

The Co-operative Development Agency

A CRITIQUE AND IDEAS FOR THE FUTURE

by

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The Co-operative Development Agency was set up in 1978 and given funds for an initial period of three years. Now that the Government has reviewed its record and made its intimations about the future, it is specially timely for the Co-operative movement also to take stock of the CDA's achievements and shortcomings. In the first part of this short article we make a number of criticisms of the CDA's activities in the Co-operative sector. We conclude that it has nevertheless demonstrated the need for a body of this type. In the second part we make a number of suggestions as to how the CDA could offer a more effective service to the movement.

Background to the CDA

Pressure to form a national organisation to promote and assist Co-operatives began in 1969 when Ian Wrigglesworth, Labour and Co-operative MP, and Terry Pitt, Research Officer of the Labour Party, suggested a CDA should fund the rationalisation programme of the consumer movement. The move was opposed by the CWS which feared this degree of state involvement in a voluntary movement. However, the Parliamentary Group of Co-operative MPs maintained an interest in the idea, joined later by lobbying bodies from less developed sectors of Co-operation. By 1970 proposals had emerged for a CDA with the wider role of promoting

all sectors of the movement. Broad agreement among the main three political parties was reached by 1977 and in 1978, with Callaghan's personal support, the CDA Act reached the statute book. But in the run-up to the Act a bitter struggle developed within the Co-operative movement over the form and aims of the CDA. The disagreements were voiced in the minority and majority reports of a Working Party set up in 1977 under the direction of the Small Firms Division of the Department of Industry.

The Industrial Common Ownership Movement argued that the CDA be a funding body, that it concentrate its efforts on helping underdeveloped sectors, and that its board comprise representatives from Co-operative organisations. While the retail movement recognised the need to assist new areas, it wanted the CDA as a non-party political organisation, to represent the whole movements' interests, and was wary of the zealous spirit of ICOM.

The Structure of the CDA

The majority report was accepted, recommending an appointed board and no funds to lend to Co-operatives, and Dennis Lawrence, the civil servant who had headed the Working Party, became director of the new quango. The poverty of these decisions and their implications can now clearly be seen. Appointments to the board of the CDA were seen to be against the spirit of a movement based on the democracy principle. On top of this, of the eight directors appointed to the board, the nominee from ICOM - the organisation representing the bulk of new workers co-operatives - was not selected. Since the CDA decided from the beginning to promote and assist workers' Co-operatives as its first priority, this was a serious omission. Those who were selected were accountable to no-one.

The Policies of the CDA

The possibility of agreements on CDA policies being reached across the different sectors was minimal. In this political vacuum, the objectives of the director came to dominate the CDA's work. Not surprisingly, these were to promote workers' Co-operatives as if they were any small firms, and to make Co-operation a respectable ideal in the business community by encouraging conversions from successful businesses. Expensive promotional efforts in this field failed with not a single conversion in three years. Rescues like Meridan Motorcycles - which often form a high proportion of new Co-operatives abroad - were frowned upon. The Co-operative principles long held by the movement gave way to those in the interest of capitalism, briefly that Co-operatives should reduce labour-management conflicts and increase productivity, (sentiments which it was felt would be more appealing to the Conservative administration).

This philosophy of the CDA discouraged contact with organisations from the labour movement like the TUC. One initial meeting with the TUC was held when the Labour Government was still in power. After that the potential for stronger links developing between the two movements was demonstrated only once. The GMWU were granted negotiating rights in any of the CDA-proposed Neighbourhood Service Co-operatives which might be set up. The philosophy also discouraged analysis of the nature of Co-operation. Minimal interest was taken in Co-op movements abroad, and only three studies were commissioned or carried out by Working Parties - into Co-operative law, finance and structures. Of these the one on structures hardly got off the ground.

Without funds it was hard for the CDA to develop legitimacy. In fact, the CDA demanded payment for much of its work, which only local authorities could afford to pay. Perhaps its greatest achievement was to interest a large number of mainly Labour controlled councils in promoting Co-operatives. Several councils paid for feasibility studies to be made of the potential for workers' Co-operatives in their areas, or for advice to be given to specific co-operatives.

As for contact with the rest of the Co-op movement, this was negligible. Most disturbing was the lack of any working relationship between the CDA and local CDAs. Superficial attempts were made to demonstrate the CDA's concern for these small struggling bodies. But in practice they were not valued for their understanding of existing Co-ops, and the problems of generating new Co-operatives.

Staffing and Functions

The staffing of the CDA again reflected civil service traditions. Generalists rather than specialists were appointed, immediately limiting the range of assistance available to Co-operatives. Not only were management skills in short supply but also only one member of staff came from the Co-operative movement and few others could claim any practical experience of work in democratic organisations.

