

BOOK REVIEWS

Birchall, J.

***Rediscovering the Cooperative Advantage: Poverty Reduction through Self-help*
Geneva: International Labour Office, 2003, x+75 pp. (no price indicated)**

Johnston Birchall is one of the world's leading authorities on cooperatives. In this monograph, he combines his specific expertise with the larger effort by world bodies to reduce poverty in the world. In September 2000, the United Nations Assembly passed a Millennium Declaration spelling out eight specific development goals to be achieved by 2015. The first of these calls for reducing by half the proportion of people living on less than one dollar a day. The International Labor Office, as an operational branch of the UN, has taken upon itself the task of putting that declaration into practice. The monograph under review is a report prepared by Birchall within that context and published by the ILO. In it, Birchall examines the role and potential of cooperatives in achieving the goal of reducing poverty.

Cooperatives are based on a moral commitment among members of a group to use mutual help as a means for economic advantage rather than competition between their conflicting interests. Since cooperatives stress the importance of the group, they have been identified with the tradition of socialism. In practice, cooperation has also been used by groups of capitalists for their mutual benefit, as in the case of cartels aimed against free markets. From that point of view, Birchall's opening definition of cooperatives is comprehensive and useful: "a means by which groups of people could gain economic advantages that individually they could not achieve" (p. 7).

Birchall's thesis is that cooperation can be useful for economic development within any system. Though not specifically aimed at benefiting the poor, cooperatives have decisive advantages in situations where poverty is most severe. Some of the most obvious and successful instances of cooperation are in the formation of purchasing and marketing cooperatives that promote more efficient economic activity by eliminating intermediate traders, and utilizing economies of scale. Credit cooperatives have a similar advantage by transforming small savings into enough economic strength to defeat exploitative money-lenders.

A good example of success in overcoming severe poverty through mutual help is the case of dairy cooperatives in Bangladesh. Most of the agricultural land is divided into small family plots that continue to subdivide as the population expands, ultimately creating a large landless population. Theoretically, almost all families can raise a few cows that give a source of food (milk, cheese and other dairy products) on a daily basis. The family can consume some of it, thereby providing an immediate enrichment in the local diet, and the surplus can be marketed in an urban market. The problems lie in the difficulties of collecting, transporting and marketing the small quantities of surplus milk and milk products. Soon after independence, the government began a program of encouraging the raising of cows for milk, and formed a cooperative to overcome those problems. The cooperative supplied a range of technical services that increased levels of productivity, provided credit for the farmers and ensured profitable marketing in the cities. Within a relatively short time it became the leading supplier of fresh milk and dairy products to Dhaka, the country's capital.

Eventually the government withdrew and turned management over to an independent board of directors elected by the farmer members. With the continued guidance of international aid agencies, the cooperative achieved sustained profitability and expansion. From a modest start with a membership of only 4,300 very poor landless households, it became a successful commercial enterprise. In 1998, 40,000 farmer members earned more than nine million dollars from the sale of 30 million litres of milk.

The Bangladeshi cooperative was modeled on a prior success in India, where dairy cooperatives began in 1946. As Birchall points out, the Indian results have been staggering – a national federation comprising 70,000 village milk cooperatives, with nine million members. They produce 13 million litres of milk per day, and add a quarter of a million off-farm jobs to the rural economy. The milk cooperatives have contributed significantly to reducing poverty and improving food intake as the consumption of milk has almost doubled among urban dwellers (p. 37).

Another encouraging example comes from a water cooperative in Bolivia. Urbanization throughout the world, much of it in the form of shantytowns, has proceeded so rapidly in recent years that it has often left development of the infrastructure lagging far behind, and particularly in the supply of clean water. The city of Santa Cruz in the extreme east of Bolivia had a population of 42,000 in 1950 and now has over one million. Difficulties in the supply of water led to formation of a consumer cooperative that is now regarded as an outstanding success. A study undertaken by Birmingham University economists has found that it is one of the best-run water companies in Latin America, with a low level of water leakage, a high level of staff productivity and universal metering. It has a low average tariff and high collection efficiency. Birchall observes that its cooperative structure is the main reason for the good performance. The cooperative shields managers from the kind of political interference that often weakens municipal water companies (p. 46).

Birchall sums up his discussion by pointing out that cooperatives are the way to actualize participatory development. They get the local people involved in self-help, and that is a direct contribution to building grass-roots democracy. It is the best, and perhaps only, way toward integration of local economic activity into wider markets, while strengthening the structures of civil society. The result is development from the bottom up, rooted in local conditions, in contrast to programs initiated by international and national agencies that often fail to integrate because they are basically foreign to the local scene. In the words of the author: “Sustainable cooperative development is about selective integration into the wider economy, and the building up of a defensive structure against poverty at household, group and village level” (p. 65). International agencies can be of critical importance in encouraging local initiatives, and in providing both technical assistance and management training. But the burden of responsibility must fall on local members of the cooperative. Such community self-help groups form member-driven business organizations that are building blocks in economic development, beginning at the local level and optimally moving on to wider areas of integration.

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Steinnert, H. and Pilgram, A. (eds.)

