCOP concentrates on bigger projects that need less intensive day-to-day support and ESPACE is left with the smaller projects.

All the agencies stressed that their aim was to set up economically self-sufficient enterprises, yet the definition of what was considered a viable business varied.

BSC Industry and WEDA would encourage a group to go ahead the moment they felt that the business could generate enough income to tick over. This meant that businesses of one or two people were promoted although the majority varied between three and a maximum of 10 people. This is in sharp contrast to Lega's view that a business, to be worth-

while, has to create more than just a few jobs. The crisis has also meant that the criteria have become more stringent as the associations' resources are stretched through coping with the problems of existing businesses.

Agencies promoting collective self-management such as the London CDAs, especially those with more experience, are also becoming more careful about picking viable projects. But they stressed that this was always done in conjunction with the group. They felt that by taking a group through the various stages of setting up, including drawing up their business plan, it would become obvious to both whether or not the business had a chance of success. In WEDA, BSC Industry and JCL, it is the agency alone that decides if a project is viable.

However, newer CDAs find it difficult to weed out successful projects and tend to promote a larger number of initiatives than more experienced CDAs. Many of the CDA workers are forced to learn to make such judgements on the job.

As explained before, the way an agency is set up and works depends largely on who was behind the initiative. If it is set up by local authorities or industry there is pressure to create as many jobs as possible, which means they are more ready to take an open-minded approach as to what could prove to be a viable project. Even agencies set up on the initiative of voluntary groups and collective businesses in the area, but which are dependent on public funds, can also be put under this pressure. The cooperative associations on the other hand, in both Italy and France, whose main or total income comes from their members, the cooperatives, see their job much more as looking after their members and can be very tough in their choice of supporting new businesses. Small cooperatives bringing in little income to the associations are a drain on their resources which are highly sought after during times of economic crisis.

A major problem for both the new businesses and the agencies is marketing. Products are becoming increasingly specialised and are aimed at specialised markets. It is getting more and more difficult for a group to start producing and hope they will break into the market. Detailed analysis is often necessary to examine what types of products are needed and identify openings in the market. Most new businesses setting up have little acquaintance with anything other than very basic financial control. This can lead to their eventual failure as they can not properly control their business by planning their needs well in advance. They need a general understanding of their markets and the strategy they should develop, plus help with advertising and production of promotional material.

All the agencies remarked that people did not lack ideas or the basic skills to carry out their trade, the missing ingredient was management skills. In addition, most people think of setting up a business in the skill or trade they have always known. This problem becomes acute in areas suffering from a decline in traditional industries. In the steel closure area of Consett, UK, for example, where the majority of people worked at the steel plants, it was almost impossible to expect that after being made redundant they would all come up with interesting new products and services. At the same time, the local economy could not take on board more than a certain number of businesses in say car accessories and mechanics. The task becomes even more difficult as they are operating in an economically depressed area with little purchasing power that can put an automatic limit to expansion in consumer products and services sectors. Although retraining of the local labour force is essential, the agency must be able to understand the economy well and suggest to people where it might be more beneficial for them to start trading. This can be the advantage of having a large organisation such as the Italian and French cooperative organisations that have

the infrastructure for doing precisely that, researching into new openings for cooperatives and suggesting how best they can organise their work. One example was the group in Naples that wanted to continue a cafe/pasticceria business. Lega instead advised and helped them to go into mass catering. Market research is particularly important in the case of reconversions where the reasons for closure have to be carefully investigated.

It is certainly not easy to come up with new products or services nor to find the balance between the right specialist and marketing knowledge and the ability to use this information in such a way that the groups do not feel that the agency is imposing a solution. For example, WEDA, which favoured market research into new products, often found it difficult to convince groups of the idea. One of the reasons may be that the group was often recruited after the feasibility study was done or were barely consulted while it was being done. In the end it was mainly individuals who took up WEDA's suggestions.

Lack of understanding of the market also prevents many of the new businesses from expanding although financial constraints are also important. Few businesses have fully worked out marketing plans, for example. Because of overloading many of the small agencies have little time to concentrate on studying trends in the local economy and looking at new markets, and perhaps not even the experience. In any case, expansion is particularly difficult as many of the small businesses find themselves in the vicious circle of insufficient working capital, low value added contracts and poor wages.

