

A SECTORAL CO-OPERATIVE FEDERATION ?

In various places recently the question or advocacy has been raised of the need for the various types of Co-operative organisation to establish an apex body which in some sense might represent them as a whole. To carry this interest forward, if only at the moment by a small step, we posed to people with experience in different areas of Co-operative activity this quotation :-

"Taking a broader view, it is clear that the British Co-operative Movement lacks an apex organisation capable of acting as the mouth-piece of the Co-operative sector as a whole. The evolution of the Co-operative Union from the time when it failed to embrace the agricultural movement in the last years of the last century and the first years of this one, has proceeded in the direction of increasing absorption by the consumers' movement. If that is its ultimate destiny, it will make the constitution of a Sectoral Co-operative Confederation even more desirable. The arrogation by the Co-operative Development Agency of any such functions would be highly undesirable, if only because it would weaken the character of the Co-operative Movement as an organisation of mutual self help."

Each person approached was asked to give his general reaction to the prospects and issues. The views are personal to the writers, but we give for each some indication of the main area of experience out of which he writes.

R.L.M.

1. R. BLUER

(Co-operative Union Ltd.)

There is no comprehensive federal organisation which assists and speaks for the various forms of co-operation within the UK and which is supported by these different forms. There are several reasons for this surprising development or non-development which include the introspective nature of the existing federals, the Co-operative Union with retailing; the Central Council of Agricultural and Horticultural Co-operation with farming; and also the slow development of Co-operation in many areas eg housing, credit etc.

Additionally, Government support in the agricultural sector and political differences between that sector and the retailing sector, also play a part. Nevertheless, at national level informal co-operation does exist in that the views of the various sectors can be and are presented to Government with a fair degree of co-ordination and there is some cross co-operation between the differing sectors. The views of one can be considered by the other and supported or dissented from by either. Examples of this cross co-operation are the support given by the Parliamentary Office of the Co-operative Union and the Co-operative Party to the Credit Union League of Great Britain, culminating in parliamentary approval of the Credit Union Act 1979 and the considerable effort made with some success over the years by the Co-operative Party to encourage housing co-operatives. There are, of course, other examples.

The fact that the Co-operative Union is a member of the Retail Consortium indicates the ability and will of the retail movement to co-operate with other national organisations. In this case it is co-operating with its competitors. This unlikely alliance was forged by the need to form an organisation which could express a retailing view to Government, when the policy then instituted by Government tended to ignore the retail distributive industry, but paid undue attention to trade unions and manufacturing industry.

At the time of the formation of the Consortium, the situation was so serious and urgent that only by co-operative action within the retail trade could it be resolved. The Consortium was established and has since been exceptionally successful in allowing retailers to present views which, in the main, have been unified, to Governments of various complexions. There have been no more Selective Employment Tax problems!

### Need for Action

Taking the example of the formation of the Consortium it can, therefore, be argued that the situation confronting the need for a national co-operative co-ordinating body did not, in the past, create the same problems or areas of crisis that the various wings of the Movement had to face individually - that is until relatively recently, when the need for a collective organisation has become more apparent. The change in the position which has given rise to the attempt to form a national general confederation of Co-operatives, has been caused by several events:

- the growth of industrial Co-operatives seeking alternative working conditions and methods of control
- massive aid being made available for industry eg through a National Enterprise Board
- the decline of former successful capitalist firms leading to poor industrial performance generally and resulting in large scale redundancies and unemployment
- the interest in improved worker participation in management
- the increasing interest within the population at large in the self-help concept
- the attempt to form so called "Co-operatives" from failed capitalist enterprises

Where previously the Co-operative sector of the nation was overwhelmingly represented by retailing and farming interests, in recent years there has been a growth in the other sectors which were comparatively weak; industrial, whole food, services, credit and housing Co-operatives have been developing. The scene is still dominated by retailing and farming, but the growth of these other forms while still a very small part of the Co-operative Movement in Britain, has created widespread interest and it is not far-fetched to suggest that their development has to some extent revitalised the two main sectors' belief in their own ideology, leading to a desire to assist their "weaker"

compatriots. In order to be of assistance, knowledge and communication are necessary and thoughts turned to the formation of one central organisation. However, the finance to create such an organisation was limited and in the social/political situation which presently exists, attention was given to some form of central Government involvement. Government has helped industry, why should it not help Co-operatives?

