

Editorial

One of the ironies of co-operative economic history is that the Co-op's competitors have always tried to steal its best ideas. In this issue we include two articles which identify recent examples of this. Steve Worthington notes the introduction by UK retailers of loyalty cards which look almost identical to the old co-op dividend, and their further development into 'smart cards' which enable retailers and their customers to have an on-going relationship. He argues that this could be the way in which mutuals can offer both the rewards from membership and democratic involvement. Noel Branton writes more generally about the impact of information technology and the smart card on the relationship between retailers and their customers. Tom Webb notes the attempt by American businesses to create a membership-like relationship with their customers, and he argues that co-ops can do in reality what shareholder companies can only pretend to do; they can 'market' a real relationship based on common interest and mutual trust.

The question of whether there is a future for mutuality is the subject of the 1996 annual conference of the UK Society for Co-operative Studies. Philip Ireland argues, from his perspective as a building society general manager, that there is a future, and a very bright one, providing those societies which have not converted into banks realise the tremendous competitive advantage that mutuality can give, and providing there is some strengthening of legal protection. Such protection, among other aspects of co-operative law, is the subject of an article by a leading international expert on the subject, Hans-H Münkner. We are pleased to be able to publish the findings of a UK Building Societies Association research project on the future of mutuality, written by the chief researcher, David Llewellyn. He confirms Ireland's positive view of that future, and sets it within a wider vision of the future of the financial services sector as a whole. Finally, in a long and closely argued article, John Kay provides both a critique of the current regulatory system for UK privatised utilities and a bold design for a new 'customer corporation', which he suggests is close to the consumer co-op model. Now, to propose that the massive private water, gas and electricity utilities be turned into co-ops or mutuals is bound to be of intense

interest to our readers, both in the UK and abroad. Some of his proposals, particularly that private shareholders could continue to own the utilities, fall short of a fully co-operative model, and readers may wish to write to the editor and begin a debate.

All of these themes will be explored further in forthcoming issues. We are commissioning articles which compare the UK situation with mutuality in other countries. As well as analysing the defence of mutuality in those organisations which are currently mutuals, we will continue to speculate about how other, investor-owned businesses could become more accountable to their customers by converting into mutuals: an article on the conversion of UK health trusts is promised. It is important that, in defending the existing 'third sector' of co-ops and mutuals we also go on the offensive, showing how investor-owned businesses are not necessarily the best way of delivering benefits to customers, workers or the wider community.