All the agencies stressed the need for training, especially in management skills. Lambeth CDA, for example, organised courses which were tailor-made to the needs of particular businesses, helping them in setting up and with the

first stage of trading. Other agencies such as the Boutiques de gestion in France include training in the services they offer and it forms an integral part of their development work. Courses are offered in basic management skills. Funoc in Belgium is an example of what is basically a training agency which also helps develop employment projects. Some of the agencies also emphasised training in internal relations especially if the business is self-managed (see Stew and the Belgian agencies). Training was seen as crucial if groups are going to make the transition to self-management.

Access to finance for businesses starting up is crucial. As many of the people have few assets of their own it is almost impossible to get any loans out of banks. It is here that the agencies play a particularly important role in helping the businesses draw up financial plans to present to banks and then support their applications. However, the weight they carry with commercial banks depends on how seriously they are taken politically. In the UK, the CDAs studied said that what seemed to have made a difference was whether or not the cooperative had received loans or grants from local authorities. If they had, the banks were then more prepared to take the financial risk and advance money. It also helps if the CDA has a good reputation in the area. The agencies set up by BSC Industry seemed to have more access to the banks perhaps because the banks had more confidence in an agency supported by industry basically promoting small firms. In Italy, the cooperative movement is more influential with financial bodies in Emilia Romagna, where it is a major force, than in the south.

Businesses interviewed that were helped by the newer agencies said that their assistance was essential in the setting up phase but the agencies' services were often limited when the business started trading. Although all these agencies said they wanted to see businesses expand, specialised

help was needed to understand the type of market each business should aim for. This is an added reason why outside consultants were being used and in London a cooperative business advice service has been set up. The agencies seem to be aware of their limitations and have tried to remedy this by better training for their staff. However, those interviewed saw recourse to outside consultants as necessary, although problems arise over how to pay for such services and many businesses have to be in real trouble before they would consider paying for outside help. The GLC has a contract with a cooperative business advisory service which, with the GLC's prior approval, gives free advice to cooperatives. This could be one way out of the dilemma. Other initiatives have also been launched such as display and exhibition services or direct selling.

The problem of adequate specialist services can also arise in Italy where the bigger cooperatives are correspondingly more demanding in their needs. The more developed regions such as Emilia Romagna have a good level of basic services. The problem there is much more entering the "system" to have access to these services. Other regions such as Campania admit that they are not adequately equipped to deal with the new demands but are limited by a lack of resources.

The majority of people helped by the agencies were unemployed, perhaps skilled but with no business backgrounds. The two CDAs interviewed in London were conscious of the problems faced by minority groups and women when trying to find work and would make a special effort to help such groups wanting to set up. However, they did not feel it necessary to form a section dealing solely with women's businesses as is the case with STEW in Amsterdam. STEW feels that a special effort has to be made if more women are to set up. The level of knowledge and skills among women, for example, are not the same as men and in many cases a lot more preparatory work is needed.

CRESM was also aware of the problems faced by women and returning migrants, and in theory Lega has a national policy to improve the position of women. Nevertheless, women in the cooperative movement remain in the middle and bottom grades except in young people's cooperatives and service cooperatives. The head of Lega's national women's committee felt that the cooperative movement still had a long way to go in remedying this.

All other agencies interviewed made no special mention of particular target groups and the BSC Industry agency in Consett pointed out that the majority of jobs created by the new businesses they have been helping are taken up by men. Along with JCL and WEDA, the Consett agency said that in their experience the most successful people in these new businesses have been unemployed middle to senior managers made redundant from large companies. Indeed the majority of those helped by BSC Industry were British Steel ex-managers and not the mass of the company's ex-workforce. The reasons given are varied, including the fact that it is not easy for workers used to a cradle to grave job in one industry to gain the confidence to set up on their own. There could also be a problem of communication as these agencies are staffed largely by people coming from industry who have little experience of development work.

Not all the agencies made demands as to the type of jobs to be created and the way the businesses should be run. BSC Industry, for example, said that they never controlled either the wages paid or working conditions of the companies they helped. They argued that they did not believe in putting constraints on start-up firms by insisting that the jobs should fulfil certain criteria. The only overall constraint is from the commercial point of view and it was hoped that once viable a company's wages and work conditions would fall in line with the rest of industry. Sur-

prisingly, this is increasingly the argument of the Boutiques de gestion in France which say that they too would not want to impose an extra burden on the firms by demanding that they are run according to certain principles such as self-management. This is why they will now support any firm whatever the legal structure, whether it chooses or not to work collectively, with the aim of maintaining jobs at whatever the cost.

