

Book Reviews

Two book reviews in this edition arose from the recent conference in Saskatoon under the heading of *Co-operative innovation: Influencing Social Economy*, jointly organised by the Association of Co-operative Educators (ACS), the Canadian Association for Studies in Co-operation (CASC) and the International Co-operative Alliance (ICA) Research Committee. Each of our first two reviews is by a Canadian graduate and co-operative manager and brings a Canadian perspective to issues shared by Canadian and British Co-operators.

A Passion for Possibilities: Co-operatives and Communities in British Columbia

Edited by Joy Emmanuel

Published by the British Columbia Institute of Co-operative Studies (BCICS).

ISBN 978-1-55058-353-3 Price Can\$21.95, plus tax and shipping, details from joybcics@uvic.ca

Reviewed by Rob Boyle, MMgmt (CCU) Assistant General Manager, Fredericton Direct Charge Co-operative, member of York Credit Union.

A Passion for Possibilities is a collaborative effort from the British Columbia Institute for Co-operative Studies (BCICS) to combine the historical development of the co-operative movement in British Columbia and the changes that co-operatives and communities have undergone in that province and then placed in current context and significance. This bold undertaking is achieved by selecting case studies of regions in the province that are representative of the overall co-operative movement in British Columbia. The authors note that one of the goals of the book is not only to allow present and future co-operators to reflect upon the past, but to utilise the analysis to help shape those visions of co-operators and community leaders who read the book. There is much to be learned from lessons and insights of the co-operative successes and failures presented in this book.

The case studies range from communities in the interior, such as Dawson Creek, to coastal communities, such as Prince Rupert, and in a range of resources: agriculture, fishing and forestry, traditional consumer co-operatives and credit unions to new generation co-operatives including added value wood co-operatives and multi-stakeholder endeavours on the coast. As in most Canadian provinces, the early study of co-operative development and its history is usually tied in to primary resources, but the path of co-operation in British Columbia as reflected in the book brings out interesting themes such as how the importance of those primary sources have changed in the

province as they have in other parts of Canada.

A Passion for Possibilities takes a look at eight regions in British Columbia and includes a précis on demographic and sociological information as the lead into the discussion on the economic base for the region and why there was, or still is, a need for co-operative endeavours in those communities. The case studies invariably bring out the fact that as peoples needs change, the type and model of co-operative business changes along with them. A useful tool from this analysis in the text is a table in each chapter that indicates the name of the co-operative type, whether it is active or defunct, and the co-operative's membership base. This allows the story of co-operative development to be told with the growth of the region through changes in its economy with a subtext of how the global market economy has changed the climate for Canadian co-operatives and credit unions. Important to the analysis is the theme of how societal change (ie decreased volunteerism) has also impacted on co-operative development in British Columbia.

The text identifies in the case studies and in the concluding chapter of the book the importance of co-operation among co-operatives. Importantly the book illustrates that large co-operative and credit unions can play a valuable role in assisting new co-operatives not only financially, but through guidance in co-operative development. Sometimes inferences are drawn that smaller co-operatives did not receive support from

larger co-operatives because of differences in culture. Co-operation among co-operatives does not happen enough in British Columbia or in most of Canada. Nevertheless, despite the importance of government programmes and seed monies to start up co-operatives the uncertainty of public policy places an increased onus on existing co-operative business to look outside of their 'four walls'. The different co-operative identities and their interactions with other co-operative organisations found in the studies are not only interesting, but would be useful for comparative practice research in other regions of Canada.

The approach used in the book does paint a colourful picture of the past and present context of co-operation in British Columbia and the analysis and methodology are consistent throughout the case studies. If there is an element lacking within the text it is the people element. Co-operatives are mutual endeavours, but they do not begin without leadership. The methodology that provided consistency in the case studies at times restricts the underlying stories of passionate people and leaders who made them happen. An interesting companion piece to the book would be one that focuses upon the leaders,

their visions and comparisons with the present day.

The concluding chapter makes good recommendations for the future development, role and success for co-operatives in British Columbia but fails to emphasise the importance of co-operative leadership. In that category I would include the need for developing strong co-operative managers who not only understand, but also have personal values akin to the nature of the co-operative economic model and who can, and who want to, facilitate the strategic vision of co-operative boards and membership. This is also a crucial step to increasing awareness and education about the co-operative movement, the common theme in this and many books on the current state of co-operative business.