### The Co-operative Development Agency?

Various initiatives were taken supported by the Central Executive of the Co-operative Union, which led to a working party being formed by Government which represented all known forms of Co-operative endeavour and, as a result of the acceptance of the working party report by Government, the Co-operative Development Agency was established. A part of the remit of the CDA is to convene regular meetings between federal organisations formed by the various forms of Co-operatives in the UK.

At the time of the formation of the CDA, there was a strong belief that the Agency should be funded in such a way that it would be able to provide funds for the commencement and development of primary Co-operative organisations.

In the event, the Government established an Agency which did not have this function and in retrospect it is clear that if a substantial sum of money had been involved in establishing the CDA, then recent Government policy would have resulted in its disbandment. The fact that a relatively small amount of public funds is allocated to it has allowed it to escape the axe which fell on most Quangos. One has, therefore, to consider the

question as to whether the formation of the CDA substantially interferes with the self-help concept which is an integral part of the Co-operative philosophy.

In an ideal world, including one in which Co-operators co-operate, the formation of a general Co-operative federation many years ago would have been of considerable assistance to the Co-operative Movement in general, but for the reasons previously stated, this action never took place. Similarly, the experience of Government aid both in this country and overseas, indicates that there is no financial support without some degree, greater or smaller, of Government control. In theory, the Government is only involved to establish Co-operatives and then allow them to flourish, but in practice once the Government is involved it stays involved and this would be true of the UK as elsewhere.

Because of this situation, the CDA is probably the best form of organisation funded by Government which Co-operatives should have - a small central body to co-ordinate views where appropriate without denying them the individual right to express their own opinions direct to Government, to assess new projects and to bring together the representatives of the various Co-operative organisations.

This form of organisation in no way interferes with the principle of self-help. Co-operation, either in its formative stage or in the conversion of an existing organisation to a Co-operative, remains intact. One can, of course, from time to time criticise the

appointment of certain individuals to the Agency as being un-representative of the Movement at large, but this apart the concept seems to be an ideal co-operative link which can assist the established sectors of the Co-operative Movement and also encourage the new forms of development.

## 2. P.R. DODDS

(Central Council for Agricultural  
and Horticultural Co-operation )

Our experience in agriculture is that farmers co-operate from necessity rather than from choice. This may be a characteristic of the agricultural profession, in which those who succeed are likely to be persons used to taking decisions without consultation with others. It is also a fact that membership of many farming Co-operatives involves a lot more than signing the membership book and subscribing for a share; the member is often required to commit valuable produce for several years ahead and to invest a sum which may run into five or even six figures. Obviously such a man will ponder long and deeply before deciding to throw in his lot with a Co-operative.

The same caution, even reluctance, is found at the first tier level. Managers and their boards need to have overwhelming arguments before they are convinced that they, and the Co-operative next door, should set up a common organisation to achieve a common purpose. To do so, they must feel - and their instincts are right - reduces their own future independence of action. The more

successful the second-tier organisation is, the greater the reduction is bound to be.

The fact that, nevertheless, Co-operatives do get formed, and that these Co-operatives do in turn establish federals, is an indication that if the need is strong enough, or if the prospects look sufficiently rewarding, the initial prejudices will be overcome. It is against the background of this experience that the premise "the British Co-operative Movement lacks an apex organisation capable of acting as the mouthpiece of the co-operative sector as a whole" has to be examined. A mouthpiece for what ideas or proposals, to speak to whom? What, in other words, is the need for such an organisation?

### Is it Needed?

One of the reasons for setting up an apex organisation of Co-operatives is that the national government is unwilling, at least in some matters, to talk to the sectoral organisations individually. This has been the situation in France, where a national group embracing all Co-operative interests was established in order to take part in the regional and social councils which the French government had established. However, there is no comparable situation in the UK. Another, more likely reason is that the Co-operative sector would wish to establish a common front on matters concerning finance, taxation, or legal reform. There is already a certain amount of inter-sectoral communication on these subjects, and there could with advantage be more, but there may not be enough traffic on this route to justify the establishment of special organisational machinery to carry it.