This view is not shared by the London CDAs and the agencies examined in the Netherlands and Belgium. They consider wages, working conditions and collective decision-making as essential elements of any firm they help. This does not mean that every group that seeks advice is automatically told what kind of business to set up. The agency discusses with the group to see if a collective structure is the right one for them. The agencies would help the group with the problems of learning to work collectively. If the group does not want to work collectively or the type of work they are thinking of doing cannot be turned into a viable business then the workers would give them initial advice and point them to other agencies that deal exclusively with small firms.

WEDA in London favoured a mixed agency where some people would be dealing with cooperatives and others with those who want to set up on their own.

Although many of the collective groups start with low wages, the agencies' aim, both in London CDAs, Belgium and the Netherlands, is to help the new businesses reach a level where higher wages can be paid.

Promotional and wider development work

Many of the agencies are active locally to try and promote the businesses they have helped. This is more pronounced in agencies set up by cooperatives, individuals or voluntary groups. The agencies, either through informal networks, such as the CDAs, or more formal structures such as the Boutiques de gestion, are trying to present a common front both to public authorities and the business world at large. Through the networks they exchange experiences and are able to attend conferences and do joint campaigns.

In Italy, where the cooperative associations are well established, there is less promotional work and more attempts to consolidate the movement, making it bigger and stronger. But as part of this process they are careful to choose which cooperatives and what sectors they want to promote. In Campania, Lega's preference for supporting a limited number of new cooperatives and CRESM's energetic promotion of large numbers has led to a clear policy clash. The Italian associations have built up links with trade unions and are recognised as the representatives of the cooperative movement by the government and regional authorities.

In Belgium, the idea of setting up informal networks was stressed by both SAW and Nouvelles Coopératives. SAW, however, felt that there was a role for the trade unions and political parties to play in building up the movement, while Nouvelles Coopératives preferred a bottom up approach to networking based on pilot cooperatives that would also help to link cooperatives in the same sector.

Many of the agencies also did promotional work to encourage more people to set up on their own and some had their own videos for this (see Lambeth CDA). Many also provided taster courses on the benefits of collective businesses for people who might be interested in setting up. In London,

such courses were organised specifically for women by ICOM Women's Link Up. This publicity work also helped to make the agencies better known in the areas they operated in and so more legitimate.

Training

In the newer agencies studied most of the staff taken on had a general or community work oriented background. This puts a limitation on the agency's ability to judge projects and to help beyond the setting up stage. These agencies are becoming more aware of the problems and in addition to on-the-job training, they stress the importance of formal training for development workers. There has also been a trend to take on some people with economic and business backgrounds which can help with the more technical side of development work.

Agencies backed by industry are more inclined to have specialist staff but as mentioned before their limitation lies in the fact that they are weaker in development work. They are used to dealing with technical problems but are not always able to respond to the support asked for by groups during the difficult setting up stage. Staff seconded from private industry also lack the background to promote collective self-management initiatives.

The agencies studied in Belgium are faced with a wholly different problem in the sense that the majority of their staff are subsidised workers from the state on six-month and one-year contracts. Although the agencies can specify the skills required there is the disadvantage that just when these workers gain the necessary practical experience they have to leave. The problem of discontinuity of personnel was also brought up by CRESM which depended largely on voluntary workers who could only stay for short periods.

The Italian associations on the other hand, have very skilled personnel working in each of the different sectors. However, services offered vary depending on the region and the south says it is way behind. The associations stressed that one of the major problems was the lack of up-to-date skills and more training was needed in this field.

All the agencies are understaffed in relation to the demand made on them not only by the groups seeking advice but also by public bodies.

Finance

Despite attempts by some of the agencies to be self-financing, such as the Boutiques de gestion, most now accept that they will always depend on public funding for at least part of their costs. This creates some problems as they become dependent on political whims and a change in government could mean an end to the agency for reasons unconnected with its work.

