

Society for Co-operative Studies

Journal of Co-operative Studies Vol 32 No 3 (97) December 1999

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Editorial

In this issue of the *Journal*, we are pleased to have two short articles continuing our theme of women and co-operatives. Anne-Brit Nippierd works in the co-operatives section of the International Labour Office, and so is well placed to provide an international overview of the subject. The Japanese Consumers' Co-operative Union has done a substantial survey of the attitudes of men and women who are active members, employees, managers and directors of consumer co-operatives. Here we present the results. It would be interesting to receive comments from active co-operators in other countries who are struggling with similar problems of how to change entrenched attitudes and to promote the role of women in co-ops. Just how typical is the Japanese experience? We can use our 'responses to published articles' section for your replies.

There are three refereed articles. David Green has studied the little-known and even less appreciated history of the friendly societies in Britain, that mutualist precursor of the welfare state that was run almost entirely by working class people for their own benefit. He describes how, before they were taken over by the state, they managed to solve the perennial problem of being both large and democratic. Directors of modern co-ops and mutuals might learn much from their blend of localism, federation and attention to member education. Victor Pestoff writes about the future of consumer co-operatives. Drawing on the experience of Sweden and Japan, and on a well-developed theoretical framework derived from his previous writings, he concludes that the future is bleak. Readers may readily agree with his conclusions that consumer co-ops have to renew the social values that set them apart from their competitors and to reinvent the idea of membership. His suggestion that co-ops might have to sell their shops, withdraw from the markets they are in, and reinvest in the provision of social care is bound to cause controversy. Again, we look forward to readers' replies.

The German system of co-operative credit banking comes from a different source than the Rochdale-based co-operative movement. It was invented in the 1860s by two people who we would now call 'social entrepreneurs': Friedrich Raiffeisen set

up the first rural co-operative banks, and Hermann Schulze-Delitzsch the urban equivalent. Like the Rochdale system, their idea of co-operative savings and credit spread by example throughout most of Europe and by design in many developing countries. Both are now part of the same co-operative banking network in Germany, the Volksbank. The article by Mayer and Schiereck begins what we hope will be a series about co-operative banking that will answer questions about whether, in such an intensely competitive and fast-moving environment, co-operation is still a viable alternative, and whether membership is still meaningful. The article presents the findings from a research project into the performance of co-operative banks in the former East Germany that have recently merged. It finds that performance has improved not so much because of the economies of scale that merger creates, but because the process enabled attention to be paid to other aspects of the organisation that needed to be put right. There is a lesson here for consumer co-operatives in the UK still caught up in the debate about whether or not to merge. For instance, if there are positive gains from merger, but these are derived not from the merger but from the overhauling of more fundamental processes, can the benefits be gained without co-ops having to merge?

In this issue we also include some book reviews and a report on the annual conference of the UK Society for Co-operative Studies. We provide an edited version of a keynote speech given by Graham Melmoth that can be seen as an update of the article he wrote for the *Journal* in Volume 31.2, September 1998. Ian MacPherson also gave a keynote speech but did not work from written notes. We are hoping he will find time to write a summary for us for the next issue.

Gender Issues in Co-operatives

Anne-Brit Nipplierd

Introduction

Co-operatives are associations of men and women who have joined together to meet their common economic, social and cultural needs and aspirations through jointly-owned, democratically-controlled enterprises. Across the globe more than 800 million women and men are members of co-operatives and an additional 100 million non-members work as employees in co-operatives. In Europe alone there are an estimated 5 million co-operative employees.

The co-operative movement started out as small grassroots organisations in Western Europe, Northern America and Japan in the middle of the last century. Since then co-operatives have become a major economic force represented in numerous sectors ranging from banking, insurance, modern industrial and service companies to agricultural marketing and small and medium sized handicrafts industries. Although co-operatives have been around for a long time, they are still attractive in today's modern business environment where new and innovative co-operatives are still being created such as internet providers and TV cable stations¹ and the so-called "new co-operatives" in certain countries.

The International Labour Office is the branch of the United Nations that deals with the world of employment and work relations, and in particular with co-operative development. It operates with a broad definition of a "co-operative" which includes networks, alliances, collaborative partnerships and other organisational forms that foster development through linkages.² Its programmes and services focus on several areas, namely legislation, human resource development and information, and the promotion and development of co-operatives.

Gender issues in co-operatives

Gender equality is promoted in co-operatives through the globally adopted co-operative principles and values which

emphasise self-help, democracy, social responsibility, equality and equity. However, co-operatives, like other forms of business enterprise, are influenced by the society in which they operate and, even though most co-operatives have specifically articulated policies on equal opportunities and treatment for men and women, actual practice may differ.

