

## **"What knowledge is of least worth?"**

### **The coverage of cooperatives and nonprofits in business and economic textbooks**

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I am very pleased to be on this panel with Jan Haskings-Winner and Cynthia Lushman. Jan is a textbook writer and economics instructor here at OISE/UT, seconded from the TDSB. Cynthia is the Education Officer for the Ontario Co-operative Association, and she came all the way from the beautiful city of Guelph to be with us today. Thank you both for accepting our invitation to be on this panel to talk about the presence –or more precisely the relative absence- of the social economy in Ontario high schools.

Allow me to begin with a personal story. A few years ago I was at a meeting in Brazil, and when I mentioned that I was coming from Canada one of the Brazilians came to hug me and proclaimed with joy: "Canada, the Antigonish Movement"! I found this interesting, because at the beginning of my graduate seminars on adult education here in this institute I often ask how many students have heard of the Antigonish movement, which took place in Nova Scotia in the late 1920s and early 1930s and was arguably the most important Canadian contribution to the field of adult education by the way it combined adult education principles and cooperative principles.

Well, when I ask this question to my students, in a typical class of 20, only one or two of them raise their hands, and sometimes this is because they just had learned about Antigonish the week before in another course here at OISE. As I said before, this is surprising to me, because all of these students come here with an interest in adult education, and some have an interest in cooperatives. More surprisingly, in my classes I have listened several times to students from Nova Scotia who, after watching a movie on the Antigonish Movement, ask how it is possible that they never heard a word about it in 16 years of formal education. I still keep asking to myself: how is it possible that graduate students in adult education, who have a general interest in the topic, have never heard of the Antigonish Movement? We could explore many threads to address this question. Given time constraints, in this talk I will focus on one particular aspect: the relative absence of content about the social economy and co-operatives in business and economic textbooks.

When we consider the presence or absence of certain topics in textbooks, it is pertinent to remember the insightful comment made by Herbert Spencer approximately

150 years ago. In 1854, Herbert Spencer asked what in his opinion was the "question of questions" for all educational endeavours: "What knowledge is of most worth?" This is a very important question, indeed: "What knowledge is of most worth?". In addressing his own question, Spencer noted that "before there can be a rational curriculum, we must settle which things it most concerns us to know."

Hence, if it is imperative to settle which are the things that we should know, then the first question that comes to mind is probably this: how is this being settled? Part of the answer to this question can be found in a follow-up question to Spencer's, raised in 1991 by professor *Michael Apple from the University of Madison-Wisconsin*. *Apple* revisited Spencer's question and asked: "Whose knowledge is of most worth?" The very title of *Apple's* paper -'The politics of curriculum and teaching'- strongly suggests that politics play a role in deciding whose knowledge is of most worth and which knowledge is marginalized.

"What knowledge is of most worth?". "Whose knowledge is of most worth?". I submit that these two questions, the first posed 150 years ago and the second 15 years ago, are still relevant today when we look at the portrayal of the social economy in high school textbooks in Ontario. At this point, it makes sense to provide a working definition of the social economy. While there are many definitions of the social economy, I will use as a reference the definition proposed by the social economy centre of the U of T:

"We present the social economy as an overarching framework addressing the entire array of organizations with a social mission ranging from market-based co-operatives, community economic development corporations, and other social enterprises, to nonprofits in public service to the many nonprofit mutual associations. Our initial working definition is of organizations with a social mission that either have explicit economic objectives, as is the case of market-based organizations, or that create economic value through employing people and through providing services."

Now, the empirical question that I am trying to tackle is: to what extent is the social economy covered in economics and business textbooks?

To answer this question, I will start with a reference to four empirical studies conducted on introductory economics textbooks at the undergraduate level during the last 15 years, and then I will move into to the high school level. I will focus on co-ops because I was able to find several scholarly articles on the coverage and portrayal of co-ops in textbooks, but so far I have been unable to find any studies about the coverage of nonprofits in textbooks.

In 1989, Lori Lynch, Marilee Urban and Robert Sommer published a study on introductory economics textbooks used in U.S. universities entitled "De-emphasis on Cooperatives in Introductory Economics Textbooks". As the title suggest, the main finding of this study was that co-operatives were largely absent in those textbooks.

