

Equality Among Unequals: On distributive justice in agricultural producer co-operatives

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Abstract

Equal and fair treatment of all members are celebrated as cornerstones of the economic and ideological foundation of agricultural producer co-operatives. Despite their importance, however, these concepts are far from clear cut. The objective of the first part of the paper is to contribute to a conceptual clarification of the equal treatment provision. The second part of the paper explores how equal treatment may relate to the more complex notion of justice. The arguments are illustrated by empirical data from a Norwegian agricultural sales co-operative.

Introduction

Norms of distributive and procedural justice play a crucial role in agricultural producer co-operatives. Equal and fair treatment of all members are commonly celebrated as cornerstones of the economic and ideological foundation of most western agricultural producer co-operatives¹. The "Equal Treatment Proviso" is an integral part of the constitution of co-operatives, as reflected in the voting structure, which is based on equal voting rights for all members. The idea of equal treatment also serves as a guidance for the day to day treatment of members. For instance, equal treatment reflects the right of all members to deliver their products to the co-operative processing plant. Not surprisingly, the Equal Treatment Proviso is sometimes built into the very definitions of producer co-operatives. For instance, Søggaard² defines the relevant theoretical objective of the co-operative as to maximise its demand for members' input subject to the constraints:

- (1) that the processing company does not run a deficit
- (2) that all members are allowed to make their own production decisions
- (3) that all members are treated equally.

In this spirit, an agricultural producer co-operative can be conceived of as “a company of equals”.

Despite this significance, the “Equal Treatment Proviso” is far from clear cut. In the first part of this article, I shall explore the notion of “equal treatment” within the domain of agricultural producer co-operatives. The fundamental question is equality of what? The main argument is that four interpretations of “equal treatment” play a role in agricultural producer co-operatives:

1. absolute equality
2. equal proportions
3. equal opportunities
4. equal worth.

However, not all interpretations have the same significance. Generally, the principle of equal proportions dominates within the economic sphere, whereas the principle of absolute equality is the core allocation principle within the political sphere. Following the terminology of Elster³, these are here denoted *baseline principles*. Further, the discussion is expanded towards the notion of justice. Justice is a more fundamental, appealing, and complex idea than equal treatment and equality. Equality is a baseline for allocation of goods, burdens, rights and obligations. The task of major theories of justice is to justify deviations from equality. What is perceived as a fair basis for inequality? This question is addressed in the last part of the article. Two propositions are developed and tested empirically:

Proposition 1 - that people tend to appeal to the norms that are perceived beneficiary to them.

Proposition 2 - that members with experience as representatives strongly defend baseline in the political and economic sphere, and object to any attempts to justify deviations from baseline.

There is limited support for proposition 1 among the members of our case study. Proposition 2 was partly confirmed, but there are also important nuances to be accounted for.

Theory

Perceptions of justice are subject to institutional framing.⁴ How individuals perceive outcomes and procedures - in terms of justice - is likely to be heavily influenced by the institutional context in which the allocation takes place. Individuals apply their knowledge of the operative institution as well as history and the broader social and economic environment to make sense of "equality", "inequality", "desert", "need" and similar notions. Institutions create expectations about how one will be treated in a given situation, and these expectations in turn influence individual perceptions of fairness and unfairness. Individuals who possess a certain level of experiential knowledge regarding the rules and procedures of a particular institution will most likely also grasp the way in which various characteristics are assessed as relevant or not. These expectations are sometimes shared by all who understand the rules and goals of the institution in question, and lead to a shared notion of what is perceived as fair or unfair. The major point is that "fair allocation" is not a property of the allocation itself in any objective sense. Douglas⁵ clarifies that a fair allocation is never inherently fair:

No single element of justice has innate rightness: for being right it depends upon its generality, its schematic coherence, and its fit with other accepted general principles. Justice is a more or less satisfactory intellectual system designed to secure the coordination of a particular set of institutions.

Two fundamental points are made: first, no principle or rule has being or movement except by the significance people can give to it; second, the significance of justice is constituted through language, signs and symbols. Norms and values are symbolic systems which stand in a constitutive relation to experience and understanding. The acknowledgement of this ontological stand enhances our interest in descriptive studies of the type presented here.

