

Book Reviews

Trolley Wars

By Judi Bevan

Profile Books Ltd, London, 2005. ISBN 1 86197 661 5. £17.99

Reviewed by Sir Graham Melmoth, President, Society for Co-operative Studies

One and a half generations separated the lives of Jack Cohen from Hackney and the lad from Bradford, Ken Morrison. Each of them left the army to run a market stall, as first steps along the road to retail pre-eminence. Judi Bevan (who introduces the young Jack to her narrative as a costermonger) captures the essence of what made these two contrasting retailers such formidable operators. In doing so, she shows an impressive command of the history and strategy of the battlefield, an eye for detail, for personality, and a comprehensive grip of her subject, difficult to fault (although fault it, I shall!).

In keeping with its title, *Trolley Wars* uses many military terms such as “Opening Salvos”, “Top Brass”, “the Big Gun” abounding. Quotations from Von Clausewitz, Alexander Dumas and Sun Tzu vie with each other to make points but at times wear thin.

“Battle Lines” – Chapter One – introduces us to the main warriors and the fronts on which the trolley wars are today being fought. The elite battalions are Tesco, ASDA, Sainsbury’s and Morrisons. As they mop up Britain’s High Streets, collateral damage is being sustained by W H Smith, Boots, Dixons and Marks and Spencer, totally changing the character of our retail environment. Other hazards confronting the main protagonists include the media, the regulators and planning authorities and the suppliers – Heinz, Mars, Kellogs et al – particularly as the two of the Big Four carve out niches for themselves in what is becoming an overcrowded convenience market. New technology inherent in scanning and distribution systems offers further pitfalls in their path. This is a long way from the youthful experiences of Jack Cohen and his east end London barrow and Ken Morrison sizing up a disused cinema for his first supermarket. However, success in today’s retail battles is ever more dependent upon exceptional leadership. It is Judi Bevan’s analysis of the qualities of several generations of the

commanding generals that gives this book its undoubted *chutzpah*.

Having this set the scene, the author shares with the reader the growing pains of Sainsbury’s (founded in London in 1869), Tesco in 1932, Morrisons in 1950, ASDA in 1965 and Safeway in 1972. Borrowing heavily from Sainsbury’s Centenary hagiography by Bridget Williams (1969), *The Best Butter in the World*, Bevan tells us that the founder John James Sainsbury and his fiancée, Mary Ann Staples, (who as Mrs John James brought forth five daughters and five grocers) setting up shop in Drury Lane “wanted their milk and butter to be of the highest quality.” “It is where the story of modern retailing begins.” “The business grew swiftly in a way that was rare at a time (1875) when most traders contented themselves with a couple of shops ... food retailing was a family business.”

One recent reviewer of *Trolley Wars* handed Judi Bevan plaudits for her recounting of social history. But would a social historian of Britain in the second half of the nineteenth century be doing justice to the task without pausing a while with that strictly non-family business and phenomenon – the Co-operative Movement – growing exponentially into what Lord Beaverbrook was to call the “Co-optopus”?

It is true that the author makes a dutiful nod towards the 28 Rochdale Weavers, but any discussion about the quality of the early Sainsbury’s offering and the increasing scale of its business that disregards a formidable competitor in the burgeoning growth of retail societies at that time and the Co-operative Wholesale Society (CWS) pioneering its own brand, is surely a distortion of history. Furthermore, there is an irony in all this. John Benjamin Sainsbury (eldest son of John James and Mary Ann) married Mable Van der Bergh of the Dutch margarine dynasty that later merged with Lever Bros to form Unilever. In 1910 Lever Bros sued twenty-two co-operative

societies for selling CWS brand soap, in effect alleging “passing off” theirs as Lever Bros soap. If these societies had lost the action, which in fact they resoundingly defeated, the development of own brand/private label – the key to Sainsbury’s most sustained period of success during the years when their “Big Gun”, Sir John Sainsbury was at the top, would have been stopped in its tracks.

None of this is to say, of course, that Sainsbury’s, with its Sicilian marble counters and early adoption of self service, as well as the family’s natural talent as retailers, was not an exceptional business. It was one that took Jack Cohen’s Tesco, a decade or three to overhaul. Judi Bevan puts her finger on Cohen’s assault on Resale Price Maintenance (RPM) in 1964 as a key move. This coincided with the desire of an ambitious politician to make his name as President of the Board of Trade. Ted Heath abolished RPM in the teeth of fierce opposition of the manufacturers who prized their fixed price regime. Cohen’s other splashes of retail genius at that time, to give him an “edge” over his competitors, included introducing Green Shield stamps in 1963 and the acquisition of Victor Value’s 280 stores in 1968. These put Tesco firmly on the map as a high street grocer.