Welfare Policy From Below: Struggles Against Social Exclusion in Europe

Aldershot, UK: Ashgate, 2003, 304 pp., £45.00

This work represents a dense compilation of theoretical and empirical work by a wide range of researchers and theoretical sociologists. It attempts to bring us to a new and more optimistic and dynamic understanding of social exclusion and the multi-factored processes that can lead in and out of it. It also mounts a serious critique of the current welfare state as exclusionary and suggests a fundamental reorientation of welfare policy from restricted acquired benefits to the open access to participatory resources to enable negotiated participation in society and particularly in the labor market. Chapter 1 presents a framework of periodizations based on transformations of “social contracts” for three phases of social and economic development and modes of production which shape specific work contracts. A brief mention is made of the Manchester Capitalism of the 19th century giving way to Fordism in the 20th century.

The Fordist phase is characterized by a consumer society and welfare system (defined as the infrastructure for the reproduction of labor power) providing generous state provisions based on insurance principles (see p. 1). Globalized Capitalism is the third transformation through which we are now living. This phase is defined by the fall of socialism and the rise of an elite Fordism bringing with it a society split between the super consumers and the absolutely impoverished redundant segments of the labor force. All these changes being ushered in by the era of “Reaganomics” and “Thatcherism”. Here the work contract is re-constituted and the worker is characterized as a labor entrepreneur whose contracts are temporary and instrumental and whose only capital is their expendable labor power (see p. 3). The consumer society has become more problematic and welfare provisions far less inclusive and supportive. Insecurity is a key feature of the new contract.

On this historical foundation the first chapter goes on to discuss the evolution of the concept of Social Exclusion. The new social order undermines community and the old order sets up defensive strategies that can even sink to racism and xenophobia, which seeks the exclusion of poor foreigners, women, young people and those displaced under the new mode of production. Social exclusion becomes a category that has been intellectually and politically accepted to refer to the permanently marginalized in society (p. 4). Concepts like “underclass” have a strong resonance in this model. However, according to the author, social exclusion is a much more dynamic and fluid concept which can be experienced as episodic rather than permanent and has many different dimensions including the political, economic, social, educational, and cultural dimensions.

Thus the fundamental definition upon which all the discourses in the remaining chapters are rooted is presented as (p. 5):

Social exclusion can thus be understood as the continuous and gradual exclusion from full participation in the social, including material as well as symbolic, resources produced, supplied and exploited in a society for making a living, organizing a life and taking part in the development of a (hopefully better) future.

The theories of welfare and social exclusion proposed by the authors contain seven key features (pp. 5-7):

The cultural dimension. Social exclusion is not about absolute poverty but relative poverty

as it is held to exist in different cultures and subcultures;

The dimension of position on the perception of both provision and the role of welfare. The definition of the problem may vary greatly between recipient and provider. The perception of the provision of welfare may vary widely from either assistance or domination and control;

The dimension of praxis in the lives of people. People actively cope and seek to regain control by developing strategies for managing the routines of their lives. Passivity is the special case that needs explanation;

The dimension of change. Whilst recognizing the “surprising” lengths people go to secure stability, this dimension recognizes the episodes of non routine occurrences and the cumulative impact of gradual incremental changes leading to a more fundamental shift in human social and psychological being. This leads to a greater emphasis on episodes and directions and momentums than upon constants and stabilities in the research base of the book;

The participative goal of anti-exclusion. In this dimension we are presented with an alternative end where participation, not integration, is seen as the true opposite to social exclusion. This dimension recognizes that inclusion into the globalized capitalism of the third periodization means exploitation and control. The aim here is rather the right to participate in ways that can be negotiated and contested;

The aims of welfare. Welfare according to this conception is not about ensuring survival but providing an infrastructure to support social and political participation. The level of such welfare helps to determine degrees of freedom in the labor market and equality of civic status;

Rebuilding the welfare state. Here the traditional welfare system is critiqued. First because it is predicated on an insurance principle that is based on life long wage labor that cannot be fulfilled by substantial proportions of the population and which are characterized by the authors as repressive. Secondly, because these institutions are becoming expensive. The need is for a reconstituted European welfare state that will facilitate internal migration and as a long-term necessity, encourage external immigration is the ambition espoused by this book and characterized in their title as a Welfare Policy from Below. In a highly mobile labor market the role of the supra state is to avoid making welfare provision itself an additional source of discrimination and allow instead for universal participation in the labor market.

The sheer enormity of these theoretical positions and their implications for peoples and their cultures and communities the world over, if accepted, couldn't be overstated. In the name of solidarity and inclusion and the right to participate in globalized capitalism, the European supra state can orchestrate the mass mobility of labor. The disruption and migration of whole communities, the submergence and dissolution of whole cultures, and the total dependency on labor market participation as *the* alternative to social exclusion is not even questioned. Any resistance to this is exclusionary, reactionary and racist. Any idea that capital and infrastructural development should follow the human centred needs of communities and the sustainability of economic and environmental systems is side stepped and ignored. Participation is presented as enlightened, inclusive and as affording some possibility of negotiating terms as long as there are welfare reforms that can support such participation. The framework of global capitalism is accepted as immovable and to which the only response is one of acceptance on its own terms facilitated by redefined welfare processes that have nothing to do with welfare and everything to do with facilitating labor market participation.