The Boutiques de gestion, whose service is fee-paying, have only managed to cover some 5% of their costs from development work, another 25-30% coming from the training programmes. They also pointed out that some found it difficult to move from a free to a fee paying service. In London, CDAs are mainly or totally financed by local authorities and STEW in the Netherlands has secure long-term funding from the Amsterdam authorities. The founders of Islington CDA had hoped that at the end of the five years present funding, contributions from the local cooperatives could keep the agency going. But it became quickly evident that these businesses were still too small to support the costs of an agency. In Belgium, local funding is meagre and agencies examined depend on income from training and various

self-financing initiatives. The major governmental help comes in the form of subsidised workers but such a system can create problems and threatens any continuity in the staff.

Industry seems more keen to offer money for the development of small firms rather than cooperative initiatives. WEDA was the only agency attempting to raise money through industry which was involved in cooperative development. It was not altogether successful in its approaches to private firms. However, even in the case of BSC Industry it was difficult to convince private firms to contribute especially in areas such as Consett where there were few large companies with substantial profits. The Consett agency felt they succeeded because industry started to feel there would be direct spin-offs. Even so it is BSC Industry and the local authority that were the main funders of the agency.

As the Boutiques de gestion pointed out, to become commercially viable the agencies would have to change their work methods and offer straight commercial business advice. Also, if they upped their fees many of the unemployed using these services would be unable to pay.

One of the problems is paying for outside experts. CRESM, for example, is dependent on voluntary work and finding consultants that will offer their services free of charge. The scheme run by the Greater London Council where an agreement is made with cooperative consultancy firms allowing them to offer cooperatives up to a certain number of days free service, could be a useful model for solving this problem.

The cooperative associations that depend for their income on member's contributions are reluctant to be pushed into large-scale promotion without adequate funding and back-up

measures. As SCOP pointed out, if governments want them to help people set up on a large scale, they must provide the funds.

The shortage of funds also affects the new businesses, which are excluded from most credit sources. A number of agencies have revolving loan funds to help groups with setting-up and cash flow problems. Such funds are proving essential for a number of businesses and have gone some way towards helping the work of the agencies. However, as always the revolving funds are often minimal and in the case of CRESM they are inadequate for the needs.

Being dependent on public funds makes the position of some agencies precarious. They are under a double disadvantage: pressure to create the maximum number of jobs but with the risk that a political change will lead to a smaller budget or even closure. A new administration might see the agency as the project of the previous funding authority, for example. The risk could be minimised if the work of support agencies is seen much more as part of a local development programme.

The problems of being dependent on bureaucracies for funds also comes out in the difficulty of launching projects the agency might want to do. The idea of setting up workshops that will house the agency and new businesses has been promoted for a long time by the two London CDAs interviewed. Yet, approval took as long as four years (see Lambeth). On the other hand, Job Creation Limited that sells this as part of its package has managed to get such schemes off the ground much faster.

Monitoring

As part of the trend to strengthen existing businesses, most agencies are increasing the amount of follow-up work and monitoring, and this can overshadow the job creation aspect of their work. Often there can be conflict between these two demands on their time and resources.

The London CDAs, STEW and the Belgian agencies believed that follow-up work is necessary for as long as two years after the business starts trading. However, the follow-up work is not so much policing the running of the business but more "being there" if a problem comes up, checking every so often that everything is going smoothly. Lambeth CDA has started a new scheme where half a day a month is allocated to each cooperative to deal with any matter they wish. The service is aimed at helping cooperatives keep a better control of their business through constantly reassessing and making sure, for example, they have priced their product properly. This could be a solution as many of the agencies are so overstretched they find it difficult to give sufficient time both to setting up and follow-up.

In the case of CRESM, the long distance between cooperatives makes any service difficult to offer. With funds running desperately low the agency has difficulties even in keeping a skeleton staff.

All the businesses interviewed said that they wanted more follow-up work especially to help analyse how their business is going and where changes need to be made.

In Italy, where a number of advantages exist for cooperatives, the associations are careful to monitor any prospective groups to ensure that they have the right social aims and are not trying to set up as cooperatives merely to exploit these advantages.

The Italian associations have the particular function of auditing cooperative accounts every two years for the state. This is one way of ensuring they keep in touch with their cooperative members and check they are operating properly. They also have a direct interest in the cooperatives' survival and as said before the majority of their services are oriented towards strengthening existing cooperatives.

It is agencies such as BSC Industry, whose sole aim is to create the greatest number of jobs, that seem to do the least follow-up work. Although they make clear that they are always there to help out, they do not make any further effort to contact the various firms. One of the businesses interviewed, which was in one of the BSC Industry workshops, said that the agency does not really keep an eye on the firms although if a firm went to them for advice, it was usually good.