Again, there may be justification in the need to propagate the Co-operative idea, not so much for the benefit of those who already believe in it as for the benefit of newcomers - especially those less fortunately placed than ourselves, in developing countries. This is a challenging concept, and one which might well evoke a response.

In the meanwhile, it is surely misleading to speak of 'arrogation' by the Co-operative Development Agency of functions which have been given to it by statute. The responsibilities given to my Central Council, to "organise, promote, encourage, develop and co-ordinate co-operation" in agriculture and horticulture are even wider! It is quite clear that neither the Agency nor the Council can represent Co-operatives, as this can only be done by one or (at present) more organisations which Co-operatives have appointed for this task. But both bodies can and do perform a valuable role in carrying out development work in Co-operation in sectors where it is still badly needed.

### 3. J.A.E. MORLEY

(Plunkett Foundation for Co-operative Studies)

The British Co-operative Movement is a somewhat ill-balanced one. The latest (1978) report of the Registrar of Friendly Societies shows that, where membership is concerned, it is dominated by the Retail societies (73%), followed by the Social and Recreational Clubs

(18%) and the miscellaneous groups of General Service societies (4%). Housing, Wholesale and Production, Agricultural and Fishing societies make up the remainder. It is a Movement which claims to be governed by common principles, but one of the most important of them, that the benefit which members obtain will in the main stem from their participation in the business of the Co-operative, is widely disregarded in societies (of various sectors) whose members are treated no differently from non-members. It is a Movement which, when called together in 1977 by the Secretary of State for Industry to advise him on the setting up of a Co-operative Development Agency, failed to agree, and produced a minority as well as a main report.

The signs are not then exactly auspicious for the establishment of an apex organisation - and indeed it may be the evidence of disarray in the Movement which prompted the thought that one should be set up! However, any idea in present circumstances that such an organisation should have representative functions (which the words 'acting as the mouthpiece of the Co-operative sector as a whole' seem to suggest) is probably over-ambitious. It may be more profitable, in the first instance, to explore the possibilities of an organisation having mainly consultative terms of reference, which would enable different types of Co-operative to get to know one another better and develop more co-ordinated policies.

#### Consultative Functions?

It is not difficult to recall occasions when

a little more consultation at national level would have been helpful. One recent case which comes to mind is the introduction of the Banking Act, the Co-operative reaction to which would have been more effective if it had been better co-ordinated. It is reasonable to suppose that other instances of a similar kind would come to light if there were more opportunities for liaison.

The Co-operative Development Agency has organised several liaison meetings, which will test the usefulness of holding them and could pave the way to the institution of more formal arrangements to be undertaken by the central associations representing, say, five or six main areas of Co-operative interest in the U.K. The CDA was given as one of its functions "to provide a forum for discussion and debate within the co-operative movement" and its efforts to bridge the gap of information and understanding between the various parties concerned deserve to be supported rather than discouraged. The time will come soon enough for the Movement to devise alternative arrangements of its own. This could be quite soon, if Parliament does not renew the Agency's mandate at the end of the period provided for in its statute.

Discussion of problems of common concern, whether they take place within the CDA or another forum, will be more productive if some elucidation of the problem areas and establishment of the facts concerning them could have taken place in advance of the meetings. The suggestions by Rita Rhodes about syndicate studies (Bulletin No. 38) may be relevant here, and it might be possible on occasions to commission special research. The Society for Co-operative Studies

could help this course of action forward by suggesting a number of questions the further investigation of which would be of interest to the Movement as a whole.

#### 4. BRIAN ROSE

(Works with Housing Co-operatives)

Despite the surface appeal of a 'sectoral Co-operative confederation', housing Co-operatives (in my estimation) would have doubts about its practicality and utility.

An immediate problem for me is a semantic confusion in our text for the day. This assumes an identity between the 'Co-operative movement' and the 'Co-operative sector' which is not necessarily present. A 'sector' is merely a part of some greater whole; in this context, it identifies those parts of a national economy that are organised on Co-operative lines. A 'movement', on the other hand, has an element of self consciousness or self-awareness that is unnecessary for a 'sector'; it implies a number of active Co-operatives in communication and broad general agreement which are seeking to spread themselves further by expanding their organisations in size and/or number and by persuading other people to take up Co-operative ideas. Typically, 'movements' spawn the organisations they need, 'sectors' do not, if only because a 'sector' has no necessary consciousness of common needs.

