

Book Review

Contested Terrain: co-operation as a social movement for economic and political justice.

Peter Davis

Birchall, J. (1997) *The International Co-operative Movement*, Manchester University Press. ISBN 0-7190-4823-0 (Hardback) ISBN 0-7190-4824-1 (Paperback) (also published in Japanese by IENO-HIKARI, Tokyo).

This has been a good period for readers keen to improve their knowledge of international co-operative history. We have had Rita Rhodes book (1995) *The International Co-operative Alliance During War and Peace* dealing with the ICA struggles to manage the turbulent political and economic changes occurring in Europe and the world between 1910 to 1950 and the Rhodes/Mavrogiannis (1995) *Thematic Guide to ICA Congresses 1895-1995* both reviewed by me in May 1997 Vol. 30 No. 1 of the *Journal of Co-operative Studies*.

Now we have Johnston Birchall's offering which successfully captures the broad sweep of the global development of co-operation from the 1820s to the 1990s. What all three works from very different perspectives have in common and what prompted me to entitle this review article 'Contested Terrain' is the hotly contested debates that have always surrounded this movement's history both in ideological and policy terms. Secondly from without we can see in both Rhodes' and Birchall's histories that the co-operative movement itself has been a area of hotly contested terrain.

Like the two books that have preceded it Birchall's work is based on careful scholarship. Birchall combines this scholarship with an elegant style that provides the general reader with an informative and easy read. The book has an extensive bibliography and a useful subject index. The addition in a future revised edition of a name index in a work of this breadth would be helpful for researchers. More work needs to be done to identify those individual co-operative promoters and leaders in the non-

European regions. In the Asia and Pacific Rim section of Birchall's book, with the honourable exception of Toyohiko Kagawa, there is no mention of the indigenous men and women who have played their part in the development of what is today the fastest growing as well as the largest part of the world's co-operative movement. I understand that work is now under way documenting the names of those Asian pioneers of co-operation that have up to now been neglected.

The relevance and degree of influence of the Rochdale model on the development of the global co-operative movement is a recurring theme in this book. Birchall is undoubtedly encouraged to note that consumer co-operation (which he and almost all other serious historians of co-operation claim arose from Rochdale) shows much vitality in Japan. Despite the problems facing the consumer movement in many places, Birchall's detailed account of the Japanese consumer movement's relative success suggests that consumer co-operation can be revitalised. He also shows us how some of the European consumer co-operatives are responding and reviving although the picture in Europe is patchy.

The accepted view of Rochdale in 1844 as the start of the consumer co-operative movement is in my view presented rather uncritically, although Birchall certainly gives us a flavour of the ideological conflict in the UK that was waged throughout the period following 1862 (the date of the Rochdale Flour Mill debacle) until after the turn of the century. I wonder, however, if we should not be searching our history more intently for what we lost as well as what we gained from Rochdale as it evolved between 1844 to 1862 and beyond.

In particular Birchall does not evaluate the possible impact of the emergence of consumer co-operation as a separate concept for reinforcing - possibly even creating - the barriers between the various sectors of the movement. Birchall's explanation of the ICA failure to achieve its goals of international co-operative trade in terms of a problem of logistics is hardly satisfactory as a complete explanation. Certainly the limitations of logistics and the technology of the times did not prevent the Co-operative Wholesale Society (CWS) from extensively extending its own international trade. The weakness of the co-operative movement's ability to unite across sectors and mobilise its membership at the

national and the international level to co-operate needs further study to provide a real explanation of the causal mix of factors. Inter sector divisions must have played some part in restricting the movement's ability to make an impact on both political and socio-economic systems when confronted by the twin threats of both Fascism and Communism. Today we see continuing evidence of our poor ability to rally to each other's defence in the face of predatory attacks by investor led businesses on building societies, mutuals and even the CWS. A Labour government with over twenty co-operative MPs on its benches offers no protection. The muted response or downright silence from the various sectors of the co-operative movement is hard to explain except in terms of a profound lack of self belief and the complete absence of any sense of a united movement.

