

The Search for Opportunity: Co-Operatives and Circular Economy

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ABSTRACT

This article discusses the search for opportunities related to the intersection between co-operatives and the circular economy.

RÉSUMÉ

Cet article traite de la recherche d'occasions liées au croisement des coopératives et de l'économie circulaire.

Keywords / Mots clés : co-operatives, circular economy / coopératives, économie circulaire

THE BURNING PLATFORM

We are facing significant social and environmental challenges, with the COVID-19 pandemic as one example. In response to COVID-19, the United Nations states:

Once the health crisis is over, we cannot have business-as-usual practices that increase emissions and other environmental externalities like pressure on wildlife and biodiversity. A mutually beneficial symbiotic relation between humans and their surrounding ecosystems is the answer to more resilient economies and societies. Securing the global environmental commons requires living within planetary boundaries and conserving and sustainably managing globally shared resources and ecosystems. (2020, p. 4)

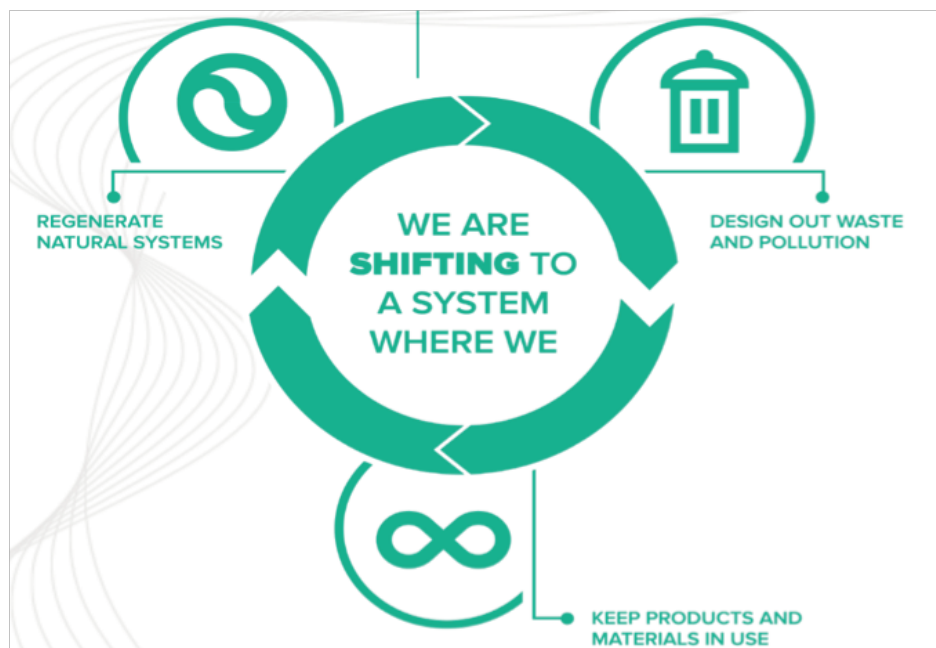
At the onset of the industrial revolution, Earth entered the Anthropocene, the unofficial geological epoch in which humans are the primary agents of damaging change on a planetary scale (Braje & Erlandson, 2014; Chin, Simon, Anthamatten, Kelsey, Crawford, & Weaver, 2020; Fullerton, 2014). The global economy, clearance of land surfaces, overfishing and pollution of the oceans, unlimited extraction of planetary resources, and boundless greenhouse (GHG) emissions are all caused by human activities with detrimental impacts to the Earth (Braje & Erlandson, 2014; European Commission [EC], 2015; United Nations Environment Programme [UNEP], 2021; Victor, 2014). Financialization and globalization of our economy have led to insatiable consumption supported by

a “cradle-to-grave” linear economy, with enormous environmental impacts, social injustice, and economic inequity (Korhonen, Honkasalo, & Seppälä, 2017; Novkovic, 2018; Raworth, 2017; Rees, 2014). According to the United Nations, over 1.3 billion people live in multi-dimensional poverty, and two-thirds of those people live in middle-income countries (United Nations Development Programme, 2019, p. 2). To significantly alter the course, humanity must re-think capitalism to reduce GHG emissions to 45% of 2010 levels by 2030, with the imperative to be net zero by 2050 (International Panel on Climate Change [IPCC], 2018a, p. 12). Otherwise, humanity’s survival is placed in jeopardy with lack of food security and water supply, reduction in livelihoods and jobs, increased morbidity and mortality from diseases, and severe economic disparity (IPCC, 2018a).

THE CIRCULAR ECONOMY

Research by the Ellen MacArthur Foundation (EMF), a thought leader in circularity, asserts that a circular economy would progress the United Nations sustainable development goals (SDGs) across the entire economic system by creating an economy that is regenerative by design (EMF, 2019). The circular economy focuses on product effectiveness through a cradle-to-cradle approach, which significantly reduces use of resources and diminishes waste disposal, bringing the economic and environmental sub-systems within the planetary boundaries (Arup, 2016; Korhonen et al., 2017; Novkovic, 2018; EMF, 2019; Raworth, 2017; UNEP, 2021). The three foundational principles of the circular economy are shown in Figure 1.