As already mentioned, the "Equal Treatment Proviso" is a crucial, but far from clear cut notion. Agricultural producer co-operatives are labelled "companies of equals", but these organisations do not literally consist of equals. There is ample

evidence of natural inequality and diversity within most agricultural producer co-operatives⁶. The rhetoric of equality and equal treatment commonly refers to a heterogeneous pool of co-operative members, in which variance, diversity and inequality may be as important and interesting to study as equality. The fundamental question is - equality of what? In what sense can the principle of equal treatment be interpreted and implemented? As clearly pointed out by Sen⁷, equality is always judged by comparing some particular aspect of one individual (for instance income, productivity, opportunities, rights, or need-fulfilment) with the same aspect of another individual. The judgment and measurement of inequality is dependent on the choice of the variable in terms of which comparisons are made. In the case of agricultural producer co-operatives, the major variables are the goods, burdens, rights and obligations which are allocated to the members. Goods and burdens belong to the economic sphere, whereas rights and duties reside within the political sphere of the co-operative.

What is the dominant allocation principle in the political sphere of the co-operative? To answer this question, some comments on the principle of distributive justice are necessary. This principle is fundamental in agricultural producer cooperatives and is formulated by the International Co-operative Alliance (ICA) as follows⁸:

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

The principle of democratic control distinguishes co-operatives from investor-controlled firms. Co-operatives are user-controlled, whereas shareholder companies are investor-controlled. Democratic control implies that the members have the ultimate say, and that the rights to participate and vote are equally distributed among all members. Members get their influence by virtue of active use of the co-operative, not through passive

injection of capital. This line of thought is particularly expressed in the principle "one member, one vote". In the vocabulary of distributive justice this is the principle of absolute equality (to everybody equally much, independent of any other criteria). Independent of the size and frequency of the economic transactions with the co-operative, each member is offered one share only.

In an empirical study of 1,340 direct-membership co-operatives in the USA, Reynolds et al⁹ found that 93 per cent used a one-member, one-vote election method. It should be mentioned that statutes for co-operative incorporation have required one-member, one-vote in several states. Although a few states have recently changed their statutes to allow proportional voting, about half have had these regulations for many years. However, in states with statutes that have permitted both methods proportional voting is nine per cent, only slightly higher than the overall average of seven per cent. So, even given a choice, most co-operatives favour the one-member one-vote system. Reynolds also found that one-member one-vote was the predominant voting system used among the federated and mixed-structure co-operatives (51 out of 61). Geographical district representation was used by 22 of these co-operatives, while 18 organisations used at-large representation.

Strictly speaking, the principle of "one member one vote" conflicts with the idea that members should control the organisation in proportion to their use.¹⁰ If co-operatives are user-controlled, why are frequent users not granted more influence than infrequent users? How is this imbalance between economic importance and political influence justified? There seem to be two major reasons. First, the principle of absolute equality is fair "as near as may be", and particularly as long as the members are approximately equally large and interact with the co-operative equally much. The principle of absolute equality works fine as long as the members are literally equal. In that case, no disputes concerning the relevance and fairness of this principle should be expected. But what if this premise of equality between members fails? On what grounds should equality still be upheld? In this situation, the principle of absolute equality is supported by the principle of equal worth (all members are equally worthy). Independent of their economic contribution and frequency of

transactions with the co-operative, all members are seen as having the same worth. This type of moral sentiment is outlined by among others Aresvik (op cit, p584, my translation from Norwegian):

the size of the economic investment or the transaction intensity with the co-operative should not constitute the basis for differentiated voting rights. Thereby, the poor will feel equally worthy with the rich, the member with low turnover feel as worthy as the member with high turnover, and they will all share a common interest in working for the progress of the co-operative.

An intriguing question is whether this morality has any significant implications in a situation with more intensive competition. In its general form, the principle of equal worth has no binding obligations. Necessary restructuring of the co-operative may be softened by a rhetoric in which the moral idea of equal worth is celebrated. Albeit easy and convenient to refer to, the principle of equal worth is normally too vague to serve the role as an operational, guiding principle. In practical life, the principle of absolute equality has precedence over the principle of equal worth within the political sphere of co-operatives.

The economic sphere of producer co-operatives covers the allocation of all types of economic goods and burdens. The main line of thinking with respect to the members' economic participation is delineated by the ICA through the third principle¹¹:

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting out reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Here, the statement “benefiting members in proportion to their transactions with the co-operative” is of particular interest. The underlying line of thought is the proportionality principle, which is rooted in the thinking of Aristotle¹²:

A just act necessarily involves at least four terms: two persons for whom it is in fact just, and two shares in which its justice is exhibited. And there will be the same equality between the shares as between the persons, because the shares will be in the same ratio to one another as the persons. What is just in this sense, then, is what is proportional, and what is unjust is what violates the proportion.

