

A Common Problem

by T.E. Stephenson

If any reader is feeling pessimistic, I advise him to take a deep breath before reading this review. The I.C.A. has produced a major two volume work on 'Consumer Co-operatives in a Changing World'#. In it, various contributors examine the history, development and prospects for ten consumer Co-operative movements.

From the outset the editors make it clear that there will be no cover up. They believe that in the past there has been a reluctance to consider the real problems and conflicts and that this has led to the growth of a 'culture of not facing problems', with the result that essential measures have either not been taken or taken too late.

As a number of examples in these two volumes indicate, the 'head in the sand' approach can endanger and destroy whole movements.

The authors' realistic approach, with its avoidance of Co-operative rhetoric, means that these volumes contain much that is critical and negative. Indeed reading them can produce an overwhelming feeling of pessimism, unless the reader is supported by a high level of Co-operative faith.

Challenge – and Response?

The positive aim of the contributors is to bring about a better understanding of the current strengths and weaknesses of consumer Co-operatives in order to assist in their improvement.

The contributors make it clear that at various times in the past, the movements surveyed have made positive contributions to the well-being of both the members and the public. *Today the position has changed, the crucial challenge is to apply Co-operative values and principles in a rapidly changing social and economic environment. To meet the challenge consumer Co-operatives will have to change.*

The great majority of consumer Co-operatives surveyed have suffered shocks, some highly traumatic, some terminal. Some hang on in attenuated states, with their influence greatly reduced. Even Sweden, so long the admired model of Co-operation, has fallen from grace. Its failings have included

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bureaucratisation, lack of motivation and a feeling of self-centredness, a faulty marketing strategy and structural conflicts.

Repeatedly the same issues arise across the movements surveyed, including that of Great Britain.

Efficiency and Democracy

The two volumes raise a number of major issues.

The first is the conflict between beliefs in efficiency and democratic ideas, expressed on the one hand by management and on the other by the elected representatives of the members. The conflict is not as stark as it appears but it underlies many problems.

In many movements there have been strong personalities who, while believing in Co-operation, believed more strongly in efficiency and a hierarchy with themselves at the head. Their belief in democracy declined whenever it impinged on their sphere of power.

In consequence many Co-operative movements became more and more like their competitors. In this situation the members' representatives played a subsidiary role. *The evidence of these volumes is that strong 'technocratic' leadership did not ensure the continuing success of Co-operative movements.*

In the opposite direction where elected representatives were strong, commercial conservatism prevailed – for example, in France. This made for slow growth rates, too little rationalisation and infrequent innovation. *Collective leadership was generally too slow in making decisions.*

What emerges is that neither the 'technocratic' leadership of management nor the collective leadership of elected representatives can guarantee success for Co-operative societies.

Societies and the Centre

The second area of tension is between the central institutions of a Co-operative movement and its member societies.

Repeatedly, as in France and Sweden, the large regional societies showed their unwillingness to be tied too tightly to the central wholesaling societies. This tension was often exacerbated when the central institutions made proposals for developments, such as a national society, in which they would play the dominant role. A special cause for complaint in Sweden was the reluctance of KF to accept the development of large regional societies which

could in any way challenge its own position. This did not prevent their growth, but it was a source of irritation. A further irritant has been KF's responsibility for the solvency of all Co-operatives. The well-managed and profitable societies have been unhappy at subsidising, through KF, the weaker Co-operatives.

In some countries, notably Austria, the full scale merger has taken place. The support of the Austrian trade unions and the weakness of the larger societies contributed to this development. Unfortunately the centre is not strong enough to play a formative role.

In the Netherlands, eleven regional societies merged to form "Coop ua" around the wholesale Co-op Netherlands. This was the beginning of the end; only the weakest regional societies merged. In 1973 Co-op Netherlands and 'Coop ua' were sold to private competitors. Some of the strongest remaining Co-operatives chose to change their nature and become private enterprises or sell out.

It is apparent from the evidence that size, by itself, is no guarantee of success.

Ideological Conflict

The third area of conflict is between different ideologies.

Conflict grew between the ideological and lobbying institutions (the Co-operative unions) on the one hand and the commercial wholesaling institutions on the other. Frequently the latter got the upper hand because they took over the economic functions of the Co-operative unions.

This ideological conflict was a further example of the tension between the 'technocratic' commercially minded and those of a more democratic persuasion. The situation was further complicated in some countries by the conflict within the labour movement over the role of Co-operatives. For some, Co-operatives were simply tools in the class struggle to be used in support of striking workers. For others, Co-operative societies existed to better the workers' lot. In some cases Co-operatives were intended to adapt to the existing social system, in others they were to change it. There were also divisions between working and middle class Co-operatives, and splits along religious lines.

It is evident that *all Co-operative movements were and are a mixture of different interests and ideas, underlying many of which were non-idealistic motives*. In every Co-operative movement there were countless examples of self-interest at the expense of Co-operative ideals. The whole idea of a 'movement' is hard to sustain in the face of the evidence within these two volumes.

Until the 1960s, consumer movements in many European countries were in a relatively prosperous condition. Unfortunately this was frequently a facade, as all too often the accrued surpluses were paid out in dividends and 'short termism' prevailed. Also the unity was more apparent than real because it camouflaged the many tensions that existed. From the 1960s these illusions were to be blown away in the face of growing competition and the changing economic and social situation.

'Structuritis'

The fourth issue is 'structuritis'.

To meet the changing conditions, consumer movements looked to reorganization for salvation. The disease of 'structuritis' set in. One major example of this, but preceding it by many decades, was found in the British movement. The chapter on the British movement is in large part a long catalogue of attempts to restructure. As early as 1906, J.G. Gray urged members at the Co-operative Congress to form a united national Co-operative movement. This proposal had no chance of success, considering the sound economic state of British retail societies at that time. Recommendations for reorganization of the British movement have found little favour over the years. Many of the proposals would have reduced local autonomy, (something which societies will only give up in desperation), changed the national power structure and made the movement more 'technocratic'.

This concern with restructuring was found in many other Co-operative movements. Frequently proposed by the central institutions, the restructuring was usually rejected by strong societies and accepted under duress by the weaker brethren.

Linked to the non-idealism of much Co-operative behaviour has been the lack of commitment displayed by members to their society, and by societies to their own central institutions. Faced with a choice of Co-operative purchasing or going where there is better service or better price, the members and societies have usually chosen the latter. *The hold of Co-operative idealism has only been skin deep for the vast majority.* This attitude, coupled with the de-ideologising of the movement through the increased attention to 'technocratic' matters and with the shift in social thinking, has meant a loss of appeal of Co-operation.

Successes

In this far reaching survey, only the Norwegian, Italian and Japanese movements were regarded as being reasonably successful. Each has its own special features. The Norwegian appears to benefit from its non-retailing activities.

The Italians gain from the fact that Italian retailing is regarded as one of the least advanced in Europe. In Japan the successes have been in the 'Han' groups, collective buying groups of housewives, and the small middle class environmentally oriented Co-operatives. None of these examples offers much guidance for the large scale retailing activities of other Co-operative movements.

The Roots of Crisis

The authors conclude that the present crisis of consumer Co-operation is due to a variety of reasons. These include:

1. The increasing competition in retailing, which has led to a downward pressure on margins, and has made some of the 'social aspects' of Co-operation seem costly luxuries.
2. The downward pressure on margins has made it difficult to earn the traditional dividend, which is still regarded as the hallmark of Co-operation in many countries.
3. The very solid wealth which was accumulated in the early days of Co-operative movements made it all too easy to overlook the first serious losses, to regard them as temporary, or due to unfriendly external factors.

This has led to unrealistic appraisals of the dangers that threatened the very existence of movements.

4. The consumer movements that had and have the most serious problems seem to be the ones most closely linked to the traditional labour movement culture.
5. Problems have been created by the tensions between the different parts of Co-operative movements, which have led to struggles for control between the conflicting factions.
6. The role of the members and their elected representatives 'is not a glorious one'. Members all too readily become simply customers. The old ideological commitment is dying out. Members' representatives often seem to be self-recruiting élites, out of touch with the mass of members and customers. Managers tend to regard them as 'the problem, not the solution,' since they concentrate too much on Co-operative democracy.

There may be argument as to the validity of these reasons, but they cannot be readily dismissed.

Emerging from these volumes are a number of fundamental considerations.

First, *Co-operative movements are arenas of power where there are underlying conflicts within societies, between societies and between the centres and societies.* The sixth Co-operative principle, that all Co-operatives should co-operate in every practical way, finds little support in these volumes.

Second, there is the undeniable fact that *under the pressure of a capitalist environment, Co-operative societies have to become increasingly like their competitors in their efforts to survive. Co-operation has to be diluted.* Unfortunately this path of action does not guarantee success.

Prescription

To cope with this gloomy picture the authors make the following comment: 'From the 'technocratic' point of view many Co-operative movements should be reorganized according to the holding company model.' This step has been taken by a great many European Co-operatives, with varying degrees of success. The authors recognise that the economic arguments are not all that count. They believe that there remains an enormous potential for creative idealism.

The only proposals that they produce are of a general, vague nature and revolve around the idea of 'togetherness' and of 'new consumer Co-operatives' of a biological and alternative character. These would be member-oriented, anti-hierarchical and small. Their chances of success cannot be rated highly.

In the final analysis the authors admit that survival depends upon efficient operations geared to the market. What does not come out strongly enough in this survey, is the fact that consumer Co-operatives have all too often failed to adjust efficiently and effectively to the changing markets they face.

The Author

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