In the past one feels there had been possibilities for a more unified approach. Birchall mentions the Mazzini-Holyoake connection at the international level. Mazzini also had links with the Christian Socialists and the Leeds Redemptionists who were still, from 1846 to 1852, managing a co-operative community in Wales along Owenite lines. In fact I have argued elsewhere that consumer co-operation was not really an articulated ideology before 1862.¹ Before this time the Rochdale model was a much more integrated concept of co-operation with what amounted to loyalty payments to consumer members and profit sharing with worker members cemented by clear goals to establish co-operation as a community endeavour covering both the economic and social dimensions of life.² Gradually those motivated by the profit they could extract from the Flour Mill were coming into membership and in 1862 they took control and abolished profit sharing, greatly to the dismay of the Rochdale Society's leadership at the time. Today these same investors would have been in the queue joining the Bradford and Bingley Building Society and others just to asset strip the accumulated reserves built up by mutuality over the past century.

After 1862 the attack on profit sharing with the workers was led by J.T.W. Mitchell of the CWS (is it purely a coincidence that it was this same J.T.W. Mitchell who was general manager of the Rochdale Flour Mill at the time of the external shareholders take-over?) I would question, however, whether this consumer versus worker debate about profit sharing and dividend on

purchase was not a debate based on the wrong question. In my view the real question was whether the primary aim of creating a surplus was to accumulate it, as William Pare advocated, or to distribute it as J.T.W. Mitchell practised.³ Defeated on the profit sharing issue those opposed to the idea of consumer co-operation split away and formed their two associations: one for workers co-operatives and the other to promote profit sharing throughout industry. Like the rival consumer faction some advocates of worker co-operatives have similarly sought to justify themselves as the 'pure' form of co-operation. Even a century later the workers co-operative movement of the 1960s in the UK attempted to constitute itself within a single organisational and managerial straight jacket of direct worker control.

Birchall seeks to explain and even justify these differences of emphasis in the 19th century in terms of the different national economic contexts. This is not entirely convincing, however, when one remembers the great influence the French co-operative movement had on Ludlow (Britain's first Registrar of Co-operatives and a Christian Socialist advocate of the worker co-operative approach and of profit sharing). In fact Britain's industrial working classes were greatly influenced by the idea of worker co-operation.⁴

The first wave of worker co-operatives all mostly failed (although some lasted for many years). Birchall records Vansittart Neale's huge personal losses as a result of these failures. It is worth reflecting that these co-operatives were very new and lacked experience - a reason that explains many failures in the early attempt at pre-Rochdale retail based co-operatives too. A number of trade unions had and even retain today, co-operative ownership as one of their objectives. The engineering co-operatives were attacked by the Employers Federation who helped to bankrupt them by bankrupting their backer the ASE (their trade union) with a national lock-out in the 1850s.⁵ The second wave of independent worker co-operatives was bitterly critiqued by Beatrice Webb (Potter) as worker capitalists. Yet none of her predictions proved correct and indeed some of these second wave worker co-operatives survive to this day.⁶ Under the leadership of Thomas Blandford this second wave was much more successful than the first. The employers again attacked the worker co-operatives in Britain in the inter-war years when the

building trades employers used a lock out to bankrupt the union during an attempt to establish a union backed workers co-operative.⁷

As we noted Vansittart Neale was another leading British advocate of workers co-operation and sharing in the profits. He was the first general secretary and one of the founders of the Co-operative Union. Neale was also involved in the establishment of the Co-operative Press, the Co-operative Bank and the Co-operative Permanent Building Society. He was one of the first advocates of the establishment of the ICA. His attempt to commit the international movement to the concepts of profit sharing and support of worker co-operation is shown by Birchall as an obstacle to the foundation of the ICA. This was due to the opposition to his ideas on profit sharing expressed by the northern consumer co-operatives that dominated the British co-operative scene. One is left wondering about the extent of employer and middle class influence in the creation of a consumer-led co-operative movement and a collective-bargaining orientated trade union movement. This contest between consumer and worker models of co-operation I suspect was of seminal importance in shaping the modern labour movement in Britain. Birchall appears to recognise the role of the ruling class in shaping working class organisational and ideological content in his discussion of the Japanese movement where he notes the political repression faced by the more radical working class co-operatives there.