This pioneering thinking of Aristotle has been elaborated by many philosophers (among whom Peyton Young¹³ and Wetlesen¹⁴ are two interesting representatives). The idea of a co-operative as a proportional enterprise is well known in the literature.¹⁵ In his review of co-operative principles, Barton¹⁶ summarises this position as follows:

A co-operative is a private business organised and joined by members to fulfil their mutual economic needs as patrons of the business, with the key control, ownership, and income distribution decisions based on patronage proportions; namely, member voting, equity capital investments by patrons, and distribution of net income to patrons are proportional to use of the co-operative.

However, Barton concludes that the proportionality concept has received stronger support in relation to ownership and profit distribution than in relation to voting control. Translated to the terminology used here, the principle of equal proportion is the baseline principle within the economic sphere of co-operatives, but **not** within the political sphere.

There is a fourth version of equal treatment: equal opportunity. Following this principle, the object to be allocated equally to all members is first and foremost the opportunity to deliver (open membership), the chance to participate, and so on. Strictly speaking, there is no further specification with respect to the end results of the allocation of economic resources and

membership rights; it is acknowledged that people use their opportunities in very different ways and should have the freedom to do so. The principle of equal opportunity reflects a libertarian perspective, and is typically held as a necessary precondition for effective competition. However, there seems to be no systematic discussion of this interpretation of equal treatment in the literature on co-operatives. One exception is Munckner,¹⁷ who refers to the co-operative ideas "freedom of association" and "freedom to contract". **Freedom of association** is defined as the freedom to work together with others on a voluntary basis, for every lawful, self-determined purpose as long as such co-operation is felt to be useful and beneficial and does not encroach on the rights of others. **Freedom to contract** is defined as the freedom to make legally-binding decisions within the limits of the general law, to create self-imposed obligations under agreements or by-laws of organisations.

The upshot from this discussion is that there are four interpretations of "equal treatment" at work in agricultural producer co-operatives: absolute equality, equal proportions, equal opportunities and equal worth. However, I have emphasised that the four versions are not equally important. The two most fundamental principles are absolute equality and equal proportions, and they are here labelled "baselines". The two other principles - equal opportunities and equal worth - are less binding, and seem predominantly to play a role as supporting and supplementing principles. Moreover, there are different baselines in the economic and political sphere. Within the economic sphere, the baseline for allocation is the principle of equal proportions, whereas the baseline within the political sphere is the principle of absolute equality. The overall conclusion is that there are "sphere-specific" answers to the issue of equal treatment (which leads us towards an explanation in a Walzerian spirit¹⁸.) This conclusion is visualised in figure 1 below.

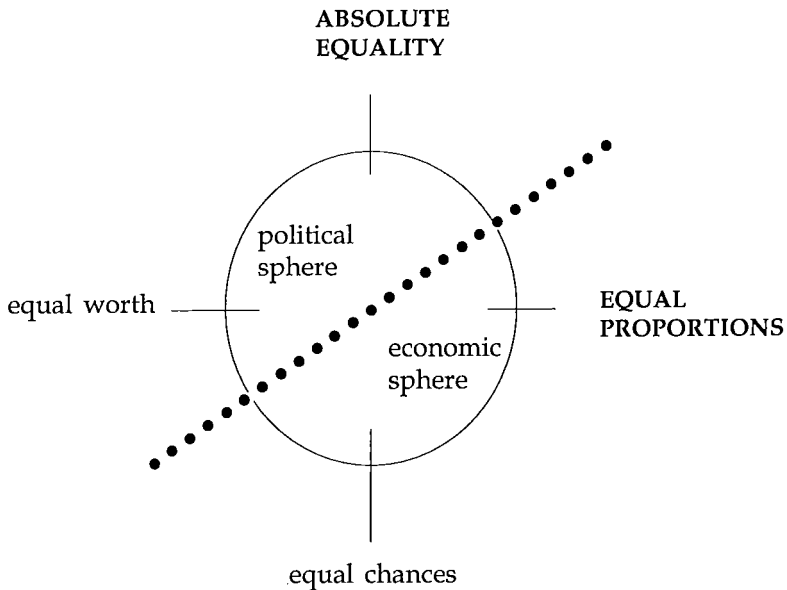


Figure 1: Sphere-specific baselines for allocation in the political and economic sphere of the co-operative. (Bold types represent baseline)