Despite these weaknesses, the CDA demonstrated that a need existed for a number of services. As a result of its publicity work, hundreds of enquiries from workers, local authorities and Co-operatives were handled. A Directory of Co-operatives was produced - the first of

its kind to show in detail the character of this new workers' Co-operative sector. Promotional work led to frequent requests for advice from local authorities and Co-operatives. For some enterprises the CDA staff can claim a direct contribution to their success. In the field of education and training, some valuable work was done in pointing to the vast scope for disseminating the idea of Co-operation among school children and adults, and for running courses for Co-operatives and local CDA workers.

It has become clear that another role suited to a state-funded CDA was to liaise with other state bodies in related fields such as the MSC, and develop working links with national voluntary bodies promoting Co-operation, private bodies like banks and large firms, and local councils. The CDA has demonstrated some strength in encouraging these other organisations to put money into Co-operative ventures.

Finally, the CDA has begun to point to the weaknesses in the existing model rules of both ICOM and the Co-operative Productive Federation, adding its own neighbourhood Co-op rules for use in certain circumstances not previously catered for.

Some Ideas for the Future

So far we have presented a critique of the present CDA. However, whatever the weaknesses of this body, we feel that there is a need for a national agency to represent and support the development of workers' Co-operatives. It is important to learn from existing experience to develop a more effective agency. In the following section we offer some of our ideas about the form such an agency should take and the functions it

should perform. These are not meant as a blueprint but as contributions to a debate, which should involve those active in the workers' Co-operative movement.

Democratic Control. Any body that is set up to serve another group of organisations must be responsive to, and ultimately accountable to, those organisations. In a movement that is founded on the idea of democratic control then it is doubly important that a Co-operative development agency be democratically controlled. How this is achieved is a more difficult problem. To make the body directly answerable to the Co-operatives themselves may be difficult, because of their numbers and the time costs it might impose upon them. One possible alternative would be for the national CDA to be answerable to other local or national bodies that can claim to represent worker Co-operatives, such as ICOM and local CDAs. This last solution has the added advantage that experience suggests that much Co-operative development work is best done at a local level. It is important therefore that there are close links between national and local CDAs.

Funding and Independence. Because at the present time the worker Co-operative sector is small it is likely that funds for a national agency will have to be raised from other sources than the Co-operatives themselves. However, in our view the agency must have some independence from the funding body. When the Government appointed the director of the present CDA it greatly shaped the direction of that organisation, and reduced its responsiveness to the Co-operatives themselves. Perhaps the agency should be funded from a variety of sources including a contribution from the Co-operative movement.

Staffing. It is important that the CDA is staffed by people who have experience of the worker Co-operative movement and can gain the trust of its members. A number of the failings of the present CDA can be attributed to the lack of experience of their staff in this area. The staff must also contain people who have the relevant business, legal and organisational expertise to provide real support to the Co-operative movement.

Functions. There are a variety of functions that a national CDA should pursue:

- a) Management Services. We have suggested that much co-operative development work can be done at a local level. However, there is a need for a national resource that can back up these local initiatives. The CDA could provide a variety of specialised services on business, organisation, taxation and legal problems.
- b) Finance. Co-operatives often have some difficulty in raising capital. The CDA, as well as mediating with existing financial institutions on behalf of Co-operatives, should ideally be able to loan money. Mondragon provides an example of the success that can be achieved by linking capital with expertise in Co-operative development.
- c) Education and Training. There is a need to ensure that there are adequate educational opportunities for those working in or interested in Co-operatives. At the moment this is provided on an ad hoc basis which is insufficient in terms of depth, coverage and co-ordination.

- d) Mediation and Negotiation with other Institutions. Government, financial, trade union and other institutions have an important bearing on Co-operative development. There is a need for a representative national body that can deal with these institutions on behalf of the workers' co-operative movement.
- e) Promotional Activities. If the workers' Co-operative sector is to expand it is important that information on Co-operatives, and how they might be set up, is widely available.
- f) Research and Information. Workers' Co-operatives have their own research and information needs. At the moment certain areas of basic research are being neglected and there is need for greater co-ordination of the research being undertaken. The CDA should be responsible for compiling basic statistical information on workers' Co-operatives, and sponsoring specific pieces of research relevant to the movements' needs. It should also aim to co-ordinate existing research activities.
- g) Policy Formation. If the worker Co-operative movement is to develop as a movement it needs to develop structures which enable it to formulate and implement policy. For instance the movement needs to develop an effective economic and political strategy. A democratic CDA might be able to facilitate the process of policy formation. It might also be able to co-ordinate the economic activities of the worker Co-operative sector by, for example, the promotion of trading between co-operatives and the development of secondary marketing and buying co-operatives.