One of the most important gender issues in co-operatives worldwide is women's low level of active participation and their under-representation in decision-making and leadership positions. The active and equitable participation of members, both men and women, is regarded as a prerequisite for sustainable co-operative development. Moreover, for co-operatives to truly function as democratic, member-driven organisations or enterprises, women have to have equal access to decision-making processes. If women are not represented or are under-represented when decisions are being taken, their needs and interests will not be adequately addressed, and neither can they be expected to accept the legitimacy of the decisions taken on their behalf.

For co-operative management and leadership to promote gender equality in their organisations, they must first be aware of the constraints to women's participation and acknowledge the existence of barriers to women's advancement up the "co-operative ladder". Only when this awareness and recognition has been achieved, can effective measures be taken to correct the existing imbalances.

Another critical gender issue in co-operatives is whether male and female members have equal access to and control over co-operative resources such as credit and finance, education and training, production inputs and marketing outlets etc. Many co-operatives provide education and training programmes for their members, but they should ensure that these programmes are equally (and easily) accessible to their women members. Special attention should also be paid to whether these programmes address women's as well as men's needs, expectations and aspirations. Hence the need for gender analysis and planning.

Emerging trends

In the rapidly changing global economic environment

characterised by liberalised markets, deregulation and structural adjustment, co-operatives have been forced to adapt and become more competitive and innovative or to collapse. Co-operatives in many parts of the world have realised that by developing women members' capacities and strengthening their productive capabilities, they stand to benefit. Men and women have different skills, knowledge and competences and often tackle and solve problems differently which can enrich the co-operative movement and enhance its credibility. By involving more women in decision-making and leadership positions, the scope of co-operatives will also be broadened, their activities diversified and their social role reinforced. Moreover, co-operatives, as important lobbying organisations, will become a stronger economic and more influential political force if more women are actively involved.

Many examples have shown that initiatives taken by women in co-operatives have accelerated the progress and change of their socio-economic situation. Such examples in Africa have included the ACOPAM Programme³ in the Sahel region, which has been one of ILO's most successful employment and income-generation programmes, and the Zinder Programme in Niger⁴ which focuses on local economic development and food security. These programmes have had an important impact on the socio-economic development and empowerment of women as well as men in the region.

Strategies for the promotion of gender equality in co-operatives

It has been generally acknowledged that co-operatives can be significant vehicles in the economic, social and political empowerment and advancement of women across the globe. However it is essential that women co-operators feel that they are genuinely part of their co-operative and that they can participate in the decision-making.

Co-operative leadership must address equality issues and make a firm commitment in their mandate to correct imbalances where they exist. Gender-sensitive policies, strategies and plans must be drawn up in a joint effort between women and men. For example, co-operatives can state their intention to address the problems of women's access to credit, land,

equipment, extension services etc, and/or to take positive measures to include more women in their training programmes, in decision-making and leadership positions. Co-operatives can also provide special opportunities for women in regard to flexibility and participation.

Through awareness creation, gender sensitisation, education and lobbying, co-operatives can help eliminate existing barriers to women's active participation in co-operatives and their access to leadership positions. Such barriers can include membership criteria or legal, traditional, financial or attitudinal constraints.

Through training and education programmes which are sensitive to women's needs, co-operatives can help strengthen women's capacities and capabilities, resulting in their increased self-confidence and enabling them to participate more fully in decision-making and assume leadership positions. Co-operative leadership can also identify potential women leaders and help them gain visibility and experience within the organisation, for example through training and monitoring by management staff.

Co-operatives can also use their national organisations and networks to collect gender disaggregated data and help identify different types of projects focused to women's needs which can help them increase their income-earning capacities and alleviate their work burden. For example, they can investigate how much time men and women spend on various chores and activities and how this fits in with potential and economically viable and sustainable co-operative activities.

Here are two case studies that show how a women's perspective can illuminate more conventional interpretations of co-operative developments.

Case study 1: participation of women in co-operatives in developing countries from a historic perspective

The low participation of women in co-operatives, and especially in leadership positions, can be viewed from a historical perspective. In developing countries in the African and Asian regions co-operatives were often originally established by the colonial powers as a means of enhancing cash crop production and marketing. Since the men were involved in cash crop production whilst women tended the food crops, only the men

became involved in the commercial sector. The women, although they contributed to the cash crop production in terms of labour, did not become co-operative members and hence became increasingly marginalised. After independence, many governments in Africa and Asia retained their co-operative structures as tools for implementing national agricultural development policies. National co-operatives consequently lost their autonomy and became dependant on or controlled by governments. As most co-operatives were still primarily engaged in cash crop production — still the domain of men — the co-operative membership continued to be dominated by men.

