

ECONOMIC CO-OPERATION IN NORTHERN IRELAND

by

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The estimated combined turnover of Co-operatives in Northern Ireland is approximately £100 millions.

Millions

Credit Unions	: £11 (Loan's due at end of 1976)
Belfast Retail Co-op	: £29 (Turnover) 1977
Agriculture and Allied Co-ops	: £58 (Turnover) 1976
Miscellaneous: Housing, Industrial, etc.	: under £1
TOTAL	£98 millions+

In comparison the combined turnover in the Irish Republic is in excess of £2,000 million.

Problems and Potential of Industrial Co-ops.

Since 1972 there have been at least six representative meetings on the problems of industrial Co-operatives in Northern Ireland. At each meeting the same problems are brought up with painful repetition, namely, product identification difficulties and lack of finance and management skills.

The Report by the Review Team on an Economic and Industrial Strategy for Northern Ireland (The Quigley Report, published in 1976 suggested that existing aids to Co-operation in the Six Counties be reviewed. This quotation is from page 41.

"15.10. There is considerable interest at present, within Northern Ireland, in enhancing the contribution which indigenous companies can make to Northern Ireland's economic and social development. In part, as we argue elsewhere, this involves stimulating the entrepreneurial spirit, but the developing Co-operative movement, in its various forms, can also be a source of modest but welcome employment growth. Whether Co-operatives come into existence will depend, in part, on the success of existing Co-operatives. We recommend that the present sources of assistance for Co-operative should be reviewed and measured against their needs, in order that they may function effectively and that their full employment potential may be realised."

In Spring 1978 the LEDU (Local Enterprise Development Unit) began a study of Industrial Co-ops. and the role it should play in relation to them. A similar study was undertaken by the Economic and Social Research Institute in Dublin for the Industrial Development Authority in the Republic. Neither study has as yet been published but in the Autumn of 1978 the LEDU appointed a full-time Industrial Co-operatives Officer. The relevance of this appointment can be judged by the fact that industrial Co-operatives in Northern Ireland have had about a 90% failure rate. Indeed, their job-creating potential could be dismissed were it not for the example of successful industrial Co-operatives in rural Poland and at Mondragon, in the Basque area of Spain. In Mondragon workers industrial co-ops have a turnover of £200 millions. This mighty industrial organisation is only some twenty five years old. The present Mondragon

work force of some 14,500 is equal to the total male unemployment in August 1978 in the Dungannon, Enniskillen, Derry (Excl. Limavady), Newry, Strabane and Downpatrick travel to work areas of Northern Ireland.

For the last thirty years towns like Strabane have had male unemployment rates in excess of 25%, the August 1978 figures was 36.5%. The example of the workers' co-op movement in Mondragon aroused interest in Northern Ireland as a possible model for West Belfast and depressed border towns. Realists recognise that, other things being equal, in the year 2,000 twenty two years from now the men of Strabane will still endure mass unemployment unless they themselves and their community take steps to initiate economic activity. No one else is going to do it for them.

The Quigley report referred to earlier also commented upon the need for small industry to have access to a bank of management skills. This facility is now available to Co-operative and Community enterprises in Northern Ireland via Action Resource Centre of Great Britain, which does in fact lend out executives. Nor is this possibility entirely new to Northern Ireland. Lt. General Costello of the Irish Sugar Company in the Republic lent J. O'Dwyer to Swatragh Co-operative, Co. Derry, in the early sixties at a time when that enterprise was badly in need of management experience. The Action Resource Centre plans to expand its services both north and south of the border in the near future.

Belfast Co-operative Society

The Belfast Co-operative movement pre-dates Rochdale by some 14 years. A Consumer Co-operative was opened in No. 56 John Street in 1830 and by February 20th was turning over £13.2s.6d. per day. What happened it is for the historian to probe but it seems probable that it failed in the same year. It was from Scotland almost sixty years

later that the seed was planted that was to grow into the present multi-million pound business. But if it came from Great Britain, Irishmen had nourished its growth there.

Irish immigrants played a significant part in the leadership of British Working class movements in the first half of the 19th century, by organising trade unions and agitating for political reforms. Feargus O'Connor and Bronterre O'Brien were leaders in the Chartist Movement, the latter laying great stress on the social aspects of the struggle. While the Chartists were only partially successful in their primary objectives the movement had important secondary influences. A. J. P. Taylor put it this way.

"The one concrete, practical effect of Chartism on a small scale was the attempt to develop an economy based on social initiative and co-operation instead of on individualism and the power of the capitalist. This was the Co-operative movement, which took a practical form at Rochdale, in 1844, and, even to this day, has some of the spirit of the early Chartists".
(The Listener, 20 July 1978)

The Belfast Co-operative Society is in direct line of descent from these working class origins. The first branch opened in 1889 on the Shankill Road. Today it has a declining membership standing at 133,000, a turnover of £29 millions, a staff of 2,410 and 75 branches. The Co-op extends H.P. credit to its members presently running at about £1.5 millions and accepts deposits in the form of savings or share capital.

Co-op stores in Belfast suffered heavily during the height of the Provo bombing campaign. Compensation at over £5½ millions has not been enough to cover rapidly rising building costs in a time of historically high inflation. The York St. Store, which until 1972 was one of the largest and most modern in the U.K., was severely bombed twice and

and has had to be completely rebuilt.

The Belfast Co-op. has been criticised for its policy of confining commercial activity to the greater Belfast area when some of the services it provides might be welcome elsewhere in the Province. In another sense it is the victim of success. It has grown large and less personal and suffers from the perennial problem of large Co-ops; namely, how to combine the original philosophical and social commitment which sprang from a concern with people with efficient business practice. To quote Alex Ludlow -

"Our whole problem in the Co-operative way of doing business is to keep efficiency and democracy in balance. Those who are charged with the operation of a Co-op., chiefly the board and manager, must serve two masters; the imperatives of good business and the social purpose of a community of people."

The Belfast Co-op. is showing some of the signs of hardening of the arteries. Nominations for the Board of Directors are unopposed and retiring directors are renominated. These are not the signs of a healthy involvement by members. To be fair to the Co-op. if it has lost some of its early evangelistic spirit, it seems to have performed well commercially relative to many Co-ops. in Britain.

Other Distributives and other Services

There are some 12 Agricultural Co-ops. which supply farming inputs, and a few do a retail trade in consumer durables. The total turnover of all these is about £14 millions. The Irish Agricultural Wholesale Society maintains depots in both Derry and Belfast and supplies farming inputs to the Co-ops. Its turnover is in the region of £7 million. Before leaving the subject of distributives it is worth raising the position of the small retail trader.

In many ways he is in the same position as the small peasant farmer. A number of organisations have developed whereby small traders come together in joint buying and distributing ventures. They are not formal Co-ops. but some of them have many of the characteristics of a Co-op.

Leaving aside the Co-operative credit banks there is a minute service sector made up of the Co-operative Insurance Society Ltd. This company, which is a brand of a British based enterprise, maintains four offices in Belfast. Co-operative Travel, which is part of the U.K. Co-op. Wholesale Society, also has an office in Belfast. The Co-operative Bank has no branch in Northern Ireland.

Housing and Utilities

The Northern Ireland Federation of Housing Associations (NIFHA) is an autonomous body incorporated in 1977. The N.I. Housing Executive and the Department of the Environment (D.O.E.) are represented on its board as well as organisations dealing with housing rehabilitation, the care of the elderly and other special needs of housing groups. The functions of N.I.F.H.A. are to:

- i) promote the idea of Housing Associations and Co-ops;
- ii) assist nascent associations with help and advice;
- iii) liase on behalf of associations and Co-ops. with the D.O.E. and the Housing Executive.

N.I.F.H.A. has appointed an officer with responsibility for Co-operatives and under the Housing Order 1976 (N.I.) public money is available for approved housing co-operatives to purchase and modernise old houses, and to buy land and build new houses.

Community Public Telephones

Co-operative effort is not confined to business type enterprises. Vandalism of telephone kiosks means that the cost providing this public service is becoming prohibitive. Delays in servicing the telephones result in large areas being without a convenient public telephone. A compromise solution was initiated by the residents of a housing estate in the village of Park, Co. Derry. A number of households get together and form a committee. They erect a vandal proof kiosk or use suitable premises, install a public telephone, and distribute keys to the group members. Thus a service is provided, the maintenance of which the locals are directly responsible for. The Post Office has recognised the merits of this approach and facilitates such groups. This is yet another example where the initiative came from below. In this case the Post Office responded positively. The interesting point is that an extreme situation developed before the Post Office saw the potential offered by community control.

This brings the discussion to the education of policy makers in the public sector. When emphasis is placed on the principle of devolving power then the handing over of responsibility to local community agencies will become part of the mental approach which decision makers bring to problems.

Credit Unions

The Co-operative activity with the most consistent growth over the past decade is the Credit Union. The number of unions seems to have stabilised at 93 while membership at 80,000 continues to rise. The spread of credit union has been mapped by Arnold Horner of the Geography Department of University College Dublin. Their absence from Protestant areas is significant. Without conscious

intent the credit union became identified with the Catholic population. There are of course exceptions and the situation is not irretrievable. There have been suggestions, from within the Orange Lodges, that credit unions be initiated using the Lodge as the common bond. This possibility seems to have been rejected by the present Orange leadership. However, the history of Credit Union in Canada shows that it can transcend linguistic and political antagonisms. If the movement is to continue to grow in the North a concerted effort must be made to spread the movement amongst the Unionist population.

The C.U. League of Ireland has made a considerable effort to educate the youth of both persuasions. A kit explaining the philosophy and working of C.U. consisting of a set of slides, a cassette tape and an information booklet was provided for each secondary school in Northern Ireland. Critics of Credit Union feel that it is now strong enough to broaden its writ and make a contribution to other forms of community endeavour such as job creation. The model often quoted is the Credit Union Movement in French Canada. Industrial ventures have in fact been started by Credit Union members acting in another capacity. The movement is growing in self confidence and the next years could well see some interesting new initiatives.

Agriculture and Fisheries

The connection between the British consumer Co-operative movement and the Labour Party was to have repercussions for Northern Ireland.

British farmers were suspicious of Co-operative organisation because of the Labour Party associations. However, some agriculturalists considered it necessary that this psychological barrier be removed if progress was to be made in the organisation of producer and marketing Co-operatives.

Consequently, in 1967 a politically neutral state-funded body, the CCAHC was established (Central Council for Agricultural and Horticultural Co-operation). Co-operation, as marketed to farmers by the CCAHC, is a word laundered free of any philosophical or political connotations. It is advocated as a form of business association which can, under specific conditions, offer economic benefits. The CCAHC, established a branch office in Portadown although whether the solution to a British problem was applicable with equal force to Northern Ireland is a matter for debate. The then existing local agency, the U.A.O.S. (Ulster Agricultural Organisation Society) has always managed to keep its identity free from connection with any political doctrine or party. Whatever reservations the farmers of Antrim or Armagh may have had about Co-operation, association with socialism was certainly not one of them. Be that as it may the CCAHC now offers the farmers and horticulturalists of the six counties an attractive range of financial assistance as well as advice and the support of a large research programme. The main purposes for which grants are available and the rates of grant are as follows:

	Maximum
Surveys and feasibility studies	75%
Formation costs of new Co-operatives	75%
Buildings for agricultural Co-operatives	30%
Buildings and equipment for horticultural Co-ops.	40%
Managerial salaries and expenses	33 1/3%
Management selection	75%
Training of managers	75%
Research	75%

This encouragement has stimulated the formation of forage, livestock, and horticultural Co-ops and in some cases the merger of farms into joint ventures.

The U.A.O.S.

The Ulster Agricultural Organisation Society was registered in 1922 when the Irish A.O.S., founded by Sir Horace Plunkett, divided into two organisations servicing the six and twenty six counties respectively. Since the outbreak of the Second War its growth has been impeded to some extent by State boards with extensive powers governing the marketing and processing of agricultural produce, such as the N.I. Milk Marketing Board. Since the U.K. joined the E.E.C. the legality of the powers of these Boards has been challenged. Despite a recent accommodation of the British position their long-term future may still be in doubt.

The U.A.O.S. presently (1976/7) represents some 48 societies with a membership of 23,000 and a turnover approaching £60 millions. In recent years the Society has helped start a number of new Co-operatives such as Ulster Farmers Investments Ltd., which is engaged in livestock slaughter and marketing; Nilex Ltd., which is a cattle breeders marketing Co-op; Trada Ltd., which is a vegetable marketing Co-op and West Ulster Farmers Ltd., which was brought into being by three dairy Co-ops to establish a casein plant.

Aid for Fisheries

In 1974 a scheme of assistance was introduced by the Department of Agriculture for fisheries Co-operatives. Details are set out in the statutory rules and orders for N.I., No. 499, 1973.

Summary of Grants:

	<u>Maximum</u>
Buildings and fixed equipment	40%
Other equipment incl. vehicles	30%
Administration and Training	60% (1st year)
" " " 	40% (2nd year)
" " " 	20% (3rd year)
Running Costs incl. Wages and Salaries for first 3 years	20%
Vessel(s)	30%

In addition to Co-operatives dealing with sea fisheries the eel fishermen of Lough Neagh are Co-operatively organised under the re-doubtable Fr. Kennedy.

Area Development Co-ops

It has been argued that existing agricultural Co-operatives should be encouraged to act as agencies for the development of their areas. These Co-ops represent indigenous decision centres, democratically controlled, which have a commitment to the prosperity of their localities. No board sitting in Geneva or New York is going to decide whether they will expand or contract. In Scotland the Highland and Islands Development Board is now backing area development Co-operatives on the Irish Gaeltacht model. These Scottish Co-ops. are encouraged to stimulate income creation by any means available be it tourism, agriculture or industry. These are just the sort of organisations required in Fermanagh and parts of Tyrone at the present moment where, it has been alledged, the government and its agencies have been neglecting the economic interests of the area.

Contribution to the Third World

The Co-operative Union plays a significant part in developing Co-ops. in Commonwealth and other developing countries. The Irish Agricultural Organisation Society has recently established a Co-operative Foundation to help mobilise Irish resources for Co-operative development in the Third World. This is an area where Irish men from both parts of the country could unite their efforts for the benefit of mankind. It is hoped that representatives from the agricultural and consumer Co-ops. in Northern Ireland will be invited to sit on the Board of the Foundation.

Review of Law

One of the functions of the new Co-operative Development Agency will be to keep U.K. law on Co-ops under review. The Co-operative Movement in Northern Ireland can make an immediate case to have the Industrial Common Ownership Act extended to the Province. The matter is of some moment because the U.K. Chancellor may concede tax advantages to workers' Co-ops registered under the Act which might mean that enterprises of this nature in N.I. would be excluded from benefits. There are only three common ownership firms in the North at present but this number would be likely to grow given an agency to promote the concept backed by a loan fund and tax advantages.

Co-operation between Co-operatives

The Co-operative Movement in the North of Ireland is fragmented. The Credit Union has links neither with the Belfast Co-op nor with the U.A.O.S. The Belfast Co-op has no active links with the Agricultural Co-operatives. The industrial Co-operatives are quite on their own and can look to no private promotional organisation for aid or advice. If the Co-operative Movement is to realise its full

potential in Northern Ireland the various branches of Co-op activity will have to interconnect more closely, one with another. One of the functions of the Co-operative Development Agency will undoubtedly be to foster a greater cohesiveness.

In an attempt to start the process of bringing the various stands of the movement closer together Dr Liam Kennedy organised a conference on Co-operation in Northern Ireland at the Institute for Continuing Education in Derry on November 10th and 11th 1978. The response was beyond all expectations and the meeting could well prove a turning point for Co-operative endeavour in the North. The proceedings of the Conference will be published early in 1979.