

COOPERATIVES:

A Potential Pathway Beyond Neoliberal Policies
or an Arena that has Not been Spared the
Influence of Neoliberalism?



Cooperatives: A Potential Pathway Beyond Neoliberal Policies or an Arena that has Not been Spared the Influence of Neoliberalism?

The most common definition of cooperatives is “people-centered enterprises owned, controlled, and run by and for their members to realize their common economic, social, and cultural needs and aspirations.” Democratic management, equality, and solidarity between members, as well as collective ownership, are among the main traditional principles of cooperatives¹.

Hence, cooperatives are a different kind of collective action. They are distinct from other forms of civil society, such as NGOs and social movements, because they are organized around economic values. Cooperatives are corporations owned by a large number of “shareholders” with limited capital who cannot compete in the market on their own. Moreover, cooperatives are not merely companies. They provide social and cultural services to their members. In other words, “they are enterprises that put people, not capital, at the center of their business.”²

Furthermore, the process of making decisions in cooperatives is fully democratic and depends on “one member, one vote.” Surplus is distributed to members based on their economic activities, regardless of any differences between members’ capital contributions. Moreover, cooperatives are not owned by shareholders. The benefits cooperatives produce stay in the communities where they are established³. In addition, cooperative members’ investments are not distributed into shares because these investments are social in nature⁴.

Malak Zalook argues cooperatives could be used to create a more human economy than that of the contemporary economic system. This system based on profit-oriented capitalism has resulted in poverty, unemployment, anger, unrest, and the exclusion of certain actors, particularly youth in the MENA region, from economic and political participation in the public sphere. Zalook claims that cooperatives can counteract monopolies. Farmers, for instance, can gain better access to markets and assets by organizing themselves and pooling their resources through cooperatives⁵.

Theoretically, cooperatives seem to be an effective solution for many economic and political crises. They may also be a solution to the exploitation of sellers and buyers in the informal sector⁶. In addition, cooperatives may be a solution for the “missing-middle” syndrome discussed by Amr Adly in his book *Cleft Capitalism: The Social Origins of Failed Market Making in Egypt*. According to Adly, “small-scale establishments constitute almost 98 percent of all Egyptian enterprises and employ the largest proportion of the

¹ What are cooperatives? international cooperative alliance. <https://www.ica.coop/en/cooperatives/what-is-a-cooperative>

² Zaalouk, M., 2014. A human economy: A “third way” for the future of young people in the Middle East and North Africa. *International Review of Education*, 60, p 345.

³ What are cooperatives? international cooperative alliance, Op.Cit.

⁴ Zaalouk, Op. Cit, P. 347.

⁵ Ibid, P 351.

⁶ Ibid, P 352.

labor force by far. The number of micro and small enterprises in Egypt is estimated to be around 2.34 million firms or 4.3 million if the informal sector is included.⁷ Yet these small and informal enterprises do not have great opportunities to grow and develop into large or medium-sized economic enterprises. Adly argues that the main reason for this missing-middle syndrome is the failed market integration of the non-formal sector during Egypt's transformation into a market-based economy⁸. It could be claimed that policies to empower cooperatives might be an alternative way to integrate small and informal enterprises and transform them into larger and more productive ones.

Nevertheless, cooperatives in the MENA region and around the world suffer from weaknesses and ineffectiveness. There are many explanations for the failure of cooperatives as well as critiques of the very idea of cooperatives. These explanations include inefficient management, limited activities and resources, and unproductiveness. Other issues concern the corporate governance of cooperatives, the fact that the state has

control over them, and the loss of social trust among cooperatives' members and leaders¹⁰.

Moreover, cooperative firms operating in the context of neoliberalism have been changed and transformed in different ways. For instance, the traditionally rooted principles of cooperatives, including collective ownership, equal voting power, and equal treatment of members, have, in some cases, been abandoned in favor of values promoting individual and financial power. Furthermore, some cooperative firms have been sold to investors, which has resulted in a hybrid pattern of cooperatives. Other cooperatives have been fully transformed into investor-owned firms, and some have disappeared due to mergers or acquisitions¹¹.

To conclude, the revival of socialist cooperatives might be an alternative path for collective action beyond neoliberalism. Nevertheless, the effects of neoliberalism on the structure and values of cooperatives must be carefully investigated to suggest suitable policies for the revival of socialist cooperatives.

⁷ Adly, Amr. *Cleft Capitalism: The Social Origins of Failed Market Making in Egypt*. United States: Stanford University Press, 2020, P 42..

⁸ Ibid, P 51.

⁹ Mohamed, Rania & Hamza, Amira. "kfā'īl Ādā' ālt'āwnyāt ālZrā'yĀ'īl bmfāz'īl ālgrby'īl." *mġī'īl ālāskndry'īl Ltībādīl Āl'Imy*, vol. 42, no. 4, Dec. 2021, pp. 2373-2392. <https://doi.org/asejaiqjsae.2021.213782> 10.2160.

¹⁰ Nilsson, J., Svendsen, G.L. and Svendsen, G.T., 2012. Are large and complex agricultural cooperatives losing their social capital?. *Agribusiness*, 28(2), pp.187-204.

¹¹ Ibid, PP. 187-188.

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مسارات PATHWAYS

لما بعد النيولبرالية: أصوات من الشرق الأوسط وشمال إفريقيا
Beyond Neoliberalism: Voices from MENA

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