A few years later, in 1996, Edgar Parnell, in the book *Reinventing the Co-operative*, noted that the co-operative form of business has been largely ignored in primary,

secondary, and post-secondary textbooks.

Four years later, in 2000, Roderick Hill published the results of an interesting empirical study that examined 25 introductory economics textbooks used in Canada for content concerning co-operatives. Four of the 25 were U.S. texts, 10 were Canadianized versions of originally U.S. texts, and the remaining 11 were Canadian textbooks. Hill expected to find co-operatives dealt with under alternatives business forms, or comparative economic systems, or under money and banking, or in a discussion of who controls the firm. His conclusion is worth quoting: "Clearly, in most introductory textbooks, co-operative economic organizations are either entirely ignored or receive only a passing mention." (Hill, 2000, 283).

In 2004, John Chamard, the Director of the Sobey School of Business of Saint Mary's University, published a study in *The International Journal of Co-operative Management* called "Co-operatives and credit unions in economics and business texts: changing the paradigm". Chamard concluded that "neither economics nor management textbooks spend any appreciable time or space on co-operative forms of business". Moreover, he noted that "the dominant paradigm is investor-owned, for profit businesses competing for market share and profit" and that one consequence of this situation is that few graduates of business programs are well prepared to manage co-operative organizations.

These four studies provide strong evidence that co-operatives are largely invisible in introductory economics and business textbooks. This may not be particularly surprising to those of you who are familiar with economics or business courses.

However, I may surprise you with a finding from a recent paper, published last year, in February 2006, by a scholar from the Helsinki School of Economics in Finland. His name is Panu Kalmi and I found the paper most interesting. The title of the paper is self-explanatory. It is entitled "The disappearance of co-operatives from economics textbooks". Kalmi analyzed 22 economic textbooks used at the University of Helsinki for an entire century, from 1905 to 2005, and through this longitudinal data found that both the quantity and the quality of the discussion on co-operatives was much greater in books published before the second world war than in the post-war books. Kalmi talks about "the eclipse of a subject", and explores possible reasons for the decline in coverage. Among them he mentions changes in the role of government, in the economists, and in the economic paradigm itself.

You may now challenge me and ask: "Why is this study on Finland relevant to us in North America?" My answer would be that it is relevant for three reasons. First, many of the books examined by Kalmi were Anglo-American books. Second, most of the Finnish books were largely modeled under Anglo-American books. The third reason is particularly interesting. In his research, Kalmi managed to identify the first author to have omitted co-operatives from the list of business organizations that includes proprietorships, partnerships and corporations. Professor Kalmi tells us that the first author to ignore co-operatives in an introductory economics textbook was Paul Samuelson, who won the Nobel Prize in 1970 for his work on neoclassical economics. This is important to note because Paul Samuelson was very influential internationally.

His introductory economics book has been reprinted many times in several languages, and has been used for decades in many countries of the world, from Argentina to Canada to Finland. So, when Samuelson did not recognize co-operatives as legitimate business organizations, it is possible that many other economists followed suit.

Today, the typical textbook in North America does not even recognize co-operatives as a form of business organization. This is intriguing, to say the least, because if you go to the official website of Industry Canada, you will see that Corporations Canada includes Business corporations, Sole Proprietor, Partnership, not-for-profit organizations and co-operatives. Hence, there is some incongruence between the Canadian business reality and what students are learning in schools.

I find Kalmi's study significant because he showed that the social economy -and particularly the co-op sector- has been increasingly excluded from textbooks during the last decades of the 20<sup>th</sup> century. This means that those of us who think that there should be more content on the social economy in textbooks are not asking for anything particularly shocking or revolutionary. We are simply asking to reinstate content that was deleted.

Now, you may think: "Well, all this may be true for university textbooks, but perhaps the situation is different in the case of high schools textbooks". In 1995, our friend and colleague Jack Quarter and two doctoral students -Alison Davidson and B.J. Richmond- conducted a study on this topic. They analyzed 34 Ontario high school business textbooks, and found sufficient evidence to suggest a bias against the social economy. To see what type of progress has been made in the decade that followed that study, last year Erica McCollum and I looked at economics and business textbooks that were used in Ontario high schools in 2005. We examined the contents of 22 business textbooks containing 11,375 pages. At this moment our colleagues John P. Myers and Jessica Stocks from the University of Pittsburgh are conducting a similar study with high school economics and business textbooks in the USA. They are looking at 12 books from the main publishers in the U.S. Here in Canada, other teams of the Social Economy network are looking at textbooks in Quebec and in British Columbia. We are eagerly awaiting their findings.

