

Directions for Co-operatives

by Professor R. Briscoe

When the nature of an organization has a direct and immediate impact on our well-being, then we are likely to become very sensitive to the subtleties of different approaches to organizing its affairs. And we often do our best thinking about organizations in moments of crisis. We can relate this readily enough to the present preoccupation with “basic Co-operative values”: I find it also exemplified in the more personal experience of a visit to the dentist!

A Visit to the Dentist

My thinking about organizations is marvellously concentrated by such a visit. When I am lying in the chair, with my mouth wedged open and my face stuffed with padding, certain uneasy thoughts are flitting through my mind. This is a tricky situation after all! The dentist has all the knowledge and power; I am passive, ignorant, and helplessly dependent on the dentist’s professionalism. To make matters worse, the whole relationship is designed in such a way that it is in the dentist’s best financial interests to find a lot wrong with my teeth. The more the dentist does to me, the more money he or she makes, and that is not necessarily good for teeth.

Given the way we organize dental care, going to the dentist every six months may not be the wise preventive practice we have always assumed it to be. A British government survey showed that adults who visit dentists regularly have fewer healthy teeth than those who stay away. Women, who are more conscientious than men about going to the dentist, lose more of their teeth. This is all the more disquieting when we consider that dental health has more to do with the behaviour of the patient – careful brushing and appropriate diet – than with treatments performed by experts.

Much the same problems can occur in the relationship between patients and surgeons. As long ago as 1938, Professor Richard Cabot of Harvard Medical School argued that there would be fewer unnecessary operations if the doctor got the same salary whether he operated or not. In 1975, George Crile, of the Department of General Surgery at the Cleveland Clinic, took up the same theme when he cited evidence that more appendectomies took place in areas of fee-for-service medicine than in areas where patients subscribe to a prepayment plan.

Users First

What has all of this to do with the values of Co-operatives? In our dealings with most of the organizations of the world, we are in much the same

relationship as the patient is to the dentist. We lie there, passive, partially anaesthetized and uninformed, while the experts tell us what we need in the way of treatments. And the situation is usually designed so that our best interests are not the same as those of the organizations which provide us with services.

Co-operatives should treat us very differently. The most effective Co-ops turn the organizational world upside down. They aim to put the user of goods and services firmly in the driver's seat. A health care Co-op, for example, should operate very differently from the traditional systems described above. Users would combine to own and control a health care system which would be self-consciously designed to keep people healthy. Users would not only be actively involved in the control of the system, they would also be provided with the information they needed to take responsibility for maintaining their own good health.

The Group Health Co-op of Puget Sound in Washington State is just such an approach to meeting people's needs for good health. The Co-op operates two hospitals and numerous medical centres and emphasises prevention of problems rather than the treatment of symptoms.

A Co-operative is a tool which enables people to get actively involved with others in solving their own problems and meeting their own needs.

Co-operative Multinationals

The Canadian Co-operator Jack Craig highlighted the Co-operative Difference when he compared the behaviour of Co-operative and non-Co-operative multinationals.¹ When Colombian Co-ops invited the Canadian Co-op Insurance Society (now called The Co-operators) to sell them insurance, the Canadians turned down this opportunity for profitable new business and instead trained the Colombians to set up their own insurance Co-op. When American Co-ops wanted to help their counterparts in India set up fertilizer plants, Co-op Fertilizers International (CFI) raised the necessary seed capital, and provided the technical and management expertise needed to build two new fertilizer plants. The American Co-ops took no share in the Indian plants and receive none of their profits. Compare this with the approach of Chevron and the International Mineral Corporation which developed a fertilizer plant with an Indian partner. The American partners ended up owning 49% of the new firm, receiving 49% of its profits and supplying all the senior management.

The Co-operative Difference

What are the distinctive values which underlie the Co-operative approach illustrated in the above examples? The Rochdale Principles do not help us

much. As W.P. Watkins has pointed out, the Rochdale Principles are not really principles at all. They are not formulated as values to guide and set directions for our behaviour, but are more properly described as practical rules or methods.² They provide a necessary defining structure within which a Co-operative can operate, but they do little to help us assess the quality of what we do within that structure.

In earlier issues of this Journal*, I have outlined my opinions about the values which underlie Co-operative action. The values which characterize the kinds of behaviour described in the above examples may be summarized under the following headings.

