A Co-operative Development Agency

IS IT DESIRABLE?

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H. F. BING, M.A.

(*Mr. Bing is a former tutor in social studies at the Co-operative College*)

In its Election Manifesto earlier this year, the Labour Party suggested that if it won the Election and came to power again, it would establish a Co-operative Development Agency, to provide funds for the development of Co-operative enterprise. The details of the scheme were, of course, not elaborated but since the Labour Party did not win the Election and the Conservative Government, which has come into power is unlikely to be interested in the scheme, the details need not concern us.

The proposal, however, seemed to be welcomed in Co-operative circles, as instanced by the S.C.W.S. resolution passed at the Co-operative Congress which *inter alia* said:

> "We call on the Government to recognise the significance of this Movement and welcome the declaration by the Labour Party Executive in support of the establishment of a Co-operative Development Agency and urge that this be translated into official Government policy."

It is certain, therefore, that even if little can be expected in this direction from a Conservative administration, there will be a tendency on the part of some elements in the Co-operative Movement to maintain pressure on the Labour Party in order to make sure that the proposal occupies a prominent place in the Party's Manifesto at the next General Election. As this, however, is not likely to occur for four or five years, we have time to consider carefully the implications of the proposal.

What makes the idea of a government-sponsored Co-operative Development Agency attractive to the Movement is clearly the possibility of obtaining, without much difficulty, substantial capital sums for modernisation and development at a time when these are clearly needed to meet the challenges of the 1970's and the keen competition of rival concerns. It is a characteristic of our times, to look increasingly to governments for financial aid in enterprises which are costly and possibly not immediately profitable. Government aid to the ship-building industry, to the "development areas", to housing, to exports, are examples which, at once, come to mind. The case for such assistance is particularly strong where social or national interests seem to be involved.

Effect of Economic Aid

That the Co-operative Movement is a worthy movement, no Co-operator will deny. But is this a sufficient reason for seeking government financial assistance? What would be the effect on the Movement of such aid, if received? Obviously

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much would depend on the conditions of such aid—upon the strings attached. As we all know, much international aid today is greatly reduced in value by the strings attached. Whether they be political or economic. In fact the receiving countries tend to find themselves "enslaved" to their "benefactors". The same thing can happen with internal aid. "Fear the Greeks when they bring gifts", is a saying more than 2,000 years old, but is still true today, and all governments must be regarded as "Greeks" in this respect!

In many developing countries the Co-operative organisations have been largely initiated by governments and financed by governments. The result has generally been that they have continued to depend on government aid, both financial and in personnel, and have not become really independent, self-dependent and democratic organisations. Without continual government support they would collapse. Their policies are, therefore, essentially government directed.

It may be argued that the British Co-operative Movement with its century and more of independent existence, its 13,000,000 members and its democratic structure is strong enough to accept government aid without losing its independence. But can we be so sure? After all, its democracy is more formal than real. Less than 2 per cent of those thirteen million participate in the running of their societies. It is, quite rightly, a principle of British public life that where public money is being spent some kind of public control must be exercised. On what ground could the Co-operative Movement claim to be exempt from this principle? We should almost inevitably find that the receipt of government money would involve some kind of government control of our policies. A movement financially dependent upon a government is free, neither in its actions, nor, what is perhaps more important, in its ability to criticise that government—at least without fear of losing the aid upon which it has come to depend.

The maintenance of the independence and integrity of voluntary organisations is an essential principle of democratic freedom in the modern world. Recent history has shown that the rise of totalitarian régimes has everywhere led to and been facilitated by the collapse and deliberate destruction of voluntary organisations. The fate of the youth organisations, the trade unions, the Co-operative Movement in Nazi Germany is a classic example. It is well-known that the International Co-operative Alliance has repeatedly refused to accept applications for membership from certain East European Co-operative Organisations because in view of the extent of government control over them, they could not be regarded as having truly voluntary membership and democratic control.

Role of Voluntary Organisations

Today more than ever "the price of liberty is eternal vigilance." Governments everywhere are becoming more powerful and exercising greater control over the lives of their subjects. Technological developments, the mass media, State education, many aspects of the Social Welfare State, computerisation of the details of our lives, are all helping in this direction. The great Leviathan is becoming even greater. The private citizen stands more or less helpless in face of the all-powerful bureaucracy. This is more evident in some countries than in

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others, but the tendency is a general one. Alone the individual citizen can do little. Few of us are made of the stuff of which martyrs and heroes are made. But collectively we may be able to do something to preserve our freedom. The maintenance of strong voluntary organisations is the surest safeguard against the advancing tide of totalitarianism.

Basic Aims of the Movement

The Co-operative Movement is one of the largest, if not the largest, voluntary organisation in this country. It should preserve its complete freedom of thought and action at all costs. It may be facing financial difficulties, but it should accept this as a challenge. These problems it can solve for itself if it has the will. The challenge can reinvigorate the Movement. The easy way, the acceptance of government aid, is the road to debility and decay.