And that, surely, is the crunch. There is certainly a 'Co-operative sector' in Britain, which covers a broad if unbalanced range of activity, but there is hardly a 'Co-operative movement'. At best, there are a series of 'Co-operative movements', each of them highly specialised and some of them more self assured and/or active than others. The stronger movements have created by now well established federations notably the Co-operative Union and the Federation of Agricultural Co-operatives. Organisations like ICOM and the Credit Union League may be the embryos of similar bodies.

For their part, housing Co-operatives have found it impossible as yet to establish a specialist national federation. Their major problem is the lack of any conviction that a national federation can do anything about their most pressing problems which are seen as either of a predominantly local nature or of a predominantly technical housing nature. The issue that has come closest to galvanising housing Co-operatives into forming a national federation was the 1980 Housing Bill but that has now been passed into law and much of the impetus has been lost. In any case, there is a school of thought that has argued that 'the fallacy in the national (housing Co-operative) organisation proposition is the idea that Co-ops are politically weak because they are under-represented. The cause and effect actually work the other way.... (housing Co-operatives) will come together as and when they need to.'

### What could it offer?

That kind of analysis would undoubtedly be repeated for a general Co-operative confederation and, indeed, it is difficult to see what such a general body could offer to a class of Co-operative which is considerably divided on the need for a specialist national federation.

Among the usual foundations of successful Co-operatives are common needs and common interests. Looking for common needs in the British Co-operative sector one might identify legal problems (in so far as Co-ops are dependent on the Industrial and Provident Societies Act), taxation problems and certain (but not all) aspects of education and training. In fact, these activities sound remarkably like the interests of the Co-operative Union.

It is in the area of common interests (or consciousness of common interests which is the crucial issue) that the Co-operative Union is lacking. I had been aware before becoming involved with housing Co-operatives that there were doubts about the already established movement. What has surprised me is the vigour of the rejection of the established movement (especially retail and agricultural) by the 'new wave' Co-ops in general.

One might debate whether a general Co-operative confederation needs to follow a consciousness of common interest or can itself help to create such a consciousness but I doubt

whether the ground is particularly fertile immediately. Such an assessment gives me no pleasure but is the most honest I can provide. Much more thought and lengthy preparation need to be given to any initiatives in this area.

### 5. DAVID SPRECKLEY

(Industrial Common Ownership Movement)

Yes, the urgent need now is for us to build up an equivalent to SCOP in France, able to service emerging and existing industrial producer Co-operatives with management consultancy, legal and accountancy skills, possibly some central marketing and purchasing organisation and, eventually perhaps, its own bank.

There would seem to be three candidates for the job:

- 1) I.C.O.M.,
- 2) The Co-operative Union through the offices of the new committee they plan to set up after their 1981 conference,
- 3) A C.D.A. re-constituted on the lines of the minority report of the working party which set it up.

Ideally, I would like to see a combination

of all three, but I have to accept that it would be pretty starry eyed to expect so much objective co-operation from Co-operative organisations.

Individually, each one has its drawbacks:

1) I.C.O.M. would seem to be the obvious first choice. It is an organisation run by and for its members covering by far the largest number of practicing common ownerships (or producer Co-operatives - to split hairs over these names is a sterile exercise) and it has the most experience in setting them up. But, compared to the other two, we are short on finance. We have not, as yet, succeeded in getting much of this from our members, we are not likely to get an extension of government grant after 1981, and we have not had the time nor the money to build up the sort of consultancy services which would generate more finance.

2) That a new phoenix is about to rise from the ashes of the Co-operative Productive Federation within the C.U. is good news indeed. But the C.U. is a cumbersome, bureaucratic organisation with a long history of favouring consumer Co-operation and the new committee will be but one among many. And I have no evidence that the C.U. has ever faced up to the fact that, in many ways, there is direct contrast, if not conflict, between the principles of consumer and producer Co-operation. It is within the C.U. that that problem must be solved.