Our study of the textbooks included a quantitative and a qualitative analysis. In terms of the quantitative analysis, like Jack Quarter and his colleagues a decade earlier, we found that these textbooks had very little about nonprofits and co-operatives. When all of the materials referring to co-operatives were totaled, they amounted 0.3 percent of all the pages. For nonprofits, this amounted to 0.9 percent of the total pages. In other words, there is not a lot about these types of organizations within the business texts used in Ontario high schools.

I don't have time here to go into the qualitative analysis, but you can find it in our paper. For the time being, let me mention one example. In one of the textbooks, there is a short discussion on workplace democracy. Then the textbook provides the model for the future in terms of worker participation. It is a company that, according to the textbook, "treats employees as partners", "encourages employees to question and

challenge the obvious” and “involves associates at all levels in the decision-making process” (Nickles et al, 2003, 376-378). Can you guess which company embodies this model of workplace democracy? No, it is not your favourite co-op. It is Wal-Mart. This is an interesting choice to illustrate worker empowerment in high school textbooks because Wal-Mart has been criticized extensively around the world for its labour practices. Well, this is a topic for another panel.

Now you may challenge me again and say: “What is the big deal? Probably nonprofits and co-ops are marginally covered in current economics and business textbooks simply because today they are irrelevant in the real world”. Well, let me address this hypothetical challenge with some international and national statistics about co-ops and non-profits. First, allow me to mention a few numbers to illustrate the vibrancy of the sector at the international level.

1. The 2006 listing of the top 300 global mutual and co-operative organizations revealed combined assets of US\$30-40 trillion and an annual turnover of US\$963 billion. This is almost equivalent to Canada, the world's 9th largest economy. Among these 300 organizations we can find Switzerland's largest employer, Europe's largest dairy business, France's largest bank, and the world's largest miller and marketer of rice.

2. According to the International Co-operative Alliance, co-operatives have over 700 million members in 100 countries.

3. Co-operatives and mutual enterprises appear particularly strong in banking and insurance, where mutual insurers as a whole cover 25% of the world market. At the end of the 20th century the market share of co-operative banks was around one-third in countries like France, Austria, Finland and Cyprus (ICA 1998). In agriculture, the share of agricultural processing and marketing co-ops was in many countries close to 100% in several sectors. Co-operatives and mutuals remain important all over the world in other sectors as well, like housing, agriculture, retailing, commerce and healthcare.

4. In the U.K., just one co-op, the Coop Group has 70,000 employees and an annual turnover in excess of £7 billion. This is significant by any standard and, while The Coop Group is the largest co-operative in the U.K., it is by no means the only one (Co-op Group).

5. In the U.S., the top 100 co-operatives had 1996 sales of over US\$ 100 billion. In that country, more citizens are co-op members than own stock market shares, and over 2 million residents of New York City live in co-operative housing (Thompson, 1997).

Now, allow me to share some basic information about co-ops in Canada:

1. The Co-operatives Secretariat, a federal government agency, reported that in 2003 there were approximately 9,200 non-financial cooperatives in Canada that brought in \$35.8 billion of revenues and employed around 155,000 people, and the largest of them had 2001 revenues of CDN\$ 3.3 billion.

2. Le Mouvement des caisses Desjardins, the umbrella organization for credit unions/caisses populaires in francophone Canada, is the largest employer in Quebec and, with a workforce of more than 39,000, is the sixth largest financial institution in Canada with assets of \$118 billion in 2005.

3. Today, two co-operatives are among the top 12 corporations in the food and beverage-manufacturing sector in Canada. Moreover, 8 non-financial cooperatives are among the top 500 corporations in Canada; two of these are among the top 100 corporations.

4. Co-ops have demonstrated a higher survival rate than other forms of enterprise. A study published by the Québec Ministry of Industry and Commerce in 2001 shows that the long-term survival rate of co-operative enterprises is almost twice that of investor-owned companies. Similar patterns exist across Canada.