Precept 1: Activation of Users

Co-operative strategies involve the activation of the people who use the service in question; conventional approaches assume that efficient operations are possible only when users remain relatively passive. Erich Fromm talks about the importance of "activation" in his book *Revolution of Hope*. Co-operators value highly the active involvement of users in the design, operation and control of the systems which serve them. It is not enough for users to be semi-anaesthetized, ill-informed patients in their dealings with organizations. It is not even enough for them to have a democratic say in the periodic election of a board of directors. Activation implies that users become more clearly aware of the nature of their needs and problems, as well as increasingly knowledgeable, self reliant, and capable of exerting meaningful control over the technocrats they employ.

Precept 2: Design for Use

Another key value is that social and economic systems should be designed with the prime purpose of meeting the needs of users. As the above examples show, this does not often happen in conventional organizations where systems are designed first and foremost to enhance the well-being, security and profit of small elites of entrepreneurs and technocrats. Design for use is only likely to happen, continuously and consistently, if Precept One is also implemented.

Precept 3: Mutual Aid

It will only be possible to implement the above precepts if the users of economic and social systems combine to help one another solve mutual problems. By pooling their resources, skills and buying power, relatively poor people can get a leverage on life which would be beyond any of them individually. Again this is in marked contrast to the conventional economic wisdom which argues that society works best when we act as narrowly self-seeking individuals, greedily competing against our neighbours for a bigger piece of the action. Mutual aid implies not only helping one another, but also

*Particularly Journals 62, 63 and 65.

trying to identify collective rather than individualist solutions to our problems (e.g. the co-operative design of a neighbourhood instead of the purchase of an individual house; the operation of a village bus service, instead of the purchase of a private car).

The Precepts and Rochdale

Clearly, the above precepts go far beyond the Rochdale rules. An organization might adequately follow the letter of the Rochdale law, but fail miserably when it comes to activating members, designing for use and encouraging mutual aid and collective solutions to common problems. It is not possible to implement the precepts fully. They provide a sense of direction and a guide to action; they offer a values yardstick we can use to assess the quality of a Co-op's strategies and activities; they are a stimulus to creativity and an antidote to complacency.

The Co-operative precepts are not an easy option. Unlike the mindless precepts of Thatcherism which simply require that each of us blindly pursues our self-interest in all situations, Co-operative precepts require thought and a continuous effort to find balance in our lives. They demand careful, open-minded decision-making and tolerant problem-solving, as well as imagination and creativity. Difficult as they are to apply, Co-operative values were never more important. It is only by redesigning our organizations and institutions according to the values of Co-operation, that we will be able to repair the damage done to our world by more simplistic economic doctrines.

References

1. John G. Craig, *Multinational Co-operatives: an Alternative for World Development*, (Saskatoon, Saskatchewan: Western Producer Prairie Books, 1976).
2. W.P. Watkins, *Co-operative Principles – Today and Tomorrow*, (Manchester: Holyoake Books, 1986).

The Author

PROFESSOR BRISCOE was educated at Exeter, Manchester and Harvard Universities. For his doctorate from Harvard Business School, his thesis was "Traders and Idealists" and dealt with the management dilemmas of consumer Co-ops. His work experience has included periods with the C.W.S., University College of Cape Breton and the Bank of Ireland Centre for Co-operative Studies at University College, Cork. He is now head of the School of Social and Economic Development at the University of the South Pacific.

Adam Smith or Robert Owen?

by Rita Rhodes

The debate on 'Basic Co-operative Values' within the International Co-operative Alliance is to be welcomed. Periodic re-statements allow Co-operation to be seen as a living philosophy relevant to different ages and conditions.

Beginning with the Principles –

One difficulty, however, about any debate on Co-operative principles is deciding whether we are talking about those or the philosophy, the practices or the values of Co-operation. The difficulty stems from the fact that for generations, Co-operative principles were synonymous with the Rochdale Principles; it took time for it to be appreciated that the latter were trading practices rather than principles, although they rested on a distinct philosophy and view of society. It is true that the Rochdale practices have been most closely identified with consumer Co-operation and that other kinds of Co-operatives might have had to make modifications, but the principles underlying the practices have remained universal. To talk about a "movement" would be difficult if this were not so.

For these reasons, it is to be hoped that the present debate is not questioning basic Co-operative principles and their underlying philosophy. However, we cannot be sure. Sven Ake Book, in his article in the Society's Journal No. 66, suggested that "Co-operative principles have more or less remained the same since the beginning . . ." He continued that there must therefore be doubt as to whether they are still valid in a greatly changed world.

– Rather than the Practices?