Findings

The sample in the empirical study is drawn from a Norwegian agricultural producer co-operative (the "Delta co-operative"). This co-operative is a member of the National Meat Producers Federation, and has approx 2,300 individual members. My discussion is based on two major sources of empirical information: the first source is in-depth interviews with a group of 50 active members of the Delta co-operative¹⁹. The interviews, which were all tape-recorded, were conducted by four students under my supervision. The sample represents substantial variation with respect to core background variables such as production types, size of the holding etc, but had in common that they were deeply engaged in ongoing debates on the future of their co-operative. Farmers were asked to state their opinion on a number of customs, rules and policy-issues within the daily

life of the co-operative (the incentive package, the voting rules, rules for price classification, standards for product quality etc). The purpose was to trace the underlying allocation principles to which the members appealed. My second source is two independent surveys conducted in 1996 and 1997. Two representative samples of approximately 400 Delta-members were asked to respond to a wide number of issues related to distributive justice.

As expected, the baseline principle of absolute equality is deeply anchored among the members of the Delta co-operative (cf Table 1 below). The low score on statements A and B in Table 1 indicates that they contest the application of the principle of equal proportion within the political sphere, and support the principle of absolute equality.

Table 1

Members' support to baseline of the political sphere. (7-point Likert-scale; 1 = totally disagree and 7 = totally agree).

	Mean	99%CI	St.dev.	Tot. agree	Totl disagree	N
A. "It is fair that those members who deliver large volumes to the slaughterhouse have more influence than those members who deliver minor volumes"	2.7	2.41 - 2.94	2.7	8%	44%	383
B. "One member-one vote" should be substituted by the principle that members have voting rights according to quantity of deliveries	2.5	2.24 - 2.79	2.2	6%	56%	421

Most procedures within the economic sphere are based on the principle of equal proportions. One example is freight costs, which are allocated to members in proportion to the weight of the animal. The procedure for sharing annual profit is another example: the higher the contribution to total annual profit, the higher the share of the total profit that goes to the member in question. The arrangement for classifying members' products is a third example. This arrangement is actually not a specific good or burden, but is nevertheless of fundamental importance in the day-to-day business operation of the co-operative. Here too, the underlying principle is that of equal proportions. High quality goes with high prices, and low quality goes with low prices.

As expected, our empirical data from the Delta co-operative

showed strong, general support for the allocation principle of equal proportion in the economic sphere (cf Table 2).

Table 2

Members' support to baseline of the economic sphere. (7-point Likert-scale; 1 = totally disagree and 7 = totally agree).

	Mean	99%CI	St.dev.	Tot. agree	Totl disagree	N
D. "It is fair that the financial settlement to each member is proportional to his/her capability as meat producer"	5.9	5.71 - 6.15	1.7	54%	5%	381
E. "The Delta co-operative should pursue the policy that each member to the largest possible extent pay for the actual costs s(he) brings upon the co-operative"	5.0	4.76 - 5.25	2.0	28%	7%	421

The observation that the conception of equal treatment varies systematically with respect to spheres is an interesting insight in its own right, but it is an incomplete image of the justice-based norms of the co-operative. So far, my search has been for the normative baseline (the equivalent to the statistical concept "mean"), rather than deviations from the baseline (equivalent to the statistical term "variation"). However, deviations are of substantial interest in any study of justice - what deviations from baseline are justified, by whom, and for what reasons? Theories of justice search for justified inequalities. Following the argument of Nielsen²⁰, we should bear in mind that justified inequalities do not necessarily mean *just* inequalities in a normative sense.

At this point, two issues must be clarified. First, the principle of equal treatment is to be implemented in a group of members characterised by heterogeneity and natural inequality. What type of heterogeneity and inequality are most relevant within the domain of producer co-operatives? What are the relevant dimensions: gender; age; type of production; size of production; geographical location? It is time to address this issue more explicitly. Second, a criterion is needed by which the selected dimensions of inequality can be logically and systematically linked to allocation principles. This is particularly important since my aim is not to document inequality per se, but to relate

inequality to specific interests or group characteristics in a systematic way. The path I shall try out here is to relate norms and principles of justice to self-interest. The general proposition I find attractive as a point of departure is that people tend to appeal to norms which are perceived beneficial to them.^{21 22}