For those interested in co-operation in British Columbia *A Passion for Possibilities* is a great resource. However, as a co-operator from Atlantic Canada, I can attest to the fact that the case studies it presents, the stories it tells and the recommendations it makes in the concluding chapter are useful study for North American co-operators and many others elsewhere in the world who are interested in community based economic development.

What Counts: Social Accounting for Non-Profits and Co-operatives

By Laurie Mook, Jack Quarter and Betty Jane Richmond

Published by Sigel Press, 2007.

ISBN 1-905941-01-3 Price Can\$44.95.

Reviewed by John Maddocks, Accountant and researcher who is currently researching co-operative accounting as part of a larger project on the social economy funded by the Social Sciences and Humanities Research Council of Canada (SSHRC).

There is a lot packed into this relative small book of some 200 plus pages, both in terms of explaining social accounting and providing practical examples. The authors clearly set out a number of positions in relation to, for example, what constitutes the social economy, the benefits of social accounting being bedded in financial statement as distinct from being presented as separate supplementary reports, and the extent to which co-operatives share certain characteristics with associative non-profit organisations.

Identifying co-operatives as active contributors to the social economy, the book focuses on aspects of social accounting, both from theoretical perspectives and from those of the practitioners. The Canadian authors provide the reader with a sound grounding in current approaches and practical applications and they do a good job in pointing the reader to existing literature and further resources. Each chapter also includes a list of questions which are aimed at encouraging further discussion.

Social accounting has many forms and perhaps those most commonly encountered in the co-operative world are those social and environmental reports produced separately from financial reports. Examples include the UK Co-operative Financial Services Sustainability Report and the Canadian Vancity Accountability Report.

However, this book stands out in that it makes the case for bringing social reporting into the financial statements and quantifying the social important of organisations in financial terms. This is a very different approach which, while recognising the value of supporting qualitative and quantitative non-financial information, questions the degree to which a separate social report or social audit succeeds in accounting for an organisation's social impact. Furthermore, it questions the conventional accounting focus

on investors' information needs and the limited number of variables addressed in existing financial reporting. The proposition being put by the authors is to quantify in monetary terms, various social performance indicators and to display amounts as additional entries in the financial statements. This enables the user of the report to see the conventional financial information, the quantified social impact information and the result of combining both forms of information with the aim of achieving a more complete picture of the organisation's impact. For co-operatives this offers a powerful way of validating and quantifying what often remains hidden in relation to co-operative values and principles and the wider social and economic goals of co-operatives that are not fully report within existing conventional financial reporting.

Chapter 2 of the book is devoted to the social economy and identifies a number of defining characteristics of social economy organisations. It considers the nature of social ownership common to many social enterprises and also offers an approach to identifying where co-operative sit within the social economy when classified by income sources and orientation toward the public or members.

The next Chapter considers social accounting theory from the perspective of social organisations while also drawing on the extensive social accounting literature related to investor owned business. The two approaches of separate and integrated social reporting are discussed and the case is made for broadening conventional financial statements to include aspects of social accounting.

To satisfy those more interested in practical application, the following four chapters look in some detail at social accounting models including a social return on investment

statement and three social accounting statements:

- Socioeconomic Impact Statement
- Socioeconomic Resource Statement
- Expanded Value Added Statement

The first two statements are adaptations of the income statement (similar to an income and expenditure or profit and loss account) and balance sheet, while the third builds on the Value Added Statement which is an optional financial statement. Descriptions of the models include examples drawn from the non-profit and co-operative sectors. Chapter 8 then goes on to provide a social accounting toolkit.

The concluding chapter compares the various social accounting models covered in earlier chapters in relation to conventional accounting. Furthermore, it considers infrastructure and guidance in support of social accounting worthy of continued discussion. In particular, it broaches the need to see social accounting within a broader examination of national measures of economic performance.

The book does cover a lot of ground and provides both the accountant and the co-operator with a range of resources for considering, developing and deploying an appropriate social accounting model. It also offers an entry in to the discourse on social accounting, providing an extensive reference list and pointing up the debate between integration and separate social account/audit reporting.