There is a fundamental empirical and conceptual deficit in this book that must be clarified and brought to the surface. The first aspect of the book's empirical deficit lies in the idea that the fundamental conflicts being redefined in terms of migration, exclusion, micro social and

social psychological coping processes aren't in fact new at all. Empires (supra nation state entities) from mercantilism onwards have globalized capitalist relations of production going back to the slave trade. Mass migration and with it the mass elimination of races and the destruction of cultures has always figured in the capitalist model of progress. For example take Spain and Portugal's invasion of the Americas, the Scottish Highland clearances, the Irish Famine and the many other forced mass migrations of Europeans, Indians, Africans and other races and cultures to serve the international division and re-division of labor. Mass migration is a constant feature of the capitalist system in all its manifestations and transformations. Technological innovation in weapons and manufacture has always spearheaded and guaranteed the success of these expansions. This book claims to be focusing on a bottom up struggle but is actually justifying the continuation of this capitalist tradition under the cloak of equal opportunities in the participation of a capitalist labor market characterized by the totally free movement of labor.

In both theoretical and empirical terms to represent, as the book's authors do, American Fordism as a progressive force is itself a breathtakingly sweeping position. "Generous welfare-state provisions based on the insurance model (expanded to include the family) are one of the pre-conditions for this mode of production and its work morale" (p. 2). The suggestion that Fordism created a consumer culture and a welfare state is surely contestable. It ignores the dire poverty of the ghettos, the Appalachians, and the rural America that was without electrification during much of the 20th century. In Britain the development of a consumer society that was broadly based had far more to do with the Co-operative Wholesale Society than with Fordism right up to and including the establishment of the first supermarkets in the UK at the beginning of the 1950s.

To suggest that the welfare state was something needed by Fordism is to ignore totally the political struggle of organized labor in Europe and America. The partial victory of the Socialist labor movement in Europe created the political and democratic traditions that have enabled genuine mass parties of the left to function and influence the State as opposed to the total defeat of a socialist led labor movement in America. The result is a political plutocracy dominated by billionaires made tolerable and in some senses democratic only due to the United States constitutional guarantees on human rights. The almost total absence of a welfare state in the very home of Fordism would to all intents and purposes dispose of any suggestion that a Beveridge style insurance based welfare state was a *precondition* for Fordism. The authors' attack on the welfare state helps to further undermine hard fought protection for European workers on the grounds that it is not instantly available to all segments of the labor market. The question might be put: why not extend the welfare provisions? Many employment rights were once denied to part time workers or workers with little service but now the EU has made such rights general, is that surely the best approach? The right wing free market party will love this book as it absolves the state of any obligation beyond ensuring participation in an open labor market without welfare provisions. All this in the name of defeating social exclusion. In my view the only outcome of the policies advocated here will be to extend social exclusion.

Chapter after chapter in this book totally ignores the associations of labor, both cooperative and trade union bodies as exemplars of bottom up welfare. Yet it is precisely here that the roots of a bottom up welfare provision in the Friendly Societies, Cooperatives, and Trades Unions and political and social democracy in Europe are to be found. Given the authors' claim that the approach in their studies is to enhance peoples resources for action, one

is shocked that cooperative strategies with their focus on community, solidarity and volunteering should not be a focus for any of the empirical studies covered in the book. Had their been a balanced critique that showed that indeed cooperatives and trade unions were doing little to assist the very poorest strata, I would have had some sympathy because that would be a fair point to make. But to ignore the contribution at the theoretical level as well as to fail to search for examples of bottom up mobilization at the empirical level for cooperatives, and there are many positive examples across Europe, is ironically to ignore the fact that part of the evidence of social exclusion is a lack of access to the Labor Movement.

The informal and domestic economy is of central importance to both organized labor and to the very poorest in society both as an alternative space and as a base for struggle for improved labor market conditions for workers in general (see P. Davis, "Responding to Poverty: Communitarian solutions through cooperative facilitation of primary associations", *Journal of Rural Cooperation*, 25th Anniversary Issue, 1998, pp. 79-95). I wrote then about the need for an integrated vision and approach that linked community to society through the cooperative and trade union associations of labor to create a real autonomy and empowerment that changed not the people but the market conditions for labor.

Nor am I at all convinced by the authors' idea of participation. For many *not* participating may be the best option. A cooperative structured domestic economy can create space not for integration, inclusion or participation but for *alternative cooperative communities of labor*. These communities are formed not as separate from, but in solidarity with the labor movement and become a resource for those organizing and struggling within the global capitalist mode of production. Whilst these studies give just respect to the excluded in their dignified struggle to survive, they deny them the social solidarity and resources that such individuals, families, and communities need. These resources could be mobilized bottom up by both emulating cooperative strategies and in partnership with existing associations of labor. As it is, a broadly based struggle for distributive justice is reduced in *Welfare Policy from Below* to an exploration of coping mechanisms within marginalized and isolated communities.

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