Figure 1. The Three Foundational Principles of the Circular Economy

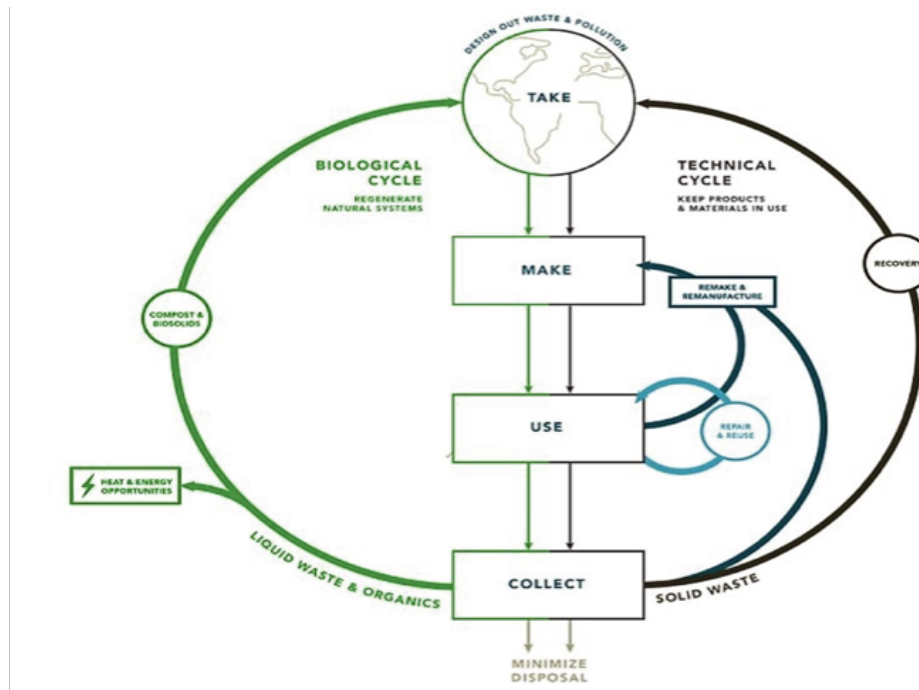


Source: EMF, n.d.

The circular economy considers the life cycle of products and materials from designing long-lasting products with less resources, to extending the life of products while in use and returning the products to the value chain through regeneration. There is no end of life, but rather, there is value placed in reuse, remanufacturing, and refurbishment first, and raw material utilization, combustion for energy,

and landfill disposal are considered only later. The circular economy changes the economy from a linear to a cyclical system of resource use, production, and consumption, shown in Figure 2.

Figure 2. The Circular Economy



Source: National Zero Waste Council, 2021

The Ellen MacArthur Foundation's research shows that the world must adopt comprehensive sustainable development to alter its course (2019). A circular economy can fill this need because it decouples economic growth from resource consumption to deliver sustainable development with a balance between the social, economic, and environmental spheres (Adams, Osmani, Thorpe, & Thornback, 2017; Arup, 2016; EC, 2015; EMF, 2019; Ghisellini, Cialani & Ulgiati, 2016). A circular economy is predicted to significantly reduce the use of resources, decrease the amount of waste, shrink humanity's carbon footprint, and provide \$2.6 trillion dollars (in Europe alone) to benefit people, communities, and businesses (Adams et al., 2017; EC, 2015; EMF, 2019).

The top barriers to advancing sustainability and a circular economy are:

1. the fragmented supply chains and a lack of designing out waste in products;
2. a lack of secondary markets to increase the value of products at end of life;
3. a scarcity of reverse logistics to return the products to the value chain;
4. and an absence of a systems approach that enables circularity (Adams et al., 2017; Arup, 2016; Hart, Adams, Giesekam, Tingley, & Pomponi, 2019; Korhonen et al., 2017; Raworth, 2017).

A circular economy alone does not guarantee a sustainable outcome because to achieve net global sustainability, economic growth and consumption must have physical limits (Korhonen et al., 2017; Raworth, 2017). There are concerns that the efficiency of a circular economy will produce more

goods, thereby increasing consumption and lowering its benefits significantly—a concept termed the “circular economy rebound” (Ghisellini et al., 2014, p. 24; Korhonen et al., 2017, p. 43). De-commodifying people, communities, resources, and ecosystems, and re-orienting the world’s understanding of co-creating value are critical to delivering sustainable development (Bollier, 2015; Ghisellini et al., 2016; Novkovic, 2018; Raworth, 2017; Rees, 2014). Within a sustainable world, the economy is a sub-system with finite boundaries, working within our society and the environment, rather than the current paradigm where humanity and the planet are subservient to the economy (Bollier, 2015; Fullerton, 2014; Raworth, 2017). For these reasons, a circular economy must also deliver system-wide stability, provide new employment opportunities, build a greater sense of community and co-operation, allow democratic participation in the economy, and advance ecological economics (EMF, 2020; Ghisellini et al., 2016; Korhonen et al., 2017; Novkovic, 2018; Raworth 2017).

