

Democracy in Cooperatives

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Alexis de Tocqueville, in the first half of the 19th century, visited our still-wet-behind-the-ears nation and penned his famous treatise *Democracy in America*. In this book, de Tocqueville noted that “the American learns to know the laws by participating in the act of legislation; and he takes a lesson in the forms of government from governing. The great work of society is ever going on before his eyes and, as it were, under his hands.” As owners of locally controlled businesses, we cooperators are learning how to do the great work of society, and in doing that work for our local community, we can also affect the larger society in which we live.

Last June in Minneapolis, along with several hundred other cooperators, I was inspired by Michael Hartoonian’s keynote presentation, “Creating Wealth in a 21st-Century Market-Driven Republic: The Value of Cooperatives in a Democratic Economy.” Of the many ideas he presented, I was particularly struck by the image of democracy as an unending argument about divergent principles: whether we more highly value private wealth or common wealth, diversity or unity, law or ethics. Hartoonian did not say that democracy is the choosing of, or a vote on, either position; rather, democracy is the conversation and argument that precedes and follows the choice.

I heard a similar statement while watching “You Can’t Be Neutral on a Moving Train,” a recent documentary about the life of historian and activist Howard Zinn. In a quote from one of his many books, Zinn says that democracy is not a series of votes; it is a series of actions. Here again was an insightful and thoughtful person telling me something about democracy that I had never before considered. In light of these congruent statements from two disparate sources, I have observed and questioned the way democracy is practiced in my country and in my cooperatives. I haven’t yet figured out how to impact and improve the way we practice democracy as a nation; but I have begun to see how this ideal can come to life at a more local level in our food co-ops.

Along my journey of discovery, I also read “The Co-operative Values: Their Meaning and Practical Significance,” by Sidney Pobihushchy. Pobihushchy, who also spoke at a recent CCMA, has taken a closer look at the cooperative values as formulated by the International Cooperative Alliance. About democracy, Pobihushchy notes: “Popular elections in and of themselves do not a democracy make. Free and open discussion, deliberation, and consultation are essential preconditions to elections as democratic elements.” The cooperative principles themselves speak of “members who actively participate in setting their policies and making decisions.” I can’t help but notice that democracy is again equated not with voting but with actively participating and discussing. Sometimes I have to get hit on the head with a hammer before I pay attention; sometimes, though, I just have to hear a good idea from enough trusted and respected sources.

Looking further at the cooperative principles, I find one about education: Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. As I look carefully at this principle, I have to ask: what kind of education contributes to cooperative development?

As a consumer-owner, I appreciate the education I receive from my co-op about consumer issues. I can learn about the hazards of pesticides, the hidden costs of big agribusiness, and how to cook using whole grains. These are all worthy topics; they just happen to miss the essence of this cooperative principle as it applies to my role as an owner.

To what could this principle be referring? I believe it refers in particular to democratic control. If we are to learn how to control something democratically, we must learn it through our participation in local self-help and self-governing organizations, specifically in our cooperatives. As consumer-owners of food stores, we must unlearn the lesson fed to us since infancy that we vote with our dollars. If we are nothing but consumers, the implication is that we have nothing but dollars with which to vote; and, like it or not, whoever has the most dollars gets the most votes. But in a cooperative, we are not just consumers; we are also owners. As such, we have not merely votes but our voices to add to the conversation. We have our piece of the truth to add to that grand argument Michael Hartoonian mentions. Cooperatives provide a place in society in which we can learn to use, and practice using, our voice.

Peg Nolan, in the January–February 2005 issue of CG, suggested that we can see a cooperative’s relationship with its members “not as a discreet function to be managed by the member relations department, but rather as the organizing principle for the entire co-op.” With this in mind, how do we make democratic control so pervasive that member-owners participate not only as consumers, but also as citizens? Can we learn, through our participation in this local organization, how democracy could function in other aspects of our society? To answer these questions, we can look to some of the tools of democracy we have already chosen to use in our co-ops.

The first and foremost of these tools is the board of directors, that small group of owners empowered to make decisions on behalf of all owners. Most aspects of owners’ democratic control emanate from and revolve around this form of representation. If, however, we believe that voting for directors is the limit of democratic control, we miss the importance of Hartoonian’s and Zinn’s words. Remember: by itself voting is not democracy. Participating in the conversation about who should be a director, and why, is at least as important as the vote itself. And in order to participate in that conversation, members must be educated about the desired qualities of effective board members and the importance of those qualities.

This, then, is one of the essential duties of a board: to ensure that the members, the citizens who will elect directors, know how one choice differs from another. You know the standard joke at election time: Vote early and vote often. Well, boards that understand their duty as keepers of the democratic flame will educate early and educate often.