Comments and recommendations

In recent years there has been a shift in attitudes towards job creation. The traditional strategy of offering incentives to attract outside industry to an area has not produced the results hoped for as many companies leave once subsidies run dry and fail to bring the long-term benefits expected by public authorities. The emphasis has shifted to local job creation by firms using local resources and answering local needs.

This change is reflected in the policy of the European Commission which in November 1983 brought out its own paper on the role of local employment initiatives in combatting unemployment.

The term local employment initiatives covers worker's co-operatives, community businesses and other collective forms of working which are locally based and usually, though not always, small (less than 10-15 people). Although local employment initiatives are increasing - the number of people employed in workers' cooperatives in the EEC has nearly doubled over the past five years - the Commission points out that it is clear they can make only a modest contribution to fighting massive unemployment. But, argues the Commission, local employment initiatives are important not merely for the jobs they create but also as a way of preparing the ground for the development of areas suffering from high unemployment - promoting self-help, cooperation, local and regional regeneration - and integrating women, young people and disadvantaged groups into the labour market. They rebuild confidence in the area, maintain or develop skill usage and restore the capacity for enterprise.

The Commission distinguishes local employment initiatives from other small and medium-sized enterprises. Although they bear a passing resemblance, they differ because they are mostly set up by people who are unemployed or threatened with unemployment and are thus usually undercapitalised at the outset. Although they seek to be economically viable businesses, jobs are their primary objective. This means that local employment initiatives have different requirements as regards support, access to finance, training etc. They need encouragement and intensive practical support as few people have the capacity to move from being unemployed to becoming successful entrepreneurs and co-operators unaided. Support agencies differ from traditional advice facilities because they work closely with their clients, provide a full range of services and give particular attention to those with little or no business experience.

The need to promote local employment initiatives is not always accepted by traditional small-and-medium sized firms which see the idea as a reflection of the view that traditional small firms do not create many jobs and do not fulfil social objectives. They often resent support being given to these initiatives regarding it as unfair competition.

A policy to support collective self-management initiatives, especially cooperatives, has already been implemented by two major authorities in the areas studied - the Greater London Council (GLC) and the Regional government of Emilia Romagna in Italy. Their aim is to harness the advantages of collective working with social aims as part of a fully fledged local employment and economic policy.

The role of the GLC has been crucial for the development of new cooperatives and businesses run by ethnic minority groups in the London area. It has used its resources to provide finance, especially for the start up of new businesses; help with expansion; set up support structures in boroughs where the local council had little interest in such initiatives, and extend training facilities. Finally, its industrial strategy has given a general economic framework to local job creation.

Other than cooperatives and ethnic minority businesses, the GLC has made the political choice to support middle to large firms rather than traditional small firms. It argues that the job creation capabilities of small firms are exaggerated and achieved frequently by paying low wages and undercutting unionised labour. The GLC has chosen to promote cooperatives because they encourage social ownership and contribute towards the creation of "better" jobs. In certain sectors, where small firms predominate, the GLC has opted for policies strengthening the particular sector rather than individual firms. It is also look-

ing at developing sectors where cooperatives are already strong, as well as the possibility of providing preferential contracts and indirect aid.

A similar choice was made by the left-wing Regional government in Emilia Romagna, which for many years has supported cooperatives and given them preferential contracts. This policy has also helped to reduce black working in sectors such as cleaning services. The cooperative sector is included in all the government's economic planning and training programmes and over the years a stable environment has been created for cooperative development.

Emilia Romagna's consistent policy of support for cooperatives and the highly developed support structures there form a contrast to the situation in Campania. Here, the problems caused by a lack of overall planning and coordination were emphasized by all those involved in cooperative development work. In this underdeveloped economy, employment initiatives are particularly in need of support structures and access to financial resources but it is here that the gaps are greatest. The self-financed cooperative associations are geographically thinly spread and are inadequately equipped to cope with the ever increasing number of cooperatives set up in a region of chronically high unemployment, especially among young people who are attracted to the cooperative formula both for ideological motives and as the only hope of ever getting a job.

The independent agency CRESM has attempted to channel aid coming into the region after the 1981 earthquake into the creation of permanent employment. It is now at a crossroads in that it must find a way of replacing its reliance on external aid and volunteer efforts if its work is not to peter out at a critical stage. CRESM's activities and its creation of an independent consortium for cooperatives has

also brought it into conflict with the regional Lega bringing up the question of political control and representation of the cooperatives.