Legend has it that a 22 year old Iain MacLaurin, playing cricket for Malvern College Old Boys, bumped into Jack Cohen in 1959 at the Grand Hotel, Eastbourne and shortly afterwards was offered a job as “the first graduate trainee” – the start of a glittering career, as Tesco’s Managing Director, Executive Chairman, and a peerage just before he retired in 1997. Bevan’s journalistic instincts sniff out that maybe MacLaurin’s connection as prospective son-in-law of Tesco’s then Deputy Chairman, Edgar Collar, had as much to do with the offer as serendipity. Whatever the case, MacLaurin’s flair, charisma and team building skills – as well as the to dump Green Shield Stamps in 1978 in the face of Jack Cohen’s sulphurous opposition and in 1994 plucking the William Low business in Scotland from the jaws of his competitors (including CWS) mark him out as a great retail general (who picked an even better one, Terry Leahy, to succeed him).

Trolley Wars goes on to give us blow by blow accounts of the creation, wasting and resurrection and development of ASDA under Archie Norman and Alan Leighton – and its

sale in 1999 to Walmart, scuppering Geoff Mulcahy’s Kingfisher bid at the last gasp. Meantime the steady and much admired build-up of Morrisons drifting south from its Northern hemisphere does not go unnoticed, whilst the convoluted emergence of the Safeway business via Argyll, Oriel Foods and Allied Supplies under James Gulliver, Alistair Grant and David Webster (“the three musketeers”) is given its place in the sun but makes for heavier going. The pace quickens rapidly with Morrison’s successful bid for Safeway, with five other indicative bids in the wings. This was settled in September 2003 with the Competition Commission concluding that Morrisons/Safeway created a fourth strong player and that this would be better for competition than any other combination, including the bid by the ubiquitous Philip Green.

What Judi Bevan relishes most of all, it seems, is spinning her distinctive profiles of these battle hardened commanders. After all, she turned out a weekly profile for the *Sunday Telegraph* during the 1990s and no doubt her husband, John Jay, at the City Desk of the *Sunday Times*, would give her an occasional tip or two, as the following pithy phrases possibly indicate:

The gruff, tough, septuagenarian founder and Chairman of Morrisons. (Sir Ken Morrison)

Tyrant and Martinet. (Lord Sainsbury of Preston Candover).

A working class boy made good. (Sir Terry Leahy).

Heavy-weight non-excecutive from central casting. (Lord Levene of Portsoken).

Bevan has her favourites, driven no doubt either by their benign impact on shareholder value, or their willingness to chat to her off the record. David Webster obviously obliged on both counts.

On 15 December 2002, David Webster, the Chairman of Safeway stepped into his dark blue Mercedes outside his Hertfordshire home ... which during the second world war had been the temporary residence of General de Gaulle.

Webster, the last survivor of the three

musketeers, bid shareholders farewell to the strains of Frank Sinatra's "My Way".

Presumably Sir Peter Davis, CEO of Sainsbury's, 2001-2004, was not so obliging and did not qualify on the other count, either:

None of this intrigue slowed Davis in his relentless networking or attendance at grand occasions. On 9 June 2004 he was out hob knobbing with the cream of society.

Davis's nemesis, Lord Levene, on the other hand, can do no wrong:

Like a lion awakening, he was formidable.

Under David Sainsbury's Chairmanship, the Company's fortunes went rapidly downhill.

Terry Leahy presents Judi Bevan with her most difficult challenge. He makes no effort to charm journalists or paint himself in bold colours. Not much chance of General de Gaulle settling near the Leahy childhood home on the Lee Park Council estate in Belle, Vale, Liverpool. Yet he leads Tesco's inexorable advance "like a Roman army, sweeping all before it" with all but 30 per cent of the UK grocery market with market leadership in six of the twelve countries in which Tesco operates. Walmart has not shaken Tesco from its commanding heights. Tesco under its young general is never content with its lot and keeps true to its retail values. No room for grandees here.

Much of what Judi Bevan describes in her book, however, recalls some of the uglier aspects of Thatcherism. The quick profit to be made amongst a shifting group of city insiders: the financial press, bankers, brokers, analysts and assorted public relations hangers-on, seeking out undervalued assets, using well placed and well timed leaks to fuel the frenzy. *Trolley Wars* is witness to scores of businesses changing hands and there were some brilliant deals done and money made but Bevan is eerily silent about one of the biggest retail scandals of the 1990s, the attempt in 1997 by the 31 year old entrepreneur, Andrew Reagan, through "a wide ranging dishonest conspiracy to steal CWS

documents" to mount a break-up bid of CWS.

Judi Bevan's husband, John Jay, opined in his *Sunday Times* column of 27 April, 1997, with barely concealed dislike and disappointment:

But his (Regan's) fundamental idea, to break up a fast fading institution and create wealth for himself, his backers and CWS members was a good one – and it will not be forgotten. Sometime soon, others may also attempt to raid the CWS, unless of course it beats them to it with its own break-up.

In Reagan's scheme of things the Co-operative Bank was due to head towards Allied Irish Banks Group (£350m) and David Sainsbury, Jay reported, wanted to buy about £400m of CWS stores "which would have helped it greatly in its battle with Tesco, particularly in northern England and Scotland."

The flaw in Reagan's grand plan and in Jay's thinking – apart from the evidently unexpected lethal response by CWS itself – was the assumption that you could buy out the collective interest of individual shareholders in this way – the equivalent of Spain acquiring the Aztec's Empire's hoard of gold with a few bales of red cloth. (For the full story of the failed take over attempt see SCS Journal Vol: 31:2 No 93.)

The Chief Executive Officer of Tesco, Terry Leahy, Britain's top retailer, shows every sign of still having an empathy and alignment with the Co-operative Values of his youth in Liverpool and of his time as a CWS graduate trainee. There are not many visible current in the Co-operative Group of whom something similar could be said, given the loss intentionally or by accident of most of those who previously carried the flag for what the Co-op represents.

Judi Bevan does the retail industry a great service in providing this (nearly) exhaustive account of the Darwinian evolution over more than a century of Britain's market traders and grocers into the four all purpose giants which the Competition Commission deems will keep competition thriving. She writes with vigour, wit and evident enjoyment. I look forward to her account of the next fifty years.

From Tyne to Thames - Via the Usual Channels

By Lord Graham of Edmonton

The Memoir Club. ISBN 1 84104 123 8. £18.99

Reviewed by Jim Craigen, former Labour and Co-operative MP

Ted Graham and the Co-operative Movement have long seemed synonymous. Symbiotic certainly comes to mind on reading *From Tyne to Thames – Via the Usual Channels* by Lord Graham of Edmonton or Lord Ted of Ed as he quips.

This well-produced book is a curious mix of memoir with illustrations and hands-on account of the day-to-day Parliamentary dealings by one who knows whipping or business management in both Commons and Lords and how as they say “The Usual Channels” operate. He was the Labour Opposition Chief Whip in the Lords from 1990 to 1997.

Part one of the Early Days and Life before Westminster is especially touching about the sheer hard grind yet the good humour and camaraderie on the Scotswood Road, Newcastle. For Ted was the eldest of five children whose father like many others in the thirties knew unemployment and whose mother was a manager in making ends meet.

Ted Graham began working at 14. After passing the exam he got a job with his local co-op on Tyneside and has been employed in various co-operative roles ever since. He depicts the days in 1939 when those 10,000 Newcastle Co-operative Society members knew all about meetings and queues for their ‘Dividend’ cash. Football and boxing were early passions and interests he retains.

“Edward Graham is a thoroughly reliable lad” his teacher wrote in a school leaving testimonial; concluding perceptively: “He is too good a boy to go into a casual or blind-alley job”. He wouldn’t. Moreover, as Ted points out he has been the only serving MP to have earned an Open University degree, graduating in 1976 with a BA.

An old friend of mine jokes sometimes: “I’ve been up and I’ve been down – and being up is better!” Ted Graham has had downs. Whilst training in the Royal Marines for D-Day he was felled by live gunshot in what would now be euphemistically termed ‘friendly fire’. And this was in Wales! Literally holding his guts in his

hands at the time he survived that severe injury.

Returning to the Co-op after the War he spent 1949/50 at the Co-operative College, Stanford Hall, going on to become National Secretary of the British Federation of Young Co-operators. This organisation included many who would later make important contributions to the co-operative movement. In 1952 he left the North for the South by which time had had married Margaret who hailed from Dagenham.

Enfield became his base. At Enfield Highway Co-operative Society he was Education Secretary before going on to be the Co-operative Union’s Southern Section Secretary. He became an Enfield Councillor in 1960 and Leader of the Council two years later. He fought Iain Macleod in Enfield West at the 1966 General Election.