Proposition 1: people prefer the norms of distributive justice that favour them

In order to pursue an empirical test, derivatives of this general proposition with particular relevance to agricultural producer co-operatives were developed. The allocation principles "seniority", "need" and "desert" were assumed to be particularly relevant, which gave rise to the following derived propositions:²³

- Proposition 2: The "older" the members, the more they appeal to the allocation principle of seniority
- Proposition 3: The "weaker" the members, the more they appeal to the allocation principle of need
- Proposition 4: The "stronger" the members, the more they appeal to the allocation principle of desert

All propositions represent a straightforward link of allocative principles and self-interest. The second proposition above reflects the idea that the older members should be positively and systematically favoured. The third proposition suggests that those members who need it the most should be positively favoured. The fourth proposition says that the most productive members should be positively favoured. Obviously, there may be numerous substantial arguments behind these propositions. The intention here, however, is only to explore whether there are any systematic links between support for the propositions and the background characteristics of the supporters. Let me start with age and the related allocation criteria of seniority. Seniority locates relevance for allocation not in what one needs or what one is, but in what one has done. Seniority is a backward-looking allocation principle, and it accumulates as a by-product of active membership in the co-operative. Members may be rewarded for having devoted their time and energy to the co-operative. For many members, voluntary services imply that much unpaid time

is spent in membership committees, councils and so on. Those senior members who have built up the co-operative capital and the organisation may have stronger claims to goods (and stronger claims to avoid burdens) than freshmen. In that case, deviation from equal treatment is justified by variations in prior doings. The relevant proposition is that "the older the members, the more they appeal to the allocation principle of seniority". To what extent is seniority considered a legitimate allocation principle in the Delta co-operative?

Our empirical tests show that this proposition is not supported. There is no significant relation between age and support for the principle of seniority (cf Table 3). Judged by these data, seniority is not a powerful argument by which deviations from the baseline can be justified. One of our informants suggested one cause, saying "the economic return should be given to members consecutively, so in principle there should be no accumulated capital to which the members have a natural claim".

Another possibility is that deviation from baseline is justified by the ambition to secure a minimum welfare level for all members; that is, to positively discriminate in favour of those members who need it the most. The related subproposition is formulated as follows:

Proposition 3: The "weaker" the members, the more they appeal to the allocation principle of need.

Significant support to this proposition would be shown if the "weakest" members try to push the baseline for allocation of goods from the current ruling principle within the economic sphere (equal proportion) towards the principle of absolute equality. A crucial issue is of course what we mean by "weak". This notion may be applied as an instrument to deny individuals or groups their importance, dignity and self-worth. A more relevant, less individualistic and less stigmatising definition of weak is in terms of low competitive power. Applied to the Delta co-operative, the group of sheep producers are traditionally conceived of as less competitive than the groups of hogs and cattle producers, and can thereby be perceived as the relatively weakest group. A special case of the third proposition is that the

group of sheep producers are more inclined to appeal to need as an allocation principle than the two other groups, since they are the least competitive group. My empirical test supports this line of reasoning, as shown in Table 3. It turns out that in the Delta co-operative producers of sheep are significantly more likely to appeal to need as an allocation principle than are the producers of hogs and cattle.

Desert is a third allocation principle of interest to producer co-operatives. There are two versions of this principle; linear and elitist. The linear version of desert resembles the baseline in the economic sphere (equal proportions). With respect to deviations from baseline, the elitist version of baseline is more interesting. Following this idea, the strongest and most productive producers should be positively favoured (with more attractive terms of trade, or more influence). This version of desert emphasises the capability of the most productive members to make more out of scarce resources, and acknowledges that, ultimately, the entire producer co-operative will benefit from a positive favouring of the most productive and largest producers since they contribute most to maintaining the competitive power of the co-operative. The relevant subproposition is the following:

Proposition 4: The stronger the members, the more they appeal to the elitist version of the allocation principle of desert.

In general, there is weak support among the members to this "elitist" version of desert. Moreover, we found no significant variation with respect to production type, size, location or any other variable with potential relevance for the fourth proposition. Therefore, based on our data, the probability that the elitistic version of desert shall be applied in order to push baseline is low in this particular co-operative.

