

# THE DEMOCRACY PRINCIPLE

FARMER CO-OPERATIVES IN  
TWENTIETH CENTURY AUSTRALIA



GARY LEWIS

*".....capitalist democracy is incomplete and immature in the absence of a robust "third sector" comprising democratic associations and businesses such as co-operatives, mutual societies and community organisations"*

From Gary Lewis' preface to The Democracy Principle  
2006

**Gary Lewis' contribution to co-operative education**

**The practical contribution of co-operative history**

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Co-op  
education  
Two degrees,  
three  
specialised  
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**Graduate Certificate in Co-operative  
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Launched January 2017.**

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1 elective from a wide range  
of specialized courses relevant  
to the CME sector

Offered since 2017, in 2018 44 Farming Together students enrolled,  
2019 mix of MBA and Co-op executives enrolled. Next year is open for enrolments.

# Contents :

- Why is co-operative education important?
- Why is co-operative history research important for co-operative education
- Gary Lewis' contribution to students learning



# Why is co-operative education important ?

- Education about coop principles and values are essential for well-functioning co-ops.
- Education is one of the 7 coop principles
- Huge lack of knowledge about the cooperative model in Australia
- Co-operative business models have disappeared from textbooks in business, economics and management since the late 1970s (Kalmi 2006), but this is changing, as co-operatives now are seen as a principle sector to advance the social economy (EU 2012)
- Industry has identified that there is a gap in knowledge and understanding about the co-op business model. Executives in the CME sector are often recruited from the corporate sector, with tertiary education that has focused on the investor owned model not co-ops
- Millennials are intuitively interested in co-operative and for-purpose business models as they seek innovative and democratic alternatives in the sharing and social economy.
- However, for education purpose there is a lack of scholarly analysis of the co-operative as a socio-economic practice and its dynamics and by implications, the humanistic and social values of the co-operative movement are slow to find adequate representation in business, management and economic research and practice of the modern corporate world (Webster and Kuznetsova 2018).

# Why is co-operative history research important for co-operative education

Research on co-operatives has the potential to document huge impacts because of its extensive social and economic importance, however it is often seen to “navigate the difficult sea without the right compass” (Dash 2013).

The Co-operative sector is seen to not make use of external and latest knowledge within management systems and tools that would generate benefits and innovations to modernise the co-operative sector and ensure a tighter fit with changing business conditions and practices (Auldebrand 2016).

As many cooperative businesses are accused of abandoning their original purpose and mission, it is easy to understand why, due to lack of indepth analysis of the complexities that co-operative businesses are faced with. (Puusa 2016).

Co-operative history can contribute vastly to co-operative education as a valuable blend of social and management science, and can illuminate historical changes in capitalism, development of enabling or inhibiting institutions and the role of the state in co-operative sector development. (Woodin 2019)

“Deep” historical research can dissect and reveal how and why co-operatives through time have struggled to adhere to the co-operative principles, what were the economic, social and institutional pressures, and what were instrumental decisions that led to the rise or demise of co-operatives that offer valuable lessons.

And this research needs to also be accessible to be useful.

# Gary Lewis Contribution

- Through his book “The Democracy Principle”
- Express through facts, quotes, policy statements, economic analysis was able to show the complexity and power struggles that led to the demise of the Australian agricultural cooperative sector an era of deregulation and globalisation.
- Delivered a portrait of a farmer community straddling the cooperative dilemma, between needs for capital to invest and upgrade and maintaining democratic decision-making.
- Reveals in a very real and understandable sense also that farmers are both individualists and collective, both conservative and radical.



# Gary Lewis pinpoints major issues that has impacted Australian agricultural co-ops

- Lewis (2006) poignantly identified that at the beginning of the twentieth century the Australian agricultural movement remained detached from the International co-op movement.
- It suffered from both geographic, historic and legislative barriers; vast distances and thinly scattered dispersal of co-ops, lateness of co-op introduction to dominions, dramatic changes in world trade conditions, issues of State rights, lack of government support, poor legislation, lessening of agriculture's economic and political importance.
- The cultural perception that co-ops were outside mainstream economic traditions and therefore were met with suspicion from both labour movement and the finance sectors.
- But it also suffered from internal factors including that agricultural co-ops were more concerned with being competitive than co-operative, more loyal to industry than co-operative movement, neglected or even fought building co-op umbrella institutions and co-op education, failed to attract the younger generation and through all of this lost sight of their co-op identity.