Another problematic issue within co-operative philosophy and practice is the insistence on the values of self help and autonomy. In practice the post second world war development of co-operatives in many parts of the world was very dependent on foreign aid and well-intentioned colonial welfare policies. It is interesting to note that, despite the positively democratic ethos of co-operative philosophy, in both Rhodes' and Birchall's account of their history, co-operatives have been singularly susceptible to being controlled by the state. Indeed the deregulation of co-operatives today is far from being at the initiative of the co-operatives but much more due to the collapse of communism and the rise of free market ideology in international and national public policy forums. As Birchall puts it, quoting Rousseau, in Africa and elsewhere co-operatives have been

'forced to be free'.

Birchall is surely right to identify as an important area of contested terrain within the world co-operative movement the struggle between those who saw co-operation as a tool of social harmony and those who saw it as a weapon in the class struggle. What the advocates of class struggle often fail to recognise is that constructive struggle cannot be waged by a brutalised underclass and that the poor needed value-based leadership drawn from whatever walks of life such persons can be found. Can workers really develop the alternative co-operative economy in the midst of a civil war or class based revolution? Is it not more practical and desirable to revolutionise the relations of production and distribution in peaceful ways?

At the same time, what the social stability faction miss is that the ruling class does not want stability - it wants ever increasing profit. A stable social order generally threatens to limit profit which is why the British ruling class mostly ignored Robert Owen's call for reform. Co-operation's great independent reforming potential lies in the fact that as labour is an independent source of wealth, workers can gain freedom from exploitation by association, without the expropriation demanded by the Marxist-Leninists. John Francis Bray in particular recognised that gradualism and social cohesion were vital prerequisites for radical change to take place.⁸ The tragedy of the Russian co-operative movement so convincingly expounded by Birchall in his treatment of the post-revolutionary phase in Russia continues to echo down to our existing times. The early co-operators in Robert Owen's time never mentioned the state as having a role in the building of socialism. It has taken many years and much blood for us all to come to realise they were right.

Birchall interestingly draws our attention to the fact that the rise of the consumer ideology coincided with the rise in neo-classical economics and the decline in classical economics. Unfortunately he fails to bring out the essentially reactionary nature of this shift in intellectual perspective on the foundation of economics. He does not appear to recognise that there is a question to be put here on whether or not consumer co-operation should be seen as essentially a reactionary tendency within the labour movement. That it was able to articulate itself in radical

terms (see Webb's and Mitchell's defence of the consumer idea) was a strength that led many to be convinced by it, not noticing that the idea of the unity of labour by hand and by brain was being subtly ditched in favour of the concept of consumer sovereignty, consumer choice and the liberal individualism that underpinned these concepts philosophically.

It has taken a hundred years for the real implications of this shift in perspective to come to maturity within the British labour movement. The new Labour government's populist and presidential-styled third way is continuing to detach and fragment what is left following the Webb's attack on the older unified ideas of the association of labour incorporated in the Rochdale Society's objectives of 1844. The old labour tripartite structure of trade unions, consumer co-operatives and political party - very much the result of the thinking of the Webbs - continues to fragment and separate under pressure from the modern middle class politics of Tony Blair. Today we see more clearly perhaps the importance for the consumer of who controls production. The way in which genetically modified foods are being forced upon us and will permeate all agricultural processes, possibly destroying the organic option for ever, should give those who think economics' bottom line is consumer sovereignty cause for reflection. I wish I could record that the struggle against this imposition of profit before every other consideration was being led by an alliance of the agricultural co-operatives with the consumer co-operatives.

The co-operative movement's basis for internal unity today is not so much the solidarity of labour through trade but identification of operating principles for governance. It can sometimes also be demonstrated by an appeal to values in the marketplace. This latter aspect, however, is only being applied in a very restricted way by a few isolated and innovative managers. The important structural reforms of the ICA taken in Tokyo in 1992 referred to in detail by Birchall have failed to produce real results because they have not been supported by the managerial elites that control large parts of the co-operative economy. The international movement can do little to really establish a mass movement because the international structure is starved of resources by the national federations who themselves are starved of resources by their memberships in the primary

societies. Who controls these primary societies? The answer is co-operative managerial elites who fail largely to implement co-operative values in their marketing and management, due to the failure of the movement over the last thirty years or more to develop distinctively co-operative managers.

Thus, even the governance distinction appears to be a sham as members exercise little real control in areas such as banking, insurance, agriculture and retailing. Here we come to another problematic issue in Birchall's history of the international movement. Is it a real movement or just a structure kept alive by inertia at the bottom? Does Birchall's history really demonstrate a positive support at the grass roots for co-operative internationalism? In Rita Rhodes' history of the ICA, Rhodes is prepared to call the ICA a working class organisation. Birchall does not allude to Rita Rhodes' characterisation of the ICA. The affiliated numbers are certainly there and so are the structures. Activists and promoters are there too. But where is evidence of the international dimensions in the mass membership? Where is the international literature? There is a great deal of work undertaken by the ICA at the international level in terms of courses, visits, conferences and some sectoral collaboration but there is little discussion by Birchall of these areas in terms of their level, content and development. And if theirs is a truly international movement of three quarters of a billion members, where is the cultural production? Where are the radio and television stations, the mass circulation newspapers, the co-operative universities, the international journals? What is the real level of north-south collaboration? Certainly the commitment of the ICA leadership is not the issue, rather it is the affiliated membership that remains problematic. Without the support of the primary societies resources cannot be mobilised.

The demand for social justice and equality of opportunity remain strong campaigning themes at the ICA but their capacity to campaign and engage in development does not reflect the size of the membership base. In some ways the co-operative movements focus on justice and equality of opportunity is itself a major area of social and economic contested terrain. The struggle for distributive and natural justice and for freedom and autonomy is bound to be highly contested. The forces of exploitation and oppression can alternatively be found to apply

crude repression and expropriation when the circumstances justify it. In other circumstances they can find a more subtle way to deflect those who are attempting to challenge their vested interests.

The movement, therefore, continues to face challenges from within and without. Throughout the movement there are different views as to the purpose and role of co-operation, different views of the relationships and governance provisions of co-operatives, different relationships to the state, internal power politics, conflicting institutional/regional even local interests. One is left reflecting on the damage these various divisions are doing to the movement's unity and progress.

The business environment in which co-operatives operate continues this historic process of the increasing economic concentration of capital. This economic feature of capitalism was one area Marx, Mill and later even Marshal agreed to be a potentially dangerous dynamic. This gives us a concentrated and polarised economy with oligopolistic markets for most commodities and a serious oversupply of labour. It is not surprising on the record of the past that under these conditions the world is experiencing increasing poverty and economic imbalance such as to ensure that even in purely economic terms there is a continuing need for co-operatives. Globalisation at the same time makes it harder for co-operatives to compete, however, and as Birchall points out the rapid pace of change threatens to overwhelm many co-operatives.

Yet it is co-operation's potential to be a powerful competitive force challenging oligopolistic domination of the marketplace that makes co-operatives a target for attack today. In Africa the co-operative banks are the primary target. In Britain, as I mentioned above, it is the building societies and the insurance sectors, although the CWS has also been targeted, so far unsuccessfully. In North America a similar process is going on in the agricultural and utilities sectors. Often, as in the case of the Canadian Wheatpool, lack of capital is presented as the excuse for creeping privatisation. Birchall documents in various contexts the problem of lack of capital as a barrier to co-operative growth. However, William King and the Rochdale pioneers who used his model for co-operative development showed that out of the income of labour capital could be accumulated. This insight by

King was born out in practice by the Pioneers and then, a century later, demonstrated theoretically by no less an economist than J.M. Keynes.⁹

The importance of politics and the right legislative framework for co-operatives arises time and again in Birchall's narrative. This is because the legislative framework within which co-operatives have to operate globally and nationally is already shaped by the investor-led business. The membership-based organisations have to struggle to get the space in the legislatures and the facilitation accorded to the private sector. Despite deregulation, the case often remains that in many countries the co-operatives are unable due to legal restrictions to respond as effectively to the market as their investor-led rivals are free to do. In some parts of the world de-regulation may mean cuts in state aid but not the end of state control.

We can sometimes become so dazzled by the variety to be found in the co-operative movement as to miss the crucial similarities in experience at the grass roots. For example the lessons of hope that the Rochdale experience provides for the African movement today may be not so much in recognising the form of co-operation adopted by Rochdale in 1844 (in modern parlance it was a multipurpose co-operative society) but also in its context. Britain in 1844 was ruled by an oligarchy without a franchise for even the middle class let alone the workers. It was a country with no welfare state, an enormous polarisation between wealth and poverty, no universal education system and very few legal frameworks to enable or protect associations of workers. This decade was known as the 'hungry forties'.¹⁰ It was a time of massive technological change and the beginnings of free trade where the labour market was completely deregulated and for the most part in chronic over supply.

There is so much about the context at Rochdale in 1844 that has a contemporary ring in terms of Africa and many other parts of the southern hemisphere. In America too we can find in recent history rural poverty that approximates closely to the contemporary African experience. Take a picture of an Afro-American woman toiling without the benefit of electricity in rural America in the 1920s. I doubt many of us could tell it apart from similar pictures of rural Africa today. I hope that Birchall in his book's next edition may expand his references to the social

history of the rural and urban poor in the United States and in particular to the development of rural electric co-operatives, beyond giving us simply the statistics.¹¹

There are, of course, significant differences as well as similarities between the struggles of the western poor and those of Africa today. I doubt, however, that the pioneers at Rochdale and the many others before them could be said to have faced anything but overwhelming odds in their efforts at co-operation. It may be the fact that they did succeed in the face of such disadvantage that is the most important legacy of Rochdale. The Pioneers did not succeed in all they hoped for, but without knowing it they - alongside the trade unions - were laying the foundations for the establishment of universal suffrage in Britain and later still in 1945 the founding of the welfare state.

Another area that Birchall covers in some detail in his North American section is co-operative housing. One of the more radical strands of the co-operative movement in America today, and one with considerable strategic importance in influencing the young future potential leaders of co-operatives, is the student housing co-operative movement. Perhaps space limited Birchall's ability to reflect more on the way the residents get organised in both the young and older age groups in many North American housing co-operatives. In my experience there is more than just an echo of the idea of the co-operative community emerging here. In the history of the biggest student housing co-operative in America the first chapter is entitled 'Student Owned, Student Operated: the idea of co-operative living.'¹² I found, particularly among the old people who had perhaps more time to devote to community, a tremendous sense of people living out their co-operative philosophy. There was real mutual helping of neighbours and participation in the governance and social activities. One was at the same time aware that in the American housing co-operatives that I visited there was a team of highly professional managers who believed whole heartedly in what they were doing.

Another underlying current in Birchall's book, sometimes implicit sometimes explicit, is the contested terrain within the co-operative movement between the idealists and the realists. I am with the idealists myself but for a very practical reason. As it has been said before 'the higher you aim - the higher you fall

short'. Certainly another lesson from Rochdale, not in 1844 but 1862, is that what idealists try to construct others can so easily subvert. Johnston in his final chapter deals with just that issue in his comparison of co-operative principles with co-operative practice. His conclusions are cautious but not pessimistic. Johnston's narrative shows us that co-operatives have certainly fallen short of the vision of the founders. They have moved backwards as well as forwards. Throughout this tour de force the signs of development and decline in co-operative fortunes in all four regions are carefully documented.

