

# **Achievement – and Adaptation**

## **by F.E. Creed**

It might be pertinent to refer briefly to Co-operative history to remind ourselves as to the reasons for the establishment of the national federal organisations. The need for unity and strength was clearly perceived by the fledgeling consumer Co-operative societies. It was largely by their combined efforts that a legal framework was obtained for Co-operative societies, operating with the safeguard of limited liability for their shareholders. If from the outset consumer Co-operatives had been structured on a nationally integrated basis there would have been no need for separate federal organisations, but the essence of the early Co-operatives was the democratic involvement of local consumers in the management of their own business.

With this background in mind one can hope to comment usefully upon the role of the Co-operative federal organisations.

### **Co-operative Union Ltd.**

The Co-operative Union Ltd. provides a national voice for the Co-operative movement and thereby fulfils an important role. That is not to say that the structure of the Co-operative Union should not be altered but it has, over a period of years, clearly adapted to changing circumstances. A case could be made for a merger of the Co-operative Union with the Co-operative Wholesale Society Ltd. but the movement determined otherwise some years ago when the proposition for a single national federation was rejected.

It is true that the larger retail societies can perform many, but not all, of the services provided by the Co-operative Union. The important services, which can be provided only effectively by a central organisation, include:-

1. *National Issues*

Representations on important Co-operative and/or consumer issues to Parliament through the medium of the Parliamentary Committee and Co-op. Members of Parliament. This includes submissions to Government Departments where continuity, irrespective of the party in power, is provided by the Civil Service.

2. *Negotiations*

Representation of Societies as an employers' organisation - the Labour Department of the Co-operative Union fulfils a valuable role for the Co-

operative Employers' Association in negotiating national agreements, covering wages and conditions of employment, with a large number of trade unions.

3. *Legal Matters*

The relationship between the Co-operative Union and the Registrar of Industrial and Provident Societies clearly provides benefits to member societies.

4. *Education*

Member societies expressed their wish during the 1989 Congress that the Co-operative Union should orchestrate educational activity and that this should be funded in the basic annual subscriptions.

The foregoing functions of the Co-operative Union are good examples (and there are others) of the work which has to be undertaken on behalf of its member societies.

In view of recurring economic pressures, member societies will, from time to time, question the benefits and cost of Co-operative Union services. Whilst the Union may not appear to be responsive to commercial and economic pressures there is evidence of a willingness to adapt to changing circumstances.

### **Co-operative Wholesale Society Ltd.**

The Co-operative Wholesale Society Ltd. came into existence to serve the trading requirements of retail societies. There is a strong case, *on commercial grounds*, for a nationally integrated retail consumer Co-operative organisation capable of achieving the economies of scale. A national Co-operative society could compete most effectively and profitably with the powerful national and international retail organisations. However, consumer Co-operative societies have been organised on the basis of service to the local communities, with democratic participation by shareholding members. The C.W.S. Ltd., therefore, has a commitment to serve the interests of the Co-operative movement as it is currently structured and there is substantial evidence that it fulfils this role in an effective manner.

The service provided to member societies is on a cost recovery basis, as it should be, and this applies in the important areas of procurement, warehousing and computer services. In other areas where the C.W.S. Ltd. maintains operations, such as agriculture, production and property, these activities are the basis for profit generation on behalf of the shareholding societies.

The C.W.S. Ltd. is *the* national commercial Co-operative organisation which can and does act in the interests of the Movement as a whole. Through the maintenance of its laboratories the C.W.S. Ltd. not only safeguards the quality of own brand products but provides information to assist the Co-operative Union in making representations to Government and other bodies on a host of complex and technical subjects.

The initiatives taken by the C.W.S. Ltd. on environmental matters and 'healthy eating' provide a unified focus of Co-operative endeavour in the interests of consumers which could not be achieved as effectively by individual societies.

The Co-operative Bank, initially a department but now a wholly owned subsidiary of the C.W.S. Ltd., provides a valuable financial base for the Co-operative movement.

It would be pertinent to ask which Co-operative organisation would have had the financial strength and human resources to maintain Co-operative activity in the greater part of Scotland when the Scottish Co-operative Society collapsed in 1973. The C.W.S. Ltd. does fulfil vital functions on behalf of the Co-operative movement as a whole and the foregoing are but a few examples.

### **Pressures for Change**

The evolution in retailing has seen the development of powerful national competitors and economic necessity has, over the last 30 years, resulted in a reduction in the number of independent Co-operative retail societies from more than 600 to less than 100. The integration with Europe in 1992 will see an influx of powerful retailers into the United Kingdom. At present there are a number of large, successful regional societies but obviously none has the strength or resources of the Movement's major competitors. It has to be anticipated that in the next 20 years the continuing evolution in retailing will result in a gradual move towards one vertically integrated national society.

The basis for the maintenance of meaningful consumer participation in Co-operative affairs could well be provided by the exciting proposals for the North Eastern Co-operative Society/C.W.S. Ltd. merger. These plans provide for member participation and accountability to the members of a Regional Board of Directors under the strong financial umbrella of the national organisation. We may well be witnessing the creation of a form of Co-operative development and member participation which will lead us successfully into the 21st century.

## **Conclusion**

The statements which I have made relative to the Co-operative Union Ltd. and the C.W.S. Ltd. are not intended to imply that everything is precisely as one would wish it to be. It is too easy, however, to be critical without appreciating all of the facts. There is a case, in my view, for a single National Federation which would eliminate certain overlapping functions. With the passage of time and the changing structure of the movement a fusion of the two national federal organisations may well be achieved.

## **The Author**

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