It is to be hoped that the present enquiry is about "practices" rather than "principles" because the latter have been based on Co-operators' distinct view of society, developed since the time of Robert Owen. This can perhaps best be summed up in the French Revolution's call of Liberty, Equality and Fraternity, which gave rise to a whole range of concepts basic to the Co-operative Movement including democracy, equity, justice and knowledge. In other words, this is the visionary approach from which practices emerge; it is not the other way round, as seems might be the case with the present ICA review, which might be construed as seeking to identify the movement's values by examining Co-operatives' operations and then deducing Co-operative principles from these.

Certainly, this approach allows some values to emerge as was shown by Lars Marcus President of the I.C.A. when he presented the report to the Stockholm Congress which initiated the present debate. He suggested that our present values include self-help, mutual help, unity and collective action, non-profit making, democracy, voluntary effort, universality as well as education and purpose.

Nonetheless, many Co-operators will be uneasy that future principles might be based on present operations. Operations are more variable because they are subjected to contemporary pressures, witness the Dutch, French and German consumer Co-operative movements. We might wonder what values these would have revealed in their final days? Therefore, the selection of movements and their operations will influence the findings and, with them, our future values and principles.

Previous Important Searches

For this reason it is to be hoped that the ICA Advisory Committee on the project will use other approaches including an examination of the arguments advanced by W.P. Watkins in his book *Co-operative Principles Today and Tomorrow*. Quite apart from the arguments themselves, there would be additional benefits in such an exercise. Will Watkins acted as rapporteur to the last ICA Commission on Co-operative Principles. This reported in 1966 and Watkins wrote the book's original manuscript shortly after this. It is therefore likely to reflect many of the ideas prompted by the Commission's work.

Another benefit could be the link which Watkins acknowledges in his Preface. He tells us that the germinal idea for the book came from conversations he had with Thomas William Mercer some 60 years ago on the underlying philosophy of Co-operative principles. Mercer undoubtedly had great influence on Watkins. Unfortunately, though, Mercer's own writing on the subject was limited to two articles which appeared in the September and October 1931 editions of the ICA's *Review of International Co-operation*. These were written at the request of the Alliance's General Secretary, Henry May, as a contribution to the work of another Inquiry Committee reviewing Co-operative principles. That had been set up by the ICA at its Congress in Vienna in 1930.

Mercer's two articles and Watkins' book provide many ideas that are valuable and interesting in themselves, but they are also closely linked to the two previous ICA Inquiries on Co-operative Principles. The members of the present Advisory Committee could therefore make profitable reference to them. They should not be put off by the intervening years: the world is not

likely to have changed more since 1966 than it did between 1844 and 1930 and again between 1930 and 1966.

Agreement on the Principles?

To enable us to explore, however, the future relevance of the principles advanced by Watkins and Mercer, we need to consider briefly what these were. There is close agreement between the two men and what differences there are, are largely semantic.

In the preface to his book, Watkins attributes to Mercer: "The distinction, already implicit in the writing of Vansittart Neale between the Principles of Co-operation, which are universal ideas, and the rules, conventions and systems of organisation through which they are realised in any given set of circumstances . . ." In his two articles in the ICA Review Mercer suggested that the main principles are Universality (open membership), Democracy, Economy, Publicity ("the surest safeguard of every democratic institution"), Unity and Liberty. Watkins, on the other hand, defined them as being Association or Unity, Economy, Democracy, Equity, Liberty, Responsibility or Function, and Education.

Universal – and Permanent?

The true test of these must lie not only in whether they are universal but whether they will also be relevant to different periods of time. We know that in the past, various permutations of the above Principles have guided Co-operative societies in improving the standard of life of classes and of whole societies. Can they be equally relevant to the future? The answer is yes, although in the short-term some people may have doubts. One reason is that Co-operation is a form of social ownership that has often been associated with Socialism. Now, with the collapse of Communism and the advent of Thatcher and Reagan, Socialism appears to be in retreat. Market forces, and the ideas of Adam Smith, seem to be triumphant.

Having said this, however, we should stress that Co-operatives have shown that they need have no fear of the market place. In many countries, and independent of the state, they have successfully competed with private enterprise and translated large areas of the economy into collective ownership.

Despite this, the collapse of Communism and the retreat of Socialism could create a climate unfavourable to the promotion of Co-operative social ownership. This could be particularly true in countries that were previously Communist. Co-operative Movements within them face pressures arising from the shift from command to market economy and from their record as organisations which had too close an association with earlier Communist