THE CIRCULAR ECONOMY AND CO-OPERATIVES

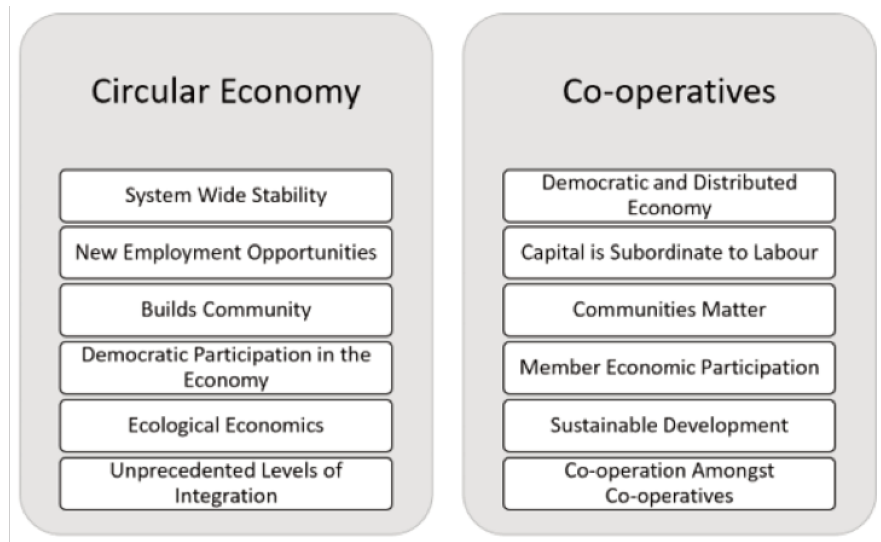
It is recognized by all stakeholders that the key enablers to overcome these barriers are collaboration, partnerships, and networking across the economy (Adams et al., 2017; EMF, 2020; EC, 2015; Korhonen et al., 2017; Novkovic, 2018). Achieving sustainability and a circular economy will require unprecedented levels of co-operation, with businesses and processes that operate singly and together as whole systems, for trade and regeneration (Ghisellini et al., 2017; Hart et al., 2019; Korhonen et al., 2017). For example, imagine designing homes where the components are built with sustainable materials that can be disassembled for re-use later to avoid landfills. A circular economy requires unprecedented levels of collaboration and exchange platforms across communities, sectors, businesses, organizations, and governments.

Co-operatives are “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs, and aspirations through a jointly-owned and democratically-control enterprise” (International Co-operative Alliance [ICA], n.d.). Co-operatives are founded on the values of democracy, equity, equality, and solidarity, where actions and decisions are guided by co-operative principles (ICA, n.d.). A co-operative is not free to pursue financial gain at the expense of the community or the environment. The sixth co-operative principle of “co-operation amongst co-operatives” provides the means to build cross-sector interaction at a large scale (Bollier, 2015; Novkovic, 2018; Rees, 2014). This type of networking is achievable as shown by the successful co-operative networks and federations in Spain and Italy (Bollier, 2015; Menzani & Zamagni, 2010; Novkovic, 2018). This networking allows for integrated pools of capital, adaptive systems, decentralized flexibility, and innovative learning organizations which are needed in the fast-changing marketplaces where co-operatives compete (Novkovic & Holm, 2012). Inter-cooperation is the natural systems approach needed for creating a circular economy and the catalyst for generating wealth and equity, where wealth is welfare, jobs, equality, training, and education (Korhonen et al., 2018; Novkovic, 2018; Rees, 2014).

With a unique identity that focuses on democracy, economic participation, and human dignity, advancing the de-commodification of life and resources is inherent to the co-operative model (Bollier, 2015; Novkovic, 2018; Rees, 2014). Co-operatives deliver a human space where communities and values matter, because capital is subordinate to labour and its democratized ownership does not

require rapid growth or huge profit (Bollier, 2015; Fullerton, 2014; Novkovic, 2018). The UN recognized the advantages of the co-operative model to global sustainability by stating: “As global attention focuses on the challenge of sustainable development, co-operatives can and must play a key role as creative enterprises expanding into new and innovative areas” (Ryder, 2013, as cited in Dale, Duguid, Lamarca, Hough, Tyson, Food, Newell, & Herbert, 2013, p. 1). The co-operative identity is thought to be a natural fit for “providing people with know-how, inputs, finance, and markets at fair prices with low environmental impacts” (Dale et al., 2013, p. 1). Thus, the co-operative movement has an opportunity to transform the future, because there is a natural convergence between the circular economy and co-operatives, shown in Figure 3.

Figure 3. The Natural Convergence of the Circular Economy and Co-operatives



CONCLUSION

Our world is at a tipping point where we must alter the course of recurring environmental damage to the Earth caused by human activity. When a circular economy is delivered by a co-operative organization, net global sustainability and sustainable development can be achieved to deliver social equality, economic equity, and planetary protection. Further, a circular economy is a remarkable opportunity for growth of the co-operative movement through developing inter-cooperation, integrating pools of capital, building adaptive systems, and collaborating to co-create shared value.

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