In the south of Italy, which has seen Italy's economic growth consistently benefitting the North at its expense, the importance of internally generated growth was perhaps more stressed by those interviewed than anywhere else. Locally based cooperatives which do not "pack up and leave" or export their profits elsewhere is one of the solutions. Backing for the setting up of cooperatives in the south in particular is also coming from the government and trade unions but it seems clear that a proper support "package" is needed if viable businesses are to be created.

As said already, local job creation, especially as part of a wider development programme, can go some way to solving unemployment and helps the area to gain confidence. This is true of areas such as the north-east of the UK and Wallonia in Belgium which were economically dependent on a few large employers, now in crisis.

In the area of Consett, where the work of the local agency set up by BSC Industry was examined, the main emphasis, other than attracting outside firms, has been on the creation of small private firms. Recent evidence, however, casts doubt on the long-term effectiveness of such a programme if done in isolation from other employment policies. In a study carried out for BBC north-east by Dr Fred Robinson and David Sadler entitled "Return to Consett" the achievements of the agency since it was set up were analysed. The authors say that although the reindustrialisation strategy has achieved some success, it is doing no more than compensating for jobs lost over the last two to three years as the new jobs occur in an overall context of continuing redundancies. The strategy is not making up for the jobs shed in the economic collapse of 1980-81.

Examining employment statistics in the area, the authors estimate that well over half of those made redundant during that period are still out of work. To arrive at this figure they include people between 60 and 65 who cease to appear in unemployment statistics and people on government schemes managed by the Manpower Services Commission (MSC). These schemes offer temporary jobs to the long-term unemployed for up to one year on projects deemed beneficial to the community. On this evidence the authors doubt whether the original objective set by BSC Industry to secure 6,000 new jobs (later modified to 5,000) by 1985, five years after the closures, can be achieved. They also point out that the score of new enterprises operating in Consett provide relatively few places for former steel workers.

By December 1983, 62% of the jobs created in the area were in new businesses helped by the agency and 24% in firms attracted to the area (although these firms are bigger, the average size being 19 employees compared with the average 10 employees for the newer businesses). The agency also helped existing businesses to expand; 80% of these expansions created additional employment of no more than ten jobs in each case. But although the impact remains limited the authors point out that the new businesses have helped diversify the local economy but probably not the establishment of any new specialisation or strength on a significant scale.

The authors recommended that local economic development should be based more on cooperatives and community businesses as this will help to avoid some of the problems associated with the single entrepreneur carrying all the risks and difficulties of a small business. They argue that a long-term solution must include a re-examination of the work ethic, work sharing schemes, a statutory retirement age of 60, trade union agreement to reduce overtime and a change in the rules covering state benefits to

enable a combination of income from part-time work and government assistance. This should be accompanied with reflationary measures and expansion of local authority activities. The authors feel that the cost of such schemes could be met by a redirection of regional policy capital subsidies.

Some governments have set up schemes to subsidize the temporary placement of unemployed people in non-profit making bodies and community groups. The way these schemes are used came in for heavy criticism from many quarters. This system is widely used in Belgium (CSTs, TCTs, etc) and the agencies interviewed felt that it can hinder the job creation potential of alternative employment initiatives. In the absence of any real aid for groups starting up, many are taking the form of non-profit making associations, Asbl, so as to benefit from the scheme (which does not cover cooperatives) and sidestep the problem of the wage-bill, one of the main expenses for any new business. This results in a lowering of wages and makes it harder for co-operatives and other initiatives to compete. As these Asbl cannot pursue commercial aims, they are set up mainly in the social and cultural fields. Although they may improve the services of the area, the Asbl remain marginal to the economy and do not contribute to the creation of real new jobs that are not dependent on the state. Solidarité des Alternatives Wallonnes, SAW, felt that these subsidised workers could be useful during the start up of a business when there is not enough money to pay wages. But it stressed that subsidised workers must be a temporary solution paving the way for the business to create real jobs. However, this scheme is being used increasingly to replace salaried posts in Belgium, especially in the public services.