Long before any election, boards should inform their members about such elections by putting out an open call for candidates. Early in the election cycle, the board should encourage potential applicants to acquaint themselves with the role of the board and board policies and procedures by attending meetings, talking with current directors and reviewing the board’s written documents. In addition, the board should provide an application packet that includes a summary of board structure, desired qualities of directors, and a job description. We cannot compel members to read or learn from this material. But we can make it available in a variety of formats, in a variety of locations, and over a reasonably long period of time. In this way, even members who don’t run for office, or even those who don’t vote in the election, have access to a succinct summary of their board’s invaluable role of working on behalf of all the co-op’s members.

Elections are just one small part of a board’s and co-op’s democratic engagement with its member-owners. If democracy is a series of actions, and if those actions are, in large part, the conversations and arguments about owner values, then a board will constantly engage the members in that ownership conversation. Robert Greenleaf, in *Servant Leadership*, illuminates the dual nature of a board’s role. Just as physicists came to understand light as simultaneously a wave and a particle, Greenleaf understood and explained that boards must simultaneously serve and lead their co-op’s owners.

What does this mean in the context of a conversation about democracy? Asking members to state or explain their desires as owners, and trying to incorporate those varied perspectives into policy decisions, are parts of serving the membership. Explaining to members the potential impact of certain decisions, actions, or investments—whether or not those choices were previously considered by the members—is part of leading. In both the serving and the leading, directors initiate and participate in an exciting and essential dialogue with the members.

As an example, look to Mark Goehring’s description, in the previous issue of this magazine, of the Brattleboro Food Co-op board’s development of the Neighboring Co-ops idea. When Brattleboro Co-op held member meetings about moving the store, members spoke less about location and more about the value of community. The board, having initiated a conversation with their member-owners, took the stated value of community, learned more about the meanings and implications of this value, and created policy that led them to the Neighboring Co-ops project. Included in this board’s long-term plan is an interactive and educational community engagement project that will encourage members and other stakeholders to participate in this visionary conversation.

Along with the conversation with the member-owners, at the board table, we should find directors having a vibrant debate and exchange of ideas over how to understand and reconcile the members’ expressed desires. If, as Hartoonian suggested in that keynote speech, cooperatives really are

something that a democratic culture has created to protect itself, then a board might ask: Which part of our culture should we protect? Which of our community concerns do we believe we should address through this democratically controlled business?

In earlier years, cooperators debated whether earnings (a.k.a. profit) were a good or bad thing. Today, having recognized that earnings are part of a healthy business, maybe boards and owners will instead debate what is the highest and best use of those earnings. Should all the earnings of a cooperative business return directly to the member-owners in the form of patronage refunds or discounts? Can we use our earnings, our economic capital, to address other community concerns? Could or should we pool our capital with that of other co-ops to address the needs of a regional "neighborhood"?

The answers to such questions can and will vary from co-op to co-op. In Carrboro, N.C., the member-owners of Weaver Street Market have used the wealth created by their business in an entrepreneurial manner, creating new businesses in their community that further their mission to create "a vibrant, sustainable commercial center." At Community Mercantile in Lawrence, Kansas, the member-owners have created a foundation to further their educational and outreach goals. We have the potential, in any democratically controlled cooperative business, to engage our owners in a conversation about wealth: Do we more highly value common wealth or private wealth? How does the cooperative create and accumulate wealth? Should we use wealth to make our world a better place? If so, how?

In all such idealistic aspirations, we must recognize the necessity of the pragmatic work involved. In order to use democratic processes to change the world, we must learn to use the tools of democracy. We should make good use of our co-ops as gardens in which to germinate and nurture the seeds of democracy.

This brings me back to focus on the board itself. If our boards are to be responsible for making democracy work in our cooperatives, and our boards are composed of people whose essential qualification is their desire to actively participate in leading their democratic organization, then we must ensure that our servant-leaders receive the education and training they need to responsibly fill this role. In order to participate productively and intelligently in the types of conversations and debates our boards must have, our elected representatives should learn about their legal duties, about the world of cooperation, about the needs of their community, about how to make decisions as a group, and much more.

In essence, our boards must learn how to govern effectively and how to transmit that knowledge to succeeding generations of directors. Many boards from co-ops in the eastern corridor of the NCGA have made a commitment to such learning. And these co-ops have chosen to invest some of their common funds in this endeavor. This investment is not just intended to help the directors currently serving, though it will certainly do that. Even more, this is an investment in the future of democratic control of these co-ops; effective boards will learn how to perpetuate themselves, ensuring that the member-owners will always have an effective mechanism by which to control their cooperatives.

It's not a hammer to the head, but rather the insight of Alexis de Tocqueville that now rings in my ears: "the great work of society" is always in our hands. Here in our co-ops, with our own hands, we can govern together that which we own together. We can practice being citizens. We can learn and teach each other what it means to be an owner and a citizen. We can take action, involving ourselves and our neighbors in a conversation about that which we hold in common. And we must recognize that our boards have a singularly important role to play in making all of this happen. To ask any less of ourselves, or of our boards, is to give up on the possibility that any people can truly control their own destinies.