

# Promoting the Co-operative Agenda - New Mutualism and the 'Third Way'

**Peter Hunt**

*Editorial introduction by Johnston Birchall:*

*The British co-operative movement is unique in having its own political party. Founded in 1917, the Co-operative Party was a response to the experience during the First World War of ignorance and prejudice among politicians and civil servants, and the active opposition of private traders. In the 1918 election, the Party fielded 10 candidates, one of whom (Alfred Waterson, in the co-operative stronghold of Kettering) became Britain's first ever Co-operative Member of Parliament. In 1922, four more MPs were elected, but they relied on an agreement with their local Labour parties, and it is not surprising that from then on a more or less formal alliance was created between the two parties. The practice was for local co-operative societies to sponsor 'Labour and Co-operative' local councillors and MPs, a practice that has continued until the present. With the recent election of a Labour government in Britain, there have been high expectations of a more co-operative approach to policy making, not just in the steering through of a new Co-operatives Bill but more widely in the promotion of a 'mutualist' philosophy. The conversion of several large building societies and mutual insurance societies has, ironically, focused attention on the advantages of mutual businesses, not just in the financial services sector, but more generally in society. While this has not resulted in much help by the government to those mutuals who are fighting to stay mutual, it has provoked much rhetoric among Labour ministers about the 'new mutualism'. Naturally, the Co-operative Party has a key role in identifying what this is, and what it might become given a favourable policy environment. It was in this context that Peter Hunt, Secretary of the Party, gave an address to a Society for Co-operative Studies fringe meeting of the UK Co-operative Congress in May of this year. This is a summary of what he said:*

Political parties are about ideas. Our job in the Co-operative Party is to develop co-operative political ideas and convince others of their value. We want to change society by increasing the size of the co-operative and mutual sector, and to do that we must use all of the tools at our disposal to not only educate Government and others of the value of our sector, but to show them how it can be helped to achieve the growth we think it deserves. We work to achieve this objective in two basic ways. First, we work with the Labour Party to ensure the election of co-operators to public office at all levels; these are the political

advocates for our work. This, we have proved ourselves pretty good at: 25 MPs, over 700 Councillors - the numbers have never been better. Second, we exist to promote the co-operative ideal, and its vision of a different kind of society. If we are honest, we have to admit that we have been less effective in this respect.

So one of the questions facing the Party is, how can we do this better? And to answer that, I'd like to take a moment to look at the wider political landscape. The changes to British Society over the nearly twenty years of Conservative Government have been of great significance to the co-operative sector. There are three points that are of particular relevance to our sector. First, there has been the establishment of the supremacy of investor owner models of enterprise, the attitude that the 'plc' is the best structure for business. Second, there has been an enormous increase in private investor share holdings, brought about during the privatisation of Government utilities and other businesses, and giving rise to a 'free money' culture, an expectation that windfall profits can be made. Third, there has been the rise of a self-centred culture described in the phrase 'I'm all right Jack'; again, this makes it more difficult to argue for a co-operative approach to business.

These economic and cultural changes were followed by, and set the environment for, a pretty unsophisticated rush to demutualise building societies, which were yet another example of 'free money'.

It is against this background that there is now an urgent need to gain political acceptance of mutual forms of ownership and enterprise; mutuality has in effect been un-learned. The image is old fashioned, bureaucratic and associated with poverty and class issues. The public do not see the value of membership when offered a short term cash gain. These attitudes are so damaging as to be life threatening to the co-operative movement. There is now a key role for Co-operative politics, in changing attitudes, particularly with political leaders and opinion formers.

A new political legitimacy is required, one that can create a political environment in which co-operatives can flourish. This is not such a pipe dream; in some countries it is taken for granted. In our country, it requires an urgent educating role for the Co-operative Party. We now have a Labour Government with a huge majority - something that we all have worked very hard

for over many years. Nobody will always agree with every decision of even a Labour Government - Labour Party members are possibly among its sternest critics - but this is a Government that is committed to a major programme of reform, and a programme that will change Britain. We must play our part in that process.

Much of the language of this Government is closely connected to our own co-operative values. The mutualist rhetoric includes phrases such as: stakeholding in business; the need to combat social exclusion; an emphasis on rights and responsibilities; a return to a sense of community; a sense of inclusiveness; 'for the many not the few'; the Third Way; a fair and decent society; the need to modernise and change; devolution of power and empowerment; and an emphasis on working together in partnership. The Co-operative Movement has been practising all of these for many years and needs to be able to show how co-operative models can actually help to bring about the kind of society that the Government wishes to see.