A similar scheme in France was also criticised by SCOP. They argue that the use of subsidised workers on temporary contracts has contributed to the many recent failures. Acc-

ording to SCOP, temporary workers are generally less committed to getting the business off the ground. Criticisms have also been made of the MSC's community programme in the UK. It is felt that the scheme has pushed wages down and could undermine local initiatives. Local organisations are tempted to modify their activities to fit the MSC criteria discouraging experimentation and new kinds of projects.

A better way of helping businesses with their wage bills might be the introduction of schemes such as the Enterprise Allowance Scheme in the UK, providing unemployed people with £40 a week towards wages in the first year of operating. Another way is to allow people setting up new firms to continue receiving benefits as happens in the Netherlands or, as happens in Belgium and France, to receive a part of their benefit in a lump sum so as to invest in the business. On a bigger scale there is the proposed Marcora legislation in Italy. However, any such incentives to the unemployed must be accompanied by adequate support structures and people should not lose their right to social security if the business fails in the early stages.

The pitfalls of passing general measures providing incentives for the unemployed to start-up on their own, without adequate assessment of viability and the necessary support measures, has been shown by Italy's 285 law promoting young people's cooperatives. Set up in large numbers with little back-up, the failure rate was high.

Job creation obviously cannot be embarked on lightly. These initiatives have to take place as part of coordinated employment and economic policies so as to ensure that they do not create a second economy of marginalised workers with low-paid jobs and bad working conditions. The question must be asked what kind of jobs need to be created and at what cost. Should support agencies encourage firms to set up without some control on the type of jobs to be created and

the contribution they will make in the long-term to the development of the local economy? Some guarantees will also have to be given if local employment initiatives are to gain the backing of the trade union movement.

It is also evident that without public sector recognition and financial support, the impact of local employment initiatives will remain limited. There is a danger that local action will slowly die without a response from the public authorities. This requires a recognition by governments that funds spent on local initiatives are more effective as a development strategy than expensive benefits for "invisible investors". But it is crucial that the objectives of such local activity are clearly defined, including the type of jobs to be created and their social and economic aims. Local employment initiatives need to grow within coherent national and regional economic policies backed up by funds and a wide network of support structures. However, such policies must make clear the type of jobs that should be created to give long-term benefits to the community.

Local authorities in particular have a crucial role to play by recognising the importance of these initiatives and giving them proper backing.

Useful forms of support by local authorities include:

- start-up finance
- grants for feasibility studies
- acting as guarantors for commercial bank loans
- suitable premises at accessible rates, especially on "easy-in, easy-out" terms
- organisation and funding of training programmes

- funding for support agencies as part of local economic policy
- subsidies for the use of outside consultancy services by the agencies allowing the businesses to benefit from additional specialist advice
- provision of the initial capital for revolving loan funds administered by the agencies to help tide businesses over short-term cash flow difficulties

Local authorities can also play a key role in the growth of these initiatives by giving them preference in their purchasing policy and the awarding of contracts. This should be part of a general policy insisting that proper working practices and equal opportunities be observed by the companies they trade with.

Some monitoring, however, should take place to ensure that any funds or advantages for such initiatives are not open to abuse.

Training for both the businesses and development workers is also essential. People working in these businesses need management training and updating of skills while development workers often need to broaden the range of skills especially in marketing and business analysis. To encourage those working in these businesses to take up training, compensation might be necessary for loss of earning during the training period and for the cost of providing substitute labour.

Centres researching new products that can be developed and commercialised are also desperately needed. Working in cooperation with the agencies, they can help groups to diversify and move beyond the more obvious products and services.

Industry also has a role to play in promoting initiatives. It can back funding bodies providing easy term loans and offer premises and equipment free or on favourable terms. This could be particularly useful since local initiatives have great difficulty in getting access to credit. The banks administering special loan schemes for small-and-medium sized firms use strict business criteria in judging applications and often demand solid guarantees. EEC lending has the same drawbacks, for example, the conditions of the global loans made by the European Investment Bank for onlending to small and medium-sized firms make them inaccessible for most local employment initiatives.

Although changes in the ESF represent a first step towards recognising the need to train development workers and promote local employment initiatives, other EEC funds and policies are inadequate. More resources should be channelled to support the activities of development agencies and to help new ones set up, especially in areas suffering from high unemployment or economic underdevelopment. To do this more effectively, the EEC has to ensure a better coordination of its various funds to avoid overlap and ensure a sharper focus to development work.

There should be more effort to integrate EEC programmes with regional and local development strategies and promote such strategies where they do not exist to ensure consistent support for such initiatives rather than one-off projects. This could be an objective of any future local employment consultations held with the participation of local authorities.