In Latin America, the co-operatives were started around the turn of the century either by European immigrants who brought with them co-operative ideas and principles based on the socio-economic trends in Europe at the time, or by governments which introduced them as tools for development. As women were marginalised in the economic sector, they did not become active members of co-operatives.

Case Study 2: "New co-operatives in Finland create jobs"

In Finland the traditional co-operatives are dominated by men and have failed in their efforts to mobilise women. However, the so-called "new co-operatives", which started emerging in 1993 in response to the prolonged economic depression in the country, have managed to mobilise both women and men and have done remarkably well. Today there are a total of 700 new co-operatives employing more than 15,000 members and their turnover is estimated at 150 million FIM.

Finland was in fact one of the few countries in Europe where the number of co-operatives increased in the 1990s. Forty per cent of the adult population today belong to one or more co-operatives. Co-operatives have also spread to new sectors of the economy such as the social sector, travel services, environmental management, telematic fields and culture.

In the 1990s when the government-led efforts failed to solve the employment problem in Finland, active and skilled unemployed men and women searched for alternative ways of self-employment through co-operatives. For many of the unemployed (some of whom had been unemployed for years),

these new co-operatives not only meant regaining a decent income, but also increased flexibility and the possibility of having more influence and control over one's work situation. For women too, the new co-operatives have proven to be a much sought after possibility of combining work and family life.

According to Ms Lukkarinen of Finn Coop Pellervo, "women as a group of co-operative entrepreneurs have brought new energy and new fields of activity to the co-operative movement".⁵

Final remarks

From the time co-operatives first emerged out of the excesses of the industrial revolution to today's market turbulence and resulting marginalisation, social exclusion and denial of access of opportunities of large sectors of the population, co-operatives will always represent a valid organisational form with an important role to play. For co-operatives hold the potential to help people to help themselves, to present an alternative way of organising and carrying out business activities, and to demonstrate that values of caring and sharing, democracy and participation do indeed work for the benefit of society.

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Notes

- 1 In the USA, Colorado Internet Co-operative Association, founded in 1994, has become Colorado's largest internet service provider, and the National Cable Television Co-operative serves a total of 8.5 million TV viewers.
- 2 The direction and activities of the ILO programme are based on Recommendation No. 127 concerning the role of co-operatives in the economic and social development of developing countries. A revised standard on the promotion of co-operatives will be discussed at the International Labour conferences in the years 2001 and 2002.
- 3 ACOPAM: Appui Associatif et Coopératif aux Initiatives de Développement á la Base.
- 4 ZINDER: "Participation des entreprises á caractère coopératif á la sécurité alimentaire villageoise et au développement local dans le Département de Zinder".
- 5 ICA Review of International Co-operation, Vol. 91, No. 3, 1998.

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Women's Work, Men's Work: to live a better life beyond gender

Japanese Consumers' Co-operative Union

As of the end of March, 1994, Japan's co-ops had over 17.3 million members, making it the largest citizens' movement in Japan. 90 per cent of the members are women, who are in the citizens' co-ops that make up the core of the movement. Part of the reason for this is that while men took on the responsibility for industry in Japan's rapidly growing economy after WWII, women got together to form co-ops in order to deal with the various problems of supporting life in the home. Housewives who were responsible for household and neighbourhood life expanded their circle of contacts through the co-op and learned to create a caring community.

Times have changed, though. Japan is now beginning to move away from putting its economy first and to concentrate more on its people. The position of women in society has greatly risen. Women have rapidly begun to enter the work force. The citizens' co-ops, comprised mostly of full-time housewives, which in some ways reflect the times when gender roles were clearly defined for decades, are now looking in new directions to reach their next stage of development.

In June 1991, the Japanese Consumers' Co-operative Union (JCCU) Women's Council was established as an advisory body to the JCCU president, its members consisting of female directors of the citizens' co-ops and other eminent people with both academic and business experience in their backgrounds. In the first phase, the council offered advice regarding the current state of participation of women in the decision-making processes of the co-op and future directions, and reported on the necessity for the co-ops to reflect the opinions of women in these changing times. Although the Japanese consumer co-op movement is said to be a women's movement, it has come to light that roles were being divided on the basis of gender within the co-ops. The council called for the co-ops to live up to the ideals of a fair society, and let everyone participate equally, in order for the movement to serve to build rich lives.