Given the focus on non-profits and co-operatives, it would have been useful to have seen more co-operative examples. Most of those discussed were non-profit

organisations and while a housing co-operative case study is provided there was a lack of retail consumer, producer or worker co-operative examples. Perhaps this is a reflection of the limited inroads made in the co-operative world so far by the integrated approach to social accounting. Also, although other social measures are considered there is a certain amount of emphasis in the book on measuring volunteer input. This is not really a criticism, given that the issue of volunteer time is certainly a very important and often hidden factor and it does represent a good place to start developing integrated social accounting models. But, as we develop such models in the co-operative world, we do need to remain conscious of the need to find a way to bring in a wider set of social and economic variables that reflect co-operative goals and values.

Moreover, it would have been interesting to see approaches to incorporating environmental impact measures, especially given the growing awareness and importance of environmental sustainability. Perhaps here is an opportunity for co-operatives to take up a leadership role in developing models for integrated social and environmental report.

Those with an interest in the social economy, social accounting and a desire to see financial reporting embrace other aspects of co-operative purpose and values will find this book a useful resource that goes well beyond a "how-to" format, and provides some of the initial building blocks for developing an integrated social accounting approach. As such, this is an important book that deserves to be widely read.

Robert Owen: Social Visionary

By Ian Donnachie

Published by John Donald, 2005.
ISBN 97808597666159. Price £14.99.

Reviewed by Naobumi Hijikata, Professor (Emeritus) Cho University, Tokyo.

Ian Donnachie's *Robert Owen: Social Visionary*, (2005) is the second edition of *Robert Owen: Owen of New Lanark and New Harmony*, published by the Tuckwell Press in 2000 in which the author re-examined Owen's career biographically up to the 1830s.

Robert Owen was an entrepreneur of the New Lanark Mill in Scotland which was registered by UNESCO as a World Heritage site in 2001. It was one of the largest spinning factories that were built during the Industrial Revolution and was part of a leading sector of the British economy at that time. Owen was not just an entrepreneur but also a famous social thinker and reformer who dedicated his whole life to the relief of the poor and distressed working people. He believed that it was possible to pursue profit through enterprise while at the same time easing poverty and unemployment and so promoting people's happiness. As is well known, he made a great contribution to British socialism and the co-operative movement and many argue that his influence continues to be as relevant today as it was in the nineteenth century.

It may be relevant to this review to refer briefly to previous biographical works about Owen including his own *Life of Robert Owen by Himself*, published in his later years. It lacks some impartiality, boastfully emphasising his successful life without mentioning all his failures. It also reflects mistakes in his memory. Frank Podmore's *Robert Owen: A Biography*, 1906, renders distinguished services by removing many of the defects of Owen's autobiography as well as covering his whole life. In his *Robert Owen and the Owenites in Britain and America*, 1969, J F C Harrison renewed Owen's image in the Millennialist perspective of his age, and emphasised the multifaceted character of Owenism. After that, Gregory Claeys edited many contemporary utopian documents including *Selected Works of Robert Owen*, 4 volumes 1992 and *Owenite Socialism*, 10 volumes, 2006. His energetic works are important because they lift the level of historical studies through basing them on wide-ranging original materials. Claeys' biography is

significant and remarkable because he annotates many facts given in Owen's autobiography (Selected Works, Volume 4). Edward Royle elaborately investigated Owen's final experiment at the Queenwood Community (1839-1844) in his *Robert Owen and the Commencement of the Millennium: A Study of the Harmony Community*, 1998. Royle and Donnachie's books appear to be fruits of the new trend established by Harrison and Claeys who probed and confirmed corroborative evidence.

Perhaps it is not surprising that as a Scottish historian, and Vice Chair of the Friends of New Lanark Conservation Trust, Ian Donnachie proves to be well-versed in Scottish local history. However, his research is not limited to Scotland and includes references to Owen's dealings on both sides of the Atlantic. Donnachie rightly observes that his book "is not just a work of synthesis". He makes a significant contribution to studies of Owen through his elaborate investigation of quantitative evidence. This includes the salary of Owen's father, the profits from the New Lanark Mill, and the revenue and expenditure his Community experiments. Such references enhance the credibility of his arguments and will no doubt benefit subsequent Owen scholars.