# Gary Lewis work identified the priority areas needed for an International Turnaround for the Co-op movement

- Resurgence of coops after the GFC in 2008, due to environmental degradation, lack of trust in politicians, unstable financial sector, increasing inequality, disenfranchised younger generation.
- 2012 The UN International Year of the Co-operative
- The Blueprint for a Cooperative Decade 2013 – 5 priority areas
  - Participation, (democracy)
  - Sustainability,
  - Identity, (coop identity and values)
  - Legal Frameworks (improving legislation)
  - Capital (solving the capital dilemma)
- Cooperatives for 2030, signing up for the Sustainable Development Goals
- Currently 3 million coops, 1.3 billion members worldwide.
- Rapidly increasing numbers of credit and savings societies.





# Gary Lewis Contribution to Student's learning

- Lewis' theoretical lense – “the democracy principle” - provides a radical and fresh way of analysing co-operative history and economic development easily understood by 21st century students who are disenfranchised with current state of affairs.
- Learning from past mistakes and “wrong” justifications. In this he leaves no stone untouched, every institution, association and policy is dissected and analysed with the fortuitous blessing of hindsight to document how many of the choices, power plays and directions taken led to the downfall of democracy and the invisibility of the co-operative model.
- The inter-state comparisons, is a great help to understand the significant differences in current co-operative cultures between the states.
- The book with its mix of direct quotes and facts, is an easy read for practically oriented co-operative executives.
- Open Access of the book was invaluable for online students !

# Gary Lewis - the humble co-operator!

44 Farming Together students enrolled in 2018.

Early April 2018

Hi Gary,

Some nice feedback for you is that your book “The Democracy Principle” which is on the curriculum, and is open access (great) has attracted the interest of a number of the Farming Together students. Your reference appears both here and there, as I am marking the assignments.

So I hope this makes you as an academic feel that you have contributed to providing good knowledge to the benefit of the land and the co-operative movement.

Kind regards Sidsel

Hi Sidsel,

- I'm delighted to learn that some of your students are finding Democracy Principle helpful in their assignment work - makes it all worthwhile 🙏
- 🙏 yours, in co-operation
- Gary Lewis

# References to Lewis (2012)

## c) MEMBER PARTICIPATION

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It is widely understood that participation in Co-operatives improves wellbeing of individuals and social engagement amongst members, which builds responsibility and resilience of the organisation (*G. Lewis, 2006*).

Through mutual need, the members economic participation is vital to the sustainability of the organisation. The shared economic responsibility is dependent on member participation and engagement strategies to attract new members. This can be a challenge while maintaining competitiveness in a growing corporate culture.

By maintaining purpose for the community and the co-operative principles (*G. Lewis 2006*), the business model can survive.

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Lewis (2006) describes the co-operative capital as the knowledge and member interest defined through clear social and economic purpose, established through members best interest in investment and capital growth. Capital growth allows organisations to grow and make a difference in the communities they exist in.

(2005). While the bank guarantee will be sourced from a government agency the Western Australian government has provided it also has a long history of supporting co-operatives with minimal limitations compared to other Australian states (*Lewis, 2006*).

However, just educating our farmers about farming is not a sustainable vision for the coop. As Lewis(2006) points out a number of coops have come into trouble over the years through their members lack of understanding of the vision of their coop and how to manage the business correctly. Members need to be upskilled to understand that their ideas drive change and innovation in the coop and are a vital part of how it works. Lewis mentions the 'indifference' of members because they did not understand what role coops played in their lives. (p.68)

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# Testimonials

- **Gail Stubber, Executive Officer from WA Hemp Growers Co-op** : “The program has helped me enormously with running a co-op, setting up protocols and board functions. It has also instilled the need to maintain the 7 co-op principles and how valuable they are to our venture. “
- **Deborah Bogenhuber, CEO, Food Next Door, Mildura, Victoria** : “ Co-operatives, mutuals and member owned businesses have unique legal and economic characteristics that are much needed, but have been neglected in the mainstream business and law curriculum. Studying two postgraduate subjects to delve into co-operative history, governance and law was a natural progression to deepen and strengthen the work I am now involved in. What I have learnt from the program has already been applied during the first six months of setting up our co-operative. I continue to refer to, and draw upon, the course learnings in developing our Board, our rules, and working with members.”