The Co-operative Movement is not, or was not intended by its founders to be, merely a trading organisation. Their aim was the establishment of a new social order, based on the principle of voluntary co-operation. Shop-keeping and dividend distribution it adopted almost by accident—and these certainly do not distinguish it from other non-co-operative trading bodies. What difference is there in principle between blue dividend stamps and green shield stamps—or stamps of any other colour? The aim of Co-operation is surely to place the control of their work and their lives in the hands of the people, whether as producers or consumers. What gain is it to free ourselves from exploitation by private capitalists to succumb to the control of a bureaucratic State? Would King Stork be any kinder to us than King Log?

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K. NOBLE

(Mr. Noble is a Director of the Co-operative Wholesale Society Limited and a President of the Society for Co-operative Studies)

To be realistic I suppose one must assume that any adoption by a Conservative administration of the proposal contained in the Labour Party's manifesto to set up a Co-operative Development Agency is a bleak prospect.

Despite this I believe it would be in the interests of the Co-operative Movement to go on treating this as a live issue. Firstly by petitioning the present government on the basic justification of the case and secondly by continuing discussions with the Executive of the Labour Party. By so doing we would not lose by default any possibility, however remote, of the current administration objectively examining the proposal and at least we should ensure that the next Labour Government positively inherits its own commitment.

In comparison with the late Labour Government's wide and growing intervention and aid in commerce and industry by the various Commissions, both set up and proposed, the policy in this field by the present administration is likely to be somewhat muted. But any 'Powellite' panaceas of complete freedom and non-intervention in industry and commerce are unlikely to influence a situation where certain necessary checks and adjustments have to be applied in the broad economic and community interest.

For example large and basic industries involved significantly on exports must be subjected to some government surveillance and often intervention; and sometimes even capital provision if the price mechanism of the money market or self financing retentions do not provide it. Hence the continued need for a body similar to the Industrial Reorganisation Commission even if it were forced to reduce some aspects of its previous encouragement of broad industrial restructuring.

Benefits to the Community

To save indirectly on imports and improve the contribution of the agricultural industry to the G.N.P. is one of the main functions of the Central Council for Agricultural and Horticultural Co-operation which was established in 1967. Any impairing of its effective grant aid schemes and other assistance in developing agricultural and horticultural trading co-operatives would be an unthinkable backward step for any government to take simply for doctrinaire or political reasons. In any case once elections are over decisions which affect the health of the economy tend to be influenced more on pragmatic grounds than political ideologies.

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It would be wise for the Co-operative Movement to base its continuing claim for the setting up of a statutory Co-operative Development Agency on 'benefit to the community' reasons rather than political or even philosophical arguments that eulogise the advantages of voluntary public ownership. The cornerstone of our case is that historically our motivation and practice, the latter often to our commercial disadvantage, has been, and is, service to the consumer rather than the maximising of profits. Even if the present economic pressures in the foodstuffs distributive trades especially do result in an indiscernable difference (other than 'divi-stamps') between the two motivations it is surely still vital, taking the long view, that a Co-operative presence should be preserved. To which one might perhaps diffidently add that consumer participation and Co-operative democracy give opportunities that could be of social consequence despite the present minimal proportion of less than 2 per cent of our membership which interest themselves actively in our affairs.

The Capital Problem

Most importantly of course is the question of capital and our lack of it. If we are to have a 'presence' in new towns, new population concentrations and the emerging out-of-town developments, we shall never manage it even with speeded-up regionalisation and rationalisation, without 'outside' capital. I pointed out when seconding the S.C.W.S. resolution supporting a Co-operative Development Agency at the recent 1970 Co-operative Congress that we are only investing in capital trade development little more than half of our current share, which is about 9 per cent of the national retail trade. This means we are approximately investing only £20m. a year instead of desirably twice that amount. All of this shortfall of £20m., if we are to maintain let alone expand our national retail share in the immediate future, will have to come from institutional or other lenders on sell and lease back, mortgage and rentals. It would be a great help at this difficult stage of our history if a Co-operative Development Agency existed, albeit with disciplinary conditions of management standards and business performance, to provide capital for approved schemes on big shopping developments some of which would be linked with large scale retail Co-operative mergers. Such capital provision could contain helpful easements in first and second year interest costs while new projects were being consolidated. Such arrangements could be contemplated in line with the past practice of the I.R.C. when aiding private industry.

Starry eyed?—possibly. But at least sceptics would agree that any possibilities, however remote, of receiving statutory financial and other aid should be fully and continuously tested. Such assistance would have as a primary justification the defence of the £250m. capital stake of the Movement's near 13,000,000 members but more than that assist in the preservation and expansion of a very worthwhile institution in economic and community terms.

We must not mark 'closed' on the file "Co-operative Development Agency" but vigorously pursue it.

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