This paper is a compilation of the results of a survey carried out in the second phase, detailing opinions of co-op directors, managers, staff and active members in regard to the joint-participation of men and women. This was the first time such a survey had been attempted by consumer co-ops in Japan, but many issues have arisen that point to the need for the movement to have equal participation for women in the co-ops. These issues include the high rate of denial of gender roles, the large gap between opinion and practice, and the low utilisation of the ability of female workers in co-ops that are thought to be easy places for women to work.

This 'gender integration' is a new theme for us. I believe it is closely related to the philosophy that the co-op pursues of 'creating humane, rich lives'. I hope that the discussion of 'gender integration' will spread to all levels of co-ops around the country.

Characteristics of the respondents

Male employees

A low-age segment, similar to the female employees, where 88.9 per cent are in their 20s or 30s. Over 60 per cent are married, with roughly 30 per cent having wives who also work full-time. Approximately 50 per cent have wives who are full-time housewives. Of the single men (less than 40 per cent of the total), over half live with their parents.

Female employees

84.8 per cent are in their 20s or 30s; 64.8 per cent are in their 20s. There are more females in their early 20s than male employees, making this the youngest segment of the six surveyed. Over 40 per cent are married, and 90 per cent of those have husbands who work full-time. 30 per cent of the single women (over half of the total) live with their parents.

Female managers

A higher age segment than the regular employees, with 72.5 per cent aged 40 or above, a slightly higher age segment than the male managers. 70 per cent are married, of whom 90 per cent have husbands who work full-time.

Male managers

A higher age segment than the regular employees, with 58.4 per

cent aged 40 or above. Over 90 per cent are married, 30 per cent of whom have wives who are employed full-time. Less than 40 per cent have wives who are full-time housewives.

Full-time directors

Nearly all, at 97.7 per cent, are 40 or older, the oldest segment of the six surveyed. 95.3 per cent are married, and about 40 per cent of their wives work full-time and 40 per cent are full-time housewives.

Active members: lay board members and member leaders

76.2 per cent are in their 40s or 50s; less than 20 per cent are in their 30s. The vast majority are married, and less than 80 per cent of their husbands are employed full-time. Over 40 per cent are directors or auditors, while over 50 per cent are not. Currently, almost 70 per cent of these women have been active for less than 5 years.

EDITOR'S NOTE: Although the sample of full time directors and active members was of both sexes, it seems to be assumed in the report that the full time directors surveyed were all male and that the vast majority of active members were female.

Men at work, women at home?

In Japan, acceptance of the traditional gender roles of the 'men at work and women stay home to take care of the house' is said to be strong. What do people involved in the co-op think?

In all six groups, over 60 per cent in each category were against the idea that "the husband should work and the wife should manage the household" (including those who somewhat disagree with it). As many as 90 per cent of female employees and female managers opposed the idea, with a clear majority of 56.0 per cent of female employees and 62.7 per cent of female managers firmly replying 'disagree'.

Except for women in management positions, at least 60 per cent of people in the other groupings agreed that "it is alright for women to work, but they should take good care of household affairs and their children", though more men supported this position than women.

Over 75 per cent of all people polled agreed with the idea that "even if men go to work, they should take good care of

household affairs and their children", but more working women felt this way than working men. More people in all six groups agreed with the idea that "men should do more in the house and with the children" than who thought that "women should do a good job in the house and with the children". Perhaps this indicates that people are questioning the traditional work-centered role of men in society.

These results show that a large number of people no longer believe in traditional gender roles.

Actual division of labour in the household

In their opinions, people deny traditional gender roles, but what happens when it comes to actual home life? We asked the married people to tell us who does most of the housework.

In all five categories of household work — cleaning, doing laundry, shopping, preparing meals and cleaning up after meals — most said "the wife" did the work across all six groups polled. Cleaning, shopping, and cleaning up after meals were the chores done most often by "the entire family", while in the vast majority of cases it was "the wife" who did the laundry and meal preparation. This shows that the most tiring housework was, after all, left to "the wife".

The heaviest burden on the wife among the six groups polled was shown among the active members, who ran their households like full-time housewives. These are roughly the same results as were produced in a 1992 "Household Survey on Male-Female Equality" conducted by the Prime Minister's Office. Among female employees and female managers, there was a higher percentage of husbands doing the cleaning and post-meal clean-up than in other groups, showing a division of duties in households where both the man and woman work. The survey showed that the entire family helped out with chores the most when the woman was in a managerial position. These results indicate that perhaps the family has no choice in the matter, and at the same time shows the effort that female managers are putting into both paid work and the household.

Do men and women have equal status?

Is there a level playing field for both men and women in today's

society? We asked people about how much equality in status they felt there was in five categories — home life, the workplace, school education, law and the system, and social beliefs and customs.

In all but "school education", all six groups felt that "men were treated better". Though everyone was probably aware of sexual discrