

Politics and the Co-operative MovementTHE CO-OPERATIVE MOVEMENT AND LIBERALISM

by

RICHARD WAINWRIGHT M.P.  
(Member of Parliament: Liberal)

There has been a growing interest in co-operatives in recent years. This has been particularly reflected in the legislation passed by Parliament. First we had the Industrial Common Ownership Act, then the Co-operative Development Agency Act, and now the Credit Unions Bill which has just started its legislative progress. It would be wrong to assume that these measures were solely the product of a Labour Government. On the contrary, the passage of this legislation has been marked by a surprising amount of cross-party support. This article looks at the role of the Liberal Party in promoting co-operatives and examines some of the issues confronting the Co-operative Movement today from the Liberal viewpoint.

Liberal interest in co-operatives stretches back to the formation of the first co-operatives in the nineteenth century. Indeed, writing in 1871, John Stuart Mill wrote:

"The form of association . . . which if mankind continue to improve must be expected to predominate is not that which can exist between capitalist as chief and work-people without a voice in management, but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers, elected and removable by themselves."

In his 'Theory of Political Economy', Mill wrote enthusiastically of the potential of the Co-operative movement that existed at that time. His thoughts on the subject painted a vision that has influenced Liberal thinkers until the present day.

Unfortunately, Mill's vision remains yet to be realised. The early success of the retail co-operatives has ensured that the Co-operative Movement was dominated by consumer interest as opposed to producer interests. Whilst welcoming the contribution that the retail co-operatives have made, Liberals would nevertheless express a much stronger interest in workers' co-operatives. We look with dismay at the degree to which the retail sector has become remote from the individual consumer, and with surprise at the slowness of the retail societies in developing industrial democracy. Liberals are particularly critical of the way that the monolith of the CWU seems to dominate the Co-operative Movement. It seems remarkable that all of its many factories are run on almost straightforward capitalist lines. Surely, if the Co-operative Movement were true to its principles, it would be giving the lead by turning these factories into separate workers' co-operatives?

### Developing Workers' Co-operatives

This illustrates the dilemma that confronts the establishment of a thriving workers co-operative sector in the economy. Such organisations are not going to happen, to come into existence, spontaneously when the market is already dominated by other vested interests. Nor, it would seem, are they going to be established on any scale by benevolent gifts from owners to employees. It was the recognition of this dilemma, together with an appreciation of the damage caused to society by the conflict between labour and capital that led Liberals to take a slightly different approach in the famous 'Yellow Book' of 1927.

Looking at existing enterprises, the Yellow Book put forward the compromise of a partnership between capital and labour. Drawing on Co-operative ideas, it proposed that at factory or shop floor level there should be works councils. These would be elected on the principle of 'one employee one vote', and would have powers of consultation and co-determination on many of the matters that affected the immediate work environment. Above this at company level, there would be a two-tier board with the supervisory board elected jointly by the employees and the shareholders. The employees would have half the voting rights in the board elections, and again each employee would exercise one vote. The third element of the Liberal co-partnership plan was the idea that the employees would have a share in the profits that they helped to create.

This proposal has remained the cornerstone of Liberal industrial policy ever since. However, Liberals have never maintained that it represents the ideal of what we want to achieve. In recent years, the Liberal Party has returned to the question of workers' co-operatives. Impressed by the reports on the Mondragon group of co-operatives in Spain, and influenced by the writings of Peter Jay on the subject, Liberals have been examining ways of encouraging and developing workers' co-operatives.

At its 1977 Assembly in 1977, the Party passed unanimously a resolution endorsing 'small co-operative enterprises, organised under a system of common ownership' as a model of Liberal principles in action. It went on to welcome the passing of the Industrial Common Ownership Act, but noted the failure of the Labour Government to provide adequate finance to implement the Act. It also deplored the failure (up to then) of the Labour Government to honour its manifesto commitment to establish a co-operative development agency, and called for 'the establishment, as a matter of priority, of a Co-operative Development Bank, financed jointly by the Government and the existing co-operatives to promote the setting up of new common ownership enterprises'.

### Liberals and the C.D.A.

It was at this time that the Parliamentary Liberal Part was involved in renegotiating the 'Lib-Lab Pact' with the Government. The Liberal M.P.s made it clear that they attached a high priority to the Co-operative Development Agency Bill, which was by then in the legislative pipeline, although low down on the Government's list. Although Liberals would not claim sole credit for the introduction of the Bill, it would be true to say that without the vital Liberal influence under the Pact, it is unlikely that the Bill would have been introduced in that session.

It is interesting to note that it was the Liberal M.P.s who were most prominent in trying to seek improvements in the Bill as it passed through its various stages. (Even to the point where a Liberal amendment to insert a definition of Co-operative principles, on ICA lines, had to be withdrawn because of lack of support from even Co-operative M.P.s). Our main anxiety was that the work of the Agency should focus on the developing sectors of the Co-operative movement, organisations such as workers' co-operatives, housing co-operatives and credit unions. As a result of our endeavours, a number of changes were made to the Bill, and we are pleased to see that the Board of the Agency is not dominated by consumer interests and that Bert Oram, the Agency's Chairman, has stated that a priority in the Agency's work will be the encouragement of workers' co-operatives.

Liberal interest, and involvement, in promoting co-operatives extends outside of Parliament and indeed outside of the political arena. In local government, Liberals have been active in promoting the Co-operative idea. In Tyne and Wear, whose 1976 County Council Act gave powers to the Council to encourage manufacturing enterprise, it was a Liberal councillor, Andy Ellis, who proposed that part of the Council's economic development monies should be used to support

workers' co-operatives. He is also active in getting off the ground the North-East Co-operative Development Association, which, at his suggestion, has been backed by at £5,000 grant from the Council.

Meanwhile in Liverpool, where the Liberals are the ruling party, Liberal councillors are active in promoting housing co-operatives against Labour Party and Trade Union resistance. Outside of politics, Liberals are active in all the different parts of the Co-operative movement, and were behind the setting up of Job Ownership Ltd, which has Jo Grimmond M.P. as its Chairman.

Against this background, then, it is clear to see that the Liberal Party, far from being hostile to the Co-operative movement, is keen to promote the Co-operative ideal. However it would be wrong to assume that we are unconditional in our support for co-operatives, or uncritical of the Co-operative movement.

#### Lack of Unity among Co-operative Sectors

For example, we make no secret of our view that we attach far higher importance to workers' co-operatives than to retail co-operatives. We believe, and there is much evidence to support it, that the domination of the 'orthodox' Co-operative Movement by the retail societies has stunted the growth of the other sectors. The use of the term 'orthodox' is deliberate. One surprising feature of the Working Party set up by the Government to look into the possibility of establishing a Co-operative Development Agency, was the fact that it was the first time that all the different groups involved in promoting co-operatives had met together in the same forum.

The existence of so many different 'sects' pushing their own definition of Co-operation, and their own interests had

the immediate effect of producing a split in the Working Party between on the one hand, the 'orthodox' movement led by the Co-operative Union, the CWS and the Co-operative Party, and on the other, the developing groups, ICOM, the Housing Co-operatives and the Credit Unions. It would therefore be true to say that the Co-operative movement does not speak with a unified voice.

This inevitably creates problems in putting across the co-operative message to politicians. A task that is made more difficult by the existence of a political party that claims to encompass all things Co-operative, when in reality only represents one aspect, and in Parliamentary terms, is virtually indistinct from the Labour Party.

The first part of the problem is easily solved. Already the various groups and organisations are starting to work together and it is becoming possible to talk about a Co-operative movement (as opposed to The Co-operative Movement, meaning the Co-operative Union, the CWS and all its offshoots). The process needs to go further. Clearly, the establishment of the CDA will be a vital catalyst in this and should become an important advocate of the various Co-operative interests.

### The Role of the Co-operative Party

The second part is more difficult. The Co-operative Party, whilst being the child of the Co-operative Union and the retail sector, has not restricted its contribution to retail interests and there is no reason (except financial?) why it should not speak for the whole of the Co-operative movement, (although Liberals would question whether any one party can lay claim to a monopoly over Co-operative thinking).

The difficulty lies not here, but in that the electoral pact between the Labour Party and the Co-operative Party has ensured that the virtues of Co-operative principles have

been muffled and hidden behind a socialist smoke-screen. To the elector there is no practical difference between a Labour candidate and a candidate put up by the Co-operative Party. In Parliament, the Co-operative M.P.s apart from some contributions to specialist debates, act and behave as any other Labour M.P.s, loyally trooping through the division lobbies when the Whip is cracked.

It is not as though there is something inherently socialist about Co-operative principles. They do not slot easily into the socialist pigeonhole, particularly when the chosen party's policies are dominated by the state socialist solutions of mass nationalisation and the command economy. Rather, Co-operative ideas transcend the traditional divide between socialism and capitalism. They are ideas that are at once of both left and right and yet completely separate from them. This view is endorsed by experience in other countries. In some parts of the World, Co-operative movements are linked with parties of the left, in others they are identified with the right, and in others still there are movements of both left and right. This experience goes some way to explaining the mixed success of co-operatives. The incredibly small number of workers' co-operatives in Britain compares unfavourably with the 3,000 in Italy and the 500 in France. Equally Britain has a lot to learn from Sweden when it comes to housing co-operatives.

There is another aspect of this problem which should be of concern to Co-operators. Whilst this alliance has had some limited influence over Labour Party thinking, it has also been counter-productive in terms of promoting an awareness and understanding of Co-operative issues in other parties. The Tory Party especially is inevitably suspicious of any idea that emanates from the Labour benches, no matter how worthy the source.

It was noticeable during the passage of the CDA Act that many of the M.P.s who participated in the debates had a

surprising lack of knowledge of the subject. The fault lies not solely with the MP's, but also the Co-operative movement and its failure to mount an effective information campaign in support of the Bill. The Liberal Party, for example, receive virtually no formal approaches from Co-operative organisations about the Bill, let alone background briefings and all the other trappings of a well-organised lobby. Fortunately, because of our interest in co-operatives, we went out of our way to establish contacts in order to get properly briefed.

But this should not have had to be the case. It may be that the Co-operative movement is entirely happy working solely through the Labour Party. But there can be no doubt that their case would be far more sympathetically received if at least some attempts were made to lobby other parties. Whilst this would not of course result in the automatic adoption of co-operative policies by all parties, it would certainly lead to a much more informed political debate. And that, in the long term, can only be good for the success of the Co-operative movement.

### Choice for the Future?

So where does the Co-operative movement go from here? There are two main avenues open. The first is to adopt a more open political approach, working through all the main political parties. At the core of this approach is a successful and dynamic Co-operative Development Agency that can represent the interests of the movement to both Government and Parliament. This could be backed up by the different sections of the movement building up their own links with M.P.s. The All-Party Parliamentary Group for Industrial Common Ownership is a good example of this. This should be complemented by the movement establishing contacts with the party organisations outside of Parliament. Such an approach would certainly be welcomed by Liberals, and we could see great value in the Liberal Party entering into a dialogue on matters of common interest.

The second avenue, is for the movement to operate solely through the Co-operative Party, with the CDA acting as a useful adjunct. This clearly is a matter for the Co-operative Movement. However, as already indicated, Liberals have a number of reservations about the effectiveness of this approach. The question that the movement may like to ask itself is whether the Party could not be more successful by ending its electoral alliance with the Labour Party or by pursuing a more active, independent line in the House of Commons.

But, there can be no question that the Co-operative Movement, the various Co-operative organisations, and Co-operative ideas have a valuable contribution to make to contemporary political debate. With ever growing doubts about the way that society is run, and the direction it is heading in, Co-operative solutions come as a breath of fresh air in the stale and stagnant debate generated by Britain's two establishment parties. The challenge to the the Co-operative Movement is to find new and better ways of influencing political discussion and of achieving greater success than in the past. The Liberal Party, for its part, has a receptive ear for what the movement has to say, and a strong commitment to putting Co-operative principles into effect.