Table 3

Test of the propositions related to age, need and desert
(Anova n.s. = not significant at 95% - level)

Proposition	Allocation principle	Statement/indicator	Indep. variable	Conclusion
2	Seniority	Statement F: "The Delta co-operative should pursue a policy which aims at the interests of the members who have been members for a long time (10 years or more)"	age	n.s.
3	Need	Statement H: "The Delta co-operative should advance a policy which takes care of the weakest producers"	production type (cattle, hog, sheep)	p = 0.004 (confirmed)
		Statement I: "The co-operative ideology commit everybody to give primary consideration to the members with the weakest production facilities"	production type (cattle, hog, sheep)	p = 0.0033 (confirmed)
4	Desert	Statement K: "The best producers of the Delta co-operative should be offer the best terms".	production type, size, location	n.s.
		Statement L: "We need to accept unequal treatment of members, dependent on their importance for the slaughterhouse".	production type, size, location	n.s.

To sum up, the major proposition and its three derivatives receive only minor support in our data analysis. How come? Is this assumption that people prefer the norms of distributive justice that favour them too simple? Are there complications that have not been accounted for in the prevailing analysis?

One step forward is to explore the last part of the proposition - "People prefer the norms of distributive justice *that favour them*", which is synonymous to say "in line with their perceived self-interest". The question is - what do members of an agricultural producer co-operative see as their self-interest? The propositions we have suggested so far rely on a fairly simple notion of self-interest; we have implicitly assumed that self-interest is to be assessed from the perspective of the individual (seniority), or properties of his or her farm ("weak", "strong"). Is the key to further analysis to use a more sophisticated notion of self-interest? In that case, we need a general concept that links the individual to the collective. Two useful concepts to accomplish this task are *identification and identity*. Following March²⁴, an identity is a conception of self organised into rules for matching organisation to situations. The intriguing question here is whether or not identification and identity are related not only to the person in

question or his/her farm, but also to the collective? The shift in level of analysis from the individual to the collective enhances the members' perception of the tight coupling between their self-interest and the collective welfare, especially if a sufficiently long-term horizon is adapted²⁵. To what extent might the members' identification with the co-operative be itself a relevant dimension by which this variation is organised? In order to test this possibility, I developed an identity-based typology of farmers (cf Borgen²⁶ for explanation of this classification). A group of farmers who place a major emphasis on the freedom to utilise the fluctuating market conditions are denoted "business farmers". A group of farmers who place a major emphasis on the ideology and strategy of the co-operative are denoted "organisation farmers", whereas a group of farmers who place a major emphasis on decentralisation are denoted "local farmers". Here, the second ideal type ("organisation farmer") is most interesting. To make an empirical test possible, "Experience as Representative" was set as a proxy for "organisation farmer"; those members who have experience as representatives are classified as organisation farmers. There are good reasons for this kind of operationalisation, given the prevailing knowledge of what typically happens to people who are granted the privilege of serving as representatives for the others. In general, representatives contribute more than the others to the formulating and discussing of policy issues. One adjacent assumption is that organisation farmers are "closer to the baseline" than the entire group of members, which is equivalent to saying that they are generally more sceptical than the rest about justifications of deviation from baseline (be it based on seniority, need or the elitist version of desert). The following propositions are developed:

Proposition 5: "Organisation farmers" have stronger adherence to the current baseline for allocation than the rest of the members.

We have already found strong support among members for the baseline of allocation in the political and economic sphere. The question now is whether or not the members with experience as representatives deviate from the others in their attitudes towards equal treatment and fairness. The results are presented in table 4 below:

Table 4

Comparison of the group of members with experience as representative (EAR) and the group without such experience (Anova. n.s. = not significant at 95% - level)

(1) Members with experience as representatives are closer to the baseline of allocation in the political sphere (= absolute equality)	
Statement A: It's fair that those members who deliver large volumes to the slaughterhouse have more influence than those members who deliver minor volumes.	p = 0.042
(2) Members with experience as representatives are closer to the baseline of allocation in the economic sphere (= equal proportions)	
Statement D: It's fair that the financial settlement to each member is proportional to his/her capability as meat producer.	n.s.
Statement E: The Delta co-operative should pursue the policy that each member to the largest possible extent pay for the actual cost(s) s(he) brings upon the co-operative	n.s.
(3) Members with experience as representatives are more sceptical to justify deviations from baseline by appealing to seniority	
Statement F: The FS co-operative should pursue a policy which aims at the interests of the members who have been members for a long time (10 years or more)	p = 0.015
(4) Members with experience as representatives are more sceptical to justify deviations from baseline by appealing to need	
Statement H: The FS co-operative should advance a policy which takes care of the weakest producers	p = 0.067
Statement I: The co-operative ideology commit everybody to give primary consideration to the members with the weakest production facilities	p = 0.090
(5) members with experience as representatives are more sceptical to justify deviations from baseline by appealing to the elitist version of desert	
Statement K: The best producers of the FS co-operative should be offered the best terms	n.s.
Statement L: We need to put out with unequal treatment of members, dependent on their importance for the slaughterhouse	n.s.