3) Given the hope that the C.D.A. will have its grant renewed to take it into 1983, that still leaves its demise within the life-time of a Conservative government. I would dearly like to see it take as its main target now the creation of this new 'apex' body which would take over when it leaves off, but I doubt whether it would have the powers to do so under this government and its present terms of reference.

### What Steps Now?

So, after all that negative criticism, where do I suggest we go from here?

The first thing to say clearly is that if we, the officers of the organisations I've mentioned, did absolutely nothing the movement would still live - through local C.D.A.s, through example, through healthy grass root growth. The momentum is now there, so that if (1), (2) and (3) above failed the movement it would still throw up its own skeleton organisation.

But, obviously, the expertise that exists should be used if possible and I would think 1982 is the time for us to have crystalized our ideas. So now the C.U., local C.D.A.s, I.C.O.M., together with 'observers' from the national C.D.A. (they can be no more at the moment) should be getting round a table.

If we don't try to empire build, if we can recognise our own weaknesses, if we can

accept that the principles are more important than our individual organisations - then we could succeed to the 'apex'. My own view is very simple. We are concerned to create an industrial system where workers own and control their own enterprises and an economic system where labour employs capital instead of capital employing labour.

I will work with anyone who believes in those principles.

#### 6. R.V.N. SURTEES

(Federation of Agricultural Co-operatives  
(U.K.) Limited)

It is usually wise to go back to beginnings to establish if only very briefly, the basic principles of the subject under discussion, in this case, Co-operation. It all started probably with the Rochdale Pioneers in 1844. In those days, it was clear that in certain circumstances, people had to co-operate with each other to survive. So it was that the smallholder in Agriculture co-operated with his neighbour in order that together, they might stay on the land and make a living out of it; they co-operated out of necessity. As Co-operation became more sophisticated, however, in the United Kingdom where the average size of farms was larger than on the Continent, farmers co-operated less out of necessity than because they saw a benefit in so doing; i.e. they co-operated out of enlightened self-interest.

In time, this change of emphasis also took place (or, in the case of industrial Co-operatives, and other more recently developed types of Co-operation, surely will take place) in other Sectors of the Co-operative movement. A super-structure had to be built to accommodate the movement as it grew to organise, service and represent it. In agriculture and horticulture, this structure was built over the years in three tiers :-

First Tier: The individual Co-operative.

Second Tier: The central Co-operative organisations, one for each of the four Regions of the U.K. (ACMS Ltd for England and the three Agricultural Organisation Societies for Scotland, Wales and Northern Ireland).

Third Tier: The Federation of Agricultural Co-operatives (converted into The Federation of Agricultural Co-operatives (UK) Ltd in 1971 in anticipation of joining the Common Market).

Government Agency: The Central Council for Agricultural and Horticultural Co-operation which was set up by Act of Parliament in 1967.

Although over the years, there have been some rather tenuous links with the Co-operative Union, and an attempt has been made from time to time to enter into a continuing commercial relationship with the Agricultural Division of the CWS, it cannot be said that

the position is satisfactory. It must surely be to the mutual benefit of the consumers' and producers' co-operatives to work more closely together to help to preserve and strengthen the several links in the Food Chain.

### Apex - free of Party Affiliation?

The Co-operative Union, particularly through the Co-operative Party, has definite and recognised party political affiliations; agricultural and horticultural Co-operation on the other hand is a-political and must be seen to be so. Nevertheless, the understanding and practical working relationships between them all should be capable of improvement to their mutual advantage, within known and accepted limitations.

It must be right, therefore, that in order to establish Co-operation more firmly as the "third way" of managing the complicated economic and social structures of twentieth century society, i.e. as a viable alternative to Capitalism and State control, the various individual sectors of the movement should be brought together under one umbrella organisation with authority to speak on behalf of them all. The Apex organisation, which would operate by consensus of its members, must be free to represent the views of all its members to Governments of every political colour without fear or favour, and its existence should not depend upon the ever-changing whims of politicians. In the opinion of the writer, it must for these reasons, be totally independent of Government, if it is to win the support of the Co-operative movement as a whole, and

achieve credibility as an organisation within the community at large.

It is clear that, whatever the merits of the Co-operative Development Agency, and there are many, it could not, as a Government Agency, assume the mantle of an apex organisation on the lines under discussion.