5. About 12 million Canadians belong to at least one co-operative corporation.

We can see from these figures that co-ops are economically significant actors both in Canada and internationally. However, you can challenge me again and ask: “And what about nonprofits? How relevant are they in Canada?”

Well, the available information suggests that the picture is similar to co-ops. For instance, a survey of the nonprofit sector undertaken by Statistics Canada found that in 2003 there were 161,000 incorporated nonprofits in Canada, about half of which had charitable status registrations. The same survey estimated that nonprofits had revenues of \$112 billion, employ 2 million people (54 percent of them full-time), and have a volunteer labour force estimated to be another 1 million full-time equivalent jobs, which is equivalent to about two billion hours. The stereotype of nonprofits is that their revenues are unearned (donations and grants), but the Statistics Canada survey indicates that 35 percent is earned through the marketplace. In fact, there are a significant number of nonprofits that compete successfully in the market with private sector firms. Think, for example, of the YMCAs.

Statistics Canada also tells us that the GDP of the nonprofit sector accounts to 7.1% of the overall Canadian economy. In 2003, the GDP for the core non-profit sector was two times larger than each of the motor vehicle manufacturing and agriculture industries. It was larger than the entire accommodation and food services industry. Also in 2003, the overall non-profit sector's GDP was larger than the mining, oil and gas extraction industry, and than the entire retail trade industry. This does not include the imputed value of volunteering, which in 2001 increased the overall sector's share of the economy by another 1.4%. In terms of the vitality of the sector, Statistics Canada reports that between 1997 and 2003, the GDP for the core non-profit sector increased at an annual average rate of 7.6%, which was significantly faster than the average of 5.6% for the economy as a whole.

At this point, it is very important to stress that in addition to their significant economic impact, nonprofits and coops also make a huge social impact. For instance, they solve

many social problems by acting in areas in which the business sector does not intervene because they are not profitable. Solving social problems means, among other things, alleviating poverty, promoting the local economy, nurturing civic engagement, providing social support, increasing democratic processes in local organizations and workplaces, and fostering community development. Moreover, they mobilize large numbers of volunteers in service to society, but whose contributions are typically ignored in conventional accounting.

Then, if we bring the social economy to the classroom, students could have the opportunity to examine different economic and business organizations. They can learn to distinguish between investor-owned corporations -which are based on the dominant paradigm of shareholder primacy- from social economy enterprises -which are oriented towards broader social goals. Moreover, such inclusion can also help teachers to illustrate important issues in economics like workplace democracy, incentives and public goods, market failures, collective property, behavioural differences between firms, volunteer work, social accounting, and re-investments of capital. Perhaps more importantly, it can help students to explore ways in which the economy can contribute to the shared, common good, something that is not a typical theme in economics and business courses.

To conclude, let me summarize my argument in 3 short points, and make one suggestion for research and one wish.

1. Social economy organizations make significant contributions to the economy and to society. Based on size and economic reach alone, co-operatives and nonprofits are a significant feature of Canada's everyday life: they are significant employers, and are forms of business organizations recognized by the government of Canada.

2. In high school textbooks used in Ontario, this economic reality is largely ignored. Hence, there is a gap between the Canadian business and economic reality and what students are learning in high schools in Ontario. Rephrasing Spencer's question, we can ask: "Why is this knowledge of least worth?"

3. One of the main purposes of education is to broaden horizons and perspectives; indeed, education is about opening up possibilities and alternatives. An absence of content on the social economy in the textbooks narrows down the learning opportunities instead of expanding them.

Now, here is my suggestion for research. The longitudinal study by Panu Kalmi tells us that some of this content was included in introductory economics textbooks in the past at the undergraduate level, but was later removed. I suggest that we conduct a similar study looking at high school textbooks throughout the 20th century to see if there are any similarities of differences with Kalmi's study.

Finally, here is my wish. We found that the social economy was neglected in high school textbooks used in 1995. We did a follow-up study ten years later and found the same situation with textbooks used in schools in 2005. My wish is that when we do the next

study about textbooks used in schools in 2015, we find a different situation. For that to happen, we have much work to do. Fortunately the time is ripe, and we have a great constellation of textbook writers, publishers, educators and key actors in the social economy and among the larger public that can make this happen in the next decade, or even earlier!

Thank you very much.

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