These results support the proposition that people with experience as representatives have significantly stronger adherence to the baseline for allocation, but there are also important nuances to account for. The members in the Delta co-operative with experience as representatives seem to be significantly more committed than the rest to the principle of absolute equality in the political sphere of the co-operative (cf statement A in Table 4). Further, both groups are strongly committed to the baseline within the economic sphere of the co-operative (equal proportion). Here, the members with experience as representatives do not deviate significantly from the rest (cf statement D and E in Table 4). It turns out that members with

experience as representatives are more sceptical than the rest about justifying deviations from baseline on seniority as well as need. The last proposition (concerning the elitist version of desert), is not confirmed, since both groups strongly reject this allocation principle.

Conclusion and implications

The starting point of this article was critically to review the working of the so-called "Equal Treatment Proviso" within agricultural producer co-operatives. Equality and justice are core concepts in any agricultural producer co-operative. It argued that the notion of equal treatment is crucial but unclear, and listed four interpretations of "equal treatment" which are simultaneously at work in agricultural producer co-operatives: absolute equality, equal proportions, equal opportunity and equal worth. Not all versions are equally important. There are different types of baselines in the political and in the economic sphere; one version (equal proportions, equity) dominates in the economic sphere, and another version (absolute equality) is the core allocation principle within the political sphere. This brings us towards a Waltzerian explanation of justice in which "spheres" is the crucial explanandum. The dominating principle within the political sphere (absolute equality) distinguishes the co-operative from investor-owned firms, in which the principle of equal proportions (equity) dominates in both spheres. Hence, the sphere-oriented explanation will not have the same power in the case of investor-owned firms. The same may hold true with respect to so-called "new generation co-operatives" (as presented by among others van Dijk²⁷ and Harris et al).

What arguments justify deviations from baseline? What do members consider as a fair basis for inequality? The results from a Norwegian agricultural co-operative - here labelled the Delta co-operative - were reported. First, the idea was tested that people appeal to the allocation principle which supports their self-interest, and some derivatives of this general proposition were suggested; these received only minor support. These results triggered a rethinking of the main proposition that people appeal to the norms that favour their self-interest. A more sophisticated notion of self-interest was suggested in order to sharpen the

analysis, taking into account members' identification with their co-operative; experience as a representative came to the forefront of the analysis. The proposition was that people with experience as representatives ("organisation farmers") are "closer to the baseline" than the rest of the members, defending baseline in the political and economic sphere and objecting to any attempts to justify deviations, for whatever reason. This expectation was partly confirmed, but there were also important nuances to account for.

What are the implications? The group of members with experience as representatives is of particular interest because they are in a better position than others to evaluate and implement new allocation principles. The extent to which they are closer to the baseline may be interpreted as a safeguard against "too much" political struggle among the members in this co-operative. It is commonly argued that co-operatives of this type may easily be disrupted by internal conflicts; the role of the representatives, and the fact that all members have equal rights in voting for them, may explain why political stability is maintained in producer co-operatives. There is, naturally, another side of this coin. The stabilising role of the representatives may inhibit necessary innovation and dynamism. It is beyond the scope of this article to elaborate on this theme, but it is suggested as an interesting path for future studies on the dynamics of co-operative organisations.

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Notes

- ¹ ICA rules (1997) International Co-operative Information Centre. ICA (International Co-operative Alliance). Geneva.
- ² Sjøgaard, Villy (1994) *Farmers, cooperatives, new food products*. MAPP, The Aarhus School of Business. Project # 5. Aarhus.
- ³ Elster, Jon (1992) *Local Justice. How Institutions Allocate Scarce Goods and Necessary Burdens*. Russell Sage Foundation.
- ⁴ The essence of this assumption - that both the underlying economic environment and the operative institution shape perceptions of fairness - is clarified by multiple authors. Prominent examples are Isaac, R. Marc, Deborah Mathieu, Edward E. Zajac (1991) *Institutional*

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