The Commission also needs to channel information on its policies and programmes more effectively to local agencies and groups. There were suggestions that an EEC office was needed in areas such as the Mezzogiorno to coordinate pro-

grammes with various bodies involved in development work and to provide continuity of contact which would be unaffected by local political changes.

The initiatives helped by the agencies took a variety of legal forms, often cooperatives, sometimes foundations, non-profit making organisations or simply private firms. The form adopted depended on the legal framework in each country, the advantages offered to one form of initiative rather than another, the numbers of people involved etc. In some countries such as Belgium the option of becoming a cooperative business is made unattractive compared to non-commercial structures. Collectively managed businesses and cooperatives should be granted many of the same privileges as non-profit making organisations.

It is perhaps worth stating the obvious by noting that the kind of agency set up, the outlook of those staffing it and the type of support it gives has a marked effect on what kind of business is set up and by whom. Taking the examples of the Derwentside Development Agency in Consett and CRESM in Campagnia, operating in very different environments but both with the ambitious target of regenerating the local economy, a clear contrast emerges. Offering access to loans, workshop space and a certain amount of management input, the Derwentside agency has succeeded in stimulating a number of successful small businesses. But they have mainly been set up by those already "able and willing" - ex-managers, those with a spare-time activity that could be commercialised etc. It did not attract a great number of ex-steel workers, the prime target group, nor many women. CRESM deliberately set out to contact "untapped human resources" in the region, young people, women, often with very little work experience, creating a large number of cooperatively owned businesses which are very fragile and in need of intensive support with a correspondingly greater risk of failure.

As the Commission itself has pointed out, the value of local initiatives such as cooperatives and collective businesses cannot be measured purely in terms of business success in the traditional sense or the number of jobs but have to be seen in the context of broader social objectives. It is this which distinguishes them from traditional small-and-medium sized firms and justifies special forms of support. If agencies are to provide such support and reach people who are not obvious candidates for setting up a small business, however, they must have these objectives as their specific brief. To succeed in this work, agencies need staff with a mixed range of skills to enable them to understand the special needs and problems of the groups they are working with on the one hand, and the necessary business skills to ensure that the projects set up can become self-supporting. Workers in these agencies should not see themselves as simply business advisors, which inevitably means that they only take on board the "easiest options", nor can they afford to see themselves as social workers under another name, refusing to be selective and ignoring criteria of economic viability.

Supporting local initiatives and the agencies set up to help them, is in the final analysis a political decision as to how job creation should be approached. The funds needed for the support agencies are minimal if compared to the benefits that can accrue by the development and diversification of local economies. But the agencies cannot carry out their work in a void. A development plan is essential with careful study of the possibilities of the local economy in question. This should then be backed by training programmes in the skills needed and encouragement and support of these new enterprises.

List of agencies

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Islington CDA
326-328 St Paul's Road
Highbury Corner
London N1 2LF

Lambeth CDA
460 Wandsworth Road
London SW8

British Steel Corporation
(Industry) Ltd
NLA Tower
12 Addiscombe Road
Croyden CR9 3JH

Derwentside Industrial Development
Agency
Berry Edge Road
Consett
Co. Durham OH8 5PT

Job Creation Limited
17, Old Bond Street
London W1

Belgium

Funoc (Association pour le développement à Charleroi d'actions collectives de formation pour l'université ouverte) Asbl
Place Chantraine 10
6060 Gilly

SAW - Solidarité des Alternatives Wallonnes Asbl
Avenue Général Michel 18
6000 Charleroi

Nouvelles Coopératives
- Alico
Avenue Cardinal Mercier 2
4020 Liège
- Chantier Coopératif
21 Bvd des Archers
1400 Nivelles

Italy

Lega, Comitato Regionale Emilia Romagna
Viale Aldo Moro 16
40127 Bologna

Confederazione Cooperative, Campania
Piazza S. Maria degli Angeli a Pizzofalcone 1
Napoli

Lega, Comitato Regionale Campano
Via Santa Lucia
Napoli

CRESM
Lioni
Avellino

France

CLBG
559 Avenue de la République
59700 Marq En Baroeul

ESPACE
see CLBG

The Netherlands

STEW
Stadhouderskade 130
Amsterdam

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By: Centre for Research on European Women — CREW Brussels

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