Donnachie also raises a number of interesting questions including that of why Owen, as a Welsh man should succeed in making a Scottish factory so highly productive and profitable? He speculates on how similarities between Welsh and Scottish culture might have assisted Owen, pointing out that as a child he was bilingual in Welsh and English and had a huge interest in Gaelic. Later in New Lanark Owen would become involved in the settlement of Gaelic-speaking Highland population who moved there for work. Not only was Owen able to communicate well with these workers but he was also accepted by a friendly local community.

The author remarks that "at that point it was not the 'New View' that brought Owen onto a national stage, but rather his attempts to ameliorate factory conditions through

parliamentary legislation”: moreover, that these efforts were underpinned by his style of management at New Lanark. After the Napoleonic Wars, travel increased on both sides of the Atlantic and included visitors to New Lanark which was being watched with keen interest in Britain and America. As Owen began acquiring a reputation, he became acquainted with great political and religious figures such as Lord Liverpool, Robert Peel, Lord Sidmouth and the Archbishop of Canterbury and even the royal Duke of Kent. The way in which the author describes how Owen entered the political world is exciting and is linked with the publication of Owen’s main book *The New View of Society*. Donnachie observes that “Owen was clearly desperate to avoid alienating anyone who might help to promote his ideas”.

Owen also tried to enhance his reputation on both sides of the Atlantic by undertaking a grand tour during which he campaigned on his ideas and for the establishment of co-operative communities. He travelled from Vienna in the east to the American border with Mexico and it might be suggested that no social thinker before the development of the railways had travelled as far as Owen.

Donnachie suggests that because of today’s increasing influence of ‘globalisation’, it is now time to reassess Owen’s co-operative ideas while needing “to be alert to the mythology built around Owen’s thinking and practice, particularly consumer co-operation”. The author also believes that while Owen did not ignore small issues, he tended to favour large-scale reforms because he believed them to be the most appropriate for total social reform.

Nevertheless, in New Lanark he took tentative steps towards implementing his co-operative ideas. For example, and as Donnachie remarks, the village store aimed to supply good quality provisions at fair prices. Whereas the ‘truck system’ required many workers in industrialised communities to buy adulterated or shoddy goods, those in New Lanark enjoyed fairer treatment. There a system had been introduced in which tickets were given for wages and could be exchanged in the shop for goods. Not only did this system help to improve workers’ living standards but “the profits of the store were used to the expense of the school” of New Lanark, and the Institute for the Formation of Human

Character, which was established to implement Owen’s new view.

Ian Donnachie emphasises that “the store was not actually co-operative, but it could be seen as a key stone in Owen’s attempts to build a new social system” and that co-operative welfare-ism sprung out directly from New Lanark. Owenites, inspired by their leader, then carried the idea of co-operation to the Rochdale Pioneers, 1844, via the activities of a series of Owenite organisations including the National Equitable Labour Exchange, 1832-34.

Owen recognised that if management was to become fair it was necessary to promote the ideas of self-management within the community. However, his plans proved to be too visionary and unrealistic in practice, as his experiment in New Harmony was to show. Nevertheless, his notions of equity and fairness as nursed in his experiences at New Lanark persuaded him to incorporate the principles of self-government and equality into his ideas of community governance. The system of tickets for wages, the harbinger of later ‘labour notes’, prefigured a medium of equitable exchange which is not dissimilar to contemporary experiments that use local currencies to protect against the faults of capitalistic globalisation. In New Harmony the principle of self-government was stated clearly. Another major aim was to treat members as “all of the same rank, no artificial inequality being acknowledged”, while the ultimate goal was to promote the happiness of “all of the people concerned”.

Finally, it is important to give attention to the utilitarian aspects of Owen’s ideas inasmuch as they relate to the co-operative movement of the twenty first century. Donnachie describes how the utilitarian ideas of William Godwin and Jeremy Bentham influenced Robert Owen. In his *A New View of Society*, Owen discussed the utilitarian concept of “the greatest happiness for the greatest number”. He believed that this should be an aim of governments and should include the development of systems of education to counter poverty.

Donnachie’s discussion of issues related to utilitarianism and co-operation is not exhaustive. Nevertheless, his brilliant book would credibly serve to enrich the discussion of ‘co-operation’ of our time.