In 1967 Ted Graham became National Secretary of the Co-operative Party, succeeding Harold Campbell. He entered the Commons at the February 1974 General Election as the Member for Edmonton. It would have been interesting to learn more of Ted’s period at the Co-operative Party’s Head Office. Rightly or wrongly I have always somehow credited him with getting that Labour Party Manifesto commitment to work with the co-operative movement to establish a Co-operative Development Agency (CDA). All this was in the aftermath of Labour’s 1970 defeat and failure to become “the natural party of Government”. His description of this period leaves me none the wiser.

As an aside, I might add that the legislative time for the CDA had to be prized from the then Leader of the House Michael Foot who initially tried to placate Co-op MPs with a White Paper. That quiet effectiveness of Sidney Irving, our Group Chairman, tipped the balance. As his Vice Chairman in that year I was in full support and still recall the soft soap being handed out by Michael Foot in his room at the Commons.

Ted Graham’s Parliamentary career could well have been altogether different had he not

lost (and by two votes) the selection as Labour candidate for Morpeth in 1970. Labour votes were weighed in Morpeth, in Edmonton, counted.

Appointment to the Commons Whips Office followed a brief spell as Parliamentary Private Secretary or unpaid personal political aid to a Minister. When Harold Wilson suddenly announced his intention to retire as Prime Minister in 1976 Ted Graham writes that he immediately joined the Jim Callaghan campaign. He was made a senior Whip in the Commons and the Government finally fell by one vote. As Whip for Outer London and 'Odds and Sods', he records only 15 of the 31 MPs for whom he had responsibility came back to the Commons in 1979. Mrs Thatcher went into Number Ten.

Edmonton too fell in 1983 with further Labour casualties. Talking to him at that time I had not realised that he was then 59. Ted has that ebullience which belies age. Again he got up and, as he acknowledges, with the help of his successor at the Co-operative Party, David Wise, became a Consultant to Co-operatives.

The Whips have a way of looking after their own and he was soon as they say elevated to the House of Lords. The Third and Fourth sections of his book are essentially about life and doings in the Lords. In 1990 following Tom Ponsonby's death Ted Graham was elected as the Opposition Chief Whip – a salaried post – which he held until 1997. There are pages of statistical tables showing the composition, political allegiances, and voting patterns in the upper house and peer creations by different Prime Ministers. The book also contains over thirty obituaries of peers and friends written by Ted which were originally published in the House Magazine. In addition there are sixteen profiles on living peers and friends. Whilst

individually interesting these rather make for a Who's Who instead of a What's What.

For from a Co-operative Studies perspective Lord Graham has had unmatched insights on the Co-operative Party at grass-roots level, the Co-operative Union, the Co-operative Party headquarters, and first hand knowledge of the Co-operative Parliamentary Group in both Commons and Lords. Alas this canvas has few brush strokes. Ted Graham also entered that living Pantheon of Great Co-operators when in 1987 he was President of Congress.

A natural as Whip or Business Manager Ted clearly revelled in working the ropes of "The Usual Channels". He regales the reader with exploits or ambushes as he terms them in the Lords. However, I smiled at his account of a daily meeting of the Commons Whips when Michael Cocks was Chief Whip and someone raised a point of principle.

Principle Principle Whips are not concerned with matters of principle! We are about numbers and votes. All we are concerned with is to ensure that we win the vote. Now get out there and make sure that everyone of your group goes through the right lobby – the Labour lobby!

I could picture it with that inward eye!

The author dedicates the book to Labour peers who "fought the good fight" in those wilderness years. In the 1997 victory Lord Graham would not sit in the first Labour Cabinet for 18 years. New Labour wanted to look young. It seems all the more ironic as Labour begins a historic third term that the only elected element in the House of Lords is amongst a now limited number of Hereditary Peers. As Ted Graham might say – It's a funny old world!

Making a Difference: Co-operative Solutions to Global Poverty

Edited by Andrew Bibby and Linda Shaw

Co-operative College Paper 4. 2005. ISBN 0 85195 303 4.

Reviewed by Dr Patrick Develtere, Department of Development Studies, Higher Institute for Labour Studies, Katholieke Universiteit, Leuven, Belgium

Co-operatives are being rediscovered as efficient and effective vehicles for local development and poverty reduction in developing countries. A number of UN resolutions and guidelines on co-operatives and a special ILO Recommendation (No 193, 2002) have paved the way for a new trust in co-operatives. This might be a closing decade of deception and mistrust that started in the late 1980s and early 1990s with the negative appraisal of and subsequent abandonment of a state-led co-operative development strategy (Hedlund, 1988; Braverman, et al, 1991, Hussi, et al, 1993; Develtere, 1994).

The publication edited by Andrew Bibby and Linda Shaw of the UK Co-operative College) gives a broad introduction of the state of play of co-operatives in development and international co-operation. The basic premise of their work is that the co-operative sector has historically played a significant role in the empowerment of the economically disadvantaged, and that there is a real opportunity now to put co-operatives back on the development 'map' from which they have been largely absent for the past twenty years. The co-operative sector, the authors suggest, has the capacity to make a greater contribution to world development in the century ahead.

Bibby and Shaw defend the new orthodoxy in co-operative development. Co-operatives are defined as private actors and the role of government is constructive but limited. They quote the ILO Recommendation 193 that summarised the role of government as being that of to provide a conducive policy and legal environment, to facilitate access to support services, to provide oversight of co-operatives in ways which respect their autonomy, to ensure they enjoy equal treatment with other types of enterprises and to develop partnerships with co-operatives. The key challenge is thus to encourage the development of an enabling rather than a controlling environment for co-operatives.

In a very accessible way the authors show what co-operatives do contribute and could contribute to development aims such as poverty reduction, income generation and social protection. Over 50 per cent of global agricultural output is marketed through co-operatives. This is to a great extent to be credited to some big co-operatives in the North that sometimes do not brand themselves as such (examples include Land o' Lakes, Sunkist, Amul and Arniston Bay). But cocoa co-operatives in Ghana, cotton marketing co-operatives in Cameroon, coffee co-operatives in East Timor, milk producers' co-operatives in Bangladesh, livestock producers' co-operatives in Ivory Coast have also been shown to be viable and expanding businesses. The authors provide essential information on each of these success stories.

They see the same pattern in the sector of finance and insurance. Co-operative banking has a presence and a long tradition in industrialised countries such as Japan, USA, France, Germany, the Netherlands and Italy. Co-operative and mutual insurance companies have a 40 per cent share of global markets. But financial co-operatives, and particularly credit unions, are also gaining momentum in developing countries. About 50 per cent of the 40,000 credit unions affiliated to the World Council of Credit Unions are operating in Africa, Asia or Latin America. Their membership totals over 20 million.

Co-operatives also venture into social and community services. Health care co-operatives can be found in more than 50 countries. Rural electric co-operatives in Bangladesh serve over four million customers. Co-operatives provide drinking water to around 100,000 consumer members in Bolivia. Other co-operatives construct or rent houses to their members.

Unprotected people working outside the formal sector can also combine in co-operatives. The book gives the example of the Shoe-shiners' co-operative in Uganda and

the Self-Employed Women's Association (SEWA) in India. SEWA has over 500,000 women.

United Nations and other agencies have reassessed the role, scope and extent to which co-operatives can contribute to poverty reduction and reaching the Millennium Development Goals (MDG). In line with goal 8 of these the authors call for a global partnership for co-operative development. They call it a "project where the movement's principles can be directly put into practice". They give the examples of the Co-operative Development Agencies in the USA, Canada, Sweden, Norway and Japan that have a long tradition of North-South collaboration. The US Overseas Co-operative Development Act (2000) expands the government's mandate in its overseas programmes specifically to promote co-operatives. A commitment for Fair Trade is increasingly important for northern consumer co-operatives such as the UK Co-operative Group and the Swiss co-operative Migros.

The authors then present an interesting list of action points for the co-operative movement, both in Britain and internationally. They reaffirm that co-operatives need their autonomy and independence respected, a level playing field and appropriate and modern legal and political frameworks. But they also need support, such as recognition that they are businesses and help with market access.

Co-operatives then can offer much in return. Bibby and Shaw indicate that co-operatives encourage collective self-help, deepen civil society, assist in capital accumulation, empower women and encourage decent work practices, amongst others.

Importantly, the authors do not have a naïve and blind belief in everything that is co-operative. They acknowledge that in many respects, the potential of co-operative approaches in development and poverty reduction has yet to be fully realised. Some policy-setting is based on the past baleful experiences of state-controlled co-operative development. They rightly conclude that there is a need for much of the research on co-operatives and development to be updated. Only in recent years a few scholars have discovered the new momentum of co-operative development and have started to collect and analyse data and evidence related to this (Patel, 2002; Birchall, 2004; Develtere and Pollet, 2004).

This Co-operative College paper provides also a list of resource organisations, development agencies and information sources. In this way, this publication itself is also contributing to "Making a Difference". The book is a handy, easy-reading introduction into the work of co-operative development and will certainly help co-operators and development agencies in both North and South to find co-operative solutions to global poverty.

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