One senses in Birchall's account that in every continent and in every sector the movement is approaching a cross roads. Whether the movement turns right, left or goes on straight ahead, either together or with different sectors going their separate ways, will be another hotly contested terrain in the immediate years ahead. Birchall's book has been widely circulated and translated. It is a book for the serious historian of co-operation but one accessible to the more general reader and deserves to be read by both. The book makes a nice complement to Birchall's earlier history of the British co-operative movement (entitled *Co-op: The People's Business*, Manchester University Press, 1994). The inclusive sweep of these two books make Birchall the leading contemporary historian of co-operation writing within what I would characterise as the orthodox reading of co-operative history.

A final word on both Birchall's and Rhodes' histories of the international movement. I find myself wondering whether the possible dominance of the middle class perspective in the co-operative movement's leadership suggested here and there in Birchall's history may at least partly explain the failure (documented in Rhodes' book) of the co-operative movement to defeat Fascism amongst the grass roots in countries like Germany and Italy. Given the history of the twentieth century am I being idealistic or realistic in suggesting our modern movement must find ways again to be relevant to the middle classes and at the same time to express solidarity with the poor as one of the main planks in its strategy and rationale. As the gap grows between rich and poor nationally and internationally do we need different co-operative movements addressing different communities of interests or is a united movement still possible and desirable?

History is full of ironies and battles lost or won. To me it is most ironic that affluence in the form of the consumer society has undermined the very consumer co-operatives that we can legitimately claim to have invented the idea of the consumer society in the first place. Affluence seems to impact negatively on the conduct of membership democracy and economic involvement in many places, and challenges in some people's minds the need for co-operation at all. To answer this we may have to turn to the idealists such as the Owenites and Christian Socialists. In the affluent West the question now is about how we live and why we live. It is ironic to think that it may be the idealists with their vision of a new sustainable life style rooted in co-operative values that will be the salvation for our beleaguered realists in consumer co-operatives. As one member of the Co-operative Women's Guild put it "The co-operative movement is there to teach you about a way of life - that's the co-operative way of life if you'd accept it."¹³ Birchall puts the point more cautiously when he says of co-operatives ... "They are not going to solve all the ills of society - the most we can hope for is that they are part of the solution - but they point towards new ways of relating to each other while making our living in the world."¹⁴

Dr. Peter Davis is Review Editor of this journal.

References

1. Davis, Peter "Rochdale: A Re-evaluation of Co-operative History" in *Towards the Co-operative Commonwealth. Essays in the History of Co-operation*, Ed Lancaster, Bill and Maguire, Paddy, Co-operative College History Workshop Trust, 1996, see pp112-119.
2. Bonner, Arnold, Reproduces the first statutes of the Rochdale Pioneers in *British Co-operation, Co-operative Union Ltd*, 1961, p46.
3. Davis, Peter op cit p120.
4. G.D.H. Cole and A.W. Filson, *British Working Class Movements. Selected Documents 1789 to 1875*. Papermac, Macmillan, London, 1965, pp261 to 273 and pp422 to 462.
5. Cole, G.D.H., *A Century of Co-operation*, George Allen and Unwin, 1944, pp108-109.
6. Jones, Derek "British producer co-operatives and the views of the Webbs on participation and the ability to survive", *Annals of Public and Co-operative Economy*, Liège, January-March, 1975.
7. Cole, G.D.H. op cit p291.

8. Bray, J.F., *Labours Wrongs and Labours Remedies*, Leeds 1839.
9. Keynes, J.M., *How to pay for the war*, Macmillan, 1940.
10. Cole, G.D.H. *The Common People*, Methuen, 1949.
11. Pence, R., Dahl, P., Crawford, J., Severson, H., and Gonzalez, S.Q., *The Next Greatest Thing. 50 Years of Rural Electrification in America*, NERCA, 1984.
12. Mercicle, A., Wilson, S. Jones, J., Edited by Goldstein, M., *In Our Own Hands. A History of Student Housing Co-operatives at the University of Michigan*, Inter-Co-operative Council, University of Michigan, 1994.
13. Ed by C. Salt, P. Schweitzer, and M. Wilson, *Of Whole Heart Cometh Hope*, Exchange Theatre Company, 1983, p46.
14. Birchall, Johnston, *The International Co-operative Movement*, MUP, 1997, p234.