Co-operative members will no doubt be aware of the current policy debate, initiated by the Prime Minister, which is aimed at defining a "Third Way" for government. There are hundreds of articles about it, books have been written, including one by Professor Anthony Giddens - allegedly the Prime Minister's 'favourite intellectual' - a Fabian pamphlet by Tony Blair himself and our own Co-operative Party publication 'New Mutualism - The Third Way,' by Peter Kellner. But as yet, this new way is still unspecified. Some commentators have described it as a third choice over against the traditional dualistic argument between public provision and private enterprise. Others have argued that the Third Way is about emphasising community and accountability in new ways that are not catered for by neo-liberal or social democratic approaches.

How did this all begin? Last year, the Prime Minister held a seminar at 10 Downing Street, to which a number of respected academics and political commentators were invited. The purpose of the meeting was to discuss ways of defining what the 'Third Way' means in both a philosophical and practical political way. At least two of the speakers at the seminar advocated "mutuality" as a useful component of the "Third Way". One of the speakers, Peter Kellner (Guardian journalist and BBC Broadcaster)

described the value of a mutual approach in government policy. More than simply promoting mutual organisations and models, they argued that the government should seek to achieve "mutualist" outcomes when taking policy decisions. The Prime Minister was apparently impressed with this approach and requested that it be developed further. In a *New Statesman* essay which was re-printed in the Summer *Commonweal*, (Co-operative Party Members Magazine) Peter Kellner expounded on his proposition, concluding that the test of a government policy should be the level of mutualism achieved in its outcome. It is through such contributions that the "Third Way" will eventually be defined. The Prime Minister, and on an international scale, the US President, are keen to build a lasting philosophy that characterises their social democratic approach across a wide range of issues.

Participation in the discussion began with invitations - distinguished individuals and fashionable think-tanks made submissions that sought to influence the definition of the "Third Way". There is now a real opportunity for the Co-operative Party to seek to influence this debate and promote our own co-operative and mutual approach as a viable "Third Way". As co-operators, we should be able to show that co-operative and mutual organisations are always likely to provide mutualist outcomes, because unlike plcs, they do not exist for the sole benefit of profit-driven shareholders. Our objectives in participating in this project are: to lead and facilitate the involvement of co-operative and mutual organisations in this debate; to assist those who are promoting all aspects of mutuality in putting their case; and to seek to influence the debate so that ultimately, "mutualism" is seen as a significant element of the defined "Third Way". Participation in the debate will have the following benefits to the Co-operative Party: we will be seen as a serious contributor in helping to shape the Blair project; this will improve the overall attitude of the government towards the co-operative and mutual sector; it has the potential significantly to increase the profile of the Co-operative Party. Our experience over the last year and a half has shown that the role of the Co-operative Party under a Labour Government is very different from that in opposition. Quite rightly, in opposition our efforts were concentrated on our electoral machine, with obvious success. We have marked

out our territory with the 'Co-operative Agenda for Labour', but now we must continue develop our intellectual arguments. A positive attitude towards the Party from the Government is an absolute priority. We must be seen as part of the Prime Minister's modernising project if our ideas for 'New Mutualism' are to be taken seriously. The Co-operative Party is now in the process of publishing a series of pamphlets that each promote a particular element of our Co-operative Agenda. Each document will be produced by the relevant experts in their field. The documents we publish in this way will correspond to the policy areas covered in 'The Co-operative Agenda for Labour.'

These policy areas include: the case for all co-operative and mutual forms of business; an argument for co-operative solutions to combat social exclusion; the promotion of co-operative forms of housing; the promotion of support for self help co-operatives in international development policy; the case for social economy and in particular employee owned businesses; support for an expansion of the credit union sector. The series of Co-operative Party pamphlets are now being published under the 'New Mutualism' heading. Through these, we will take our arguments to the opinion formers, giving real examples of how we already achieve success. They are showing that there is already a 'Third Way' in politics, and that co-operatives and mutuals are making a reality out of the desire to re-build communities. 'New Mutualism' is our way - we believe that it is a major part of the 'Third Way.'

### **Peter Hunt is the General Secretary of the Co-operative Party**

Pamphlets produced to date include:

Peter Kellner *New Mutualism; the Third Way* (a general argument for mutualism)

David Rodgers *New Mutualism: the Third Estate* (an argument for mutualism in housing policy)

Ian Hargreaves *New Mutualism: In from the Cold* (the potential for a mutual approach to social exclusion)

Jonathan Michie *New Mutualism: a Golden Goal* (the potential for a mutual approach to the ownership and control of football clubs)

These can be obtained from The Co-operative Party, Victory House, 10-14 Leicester Square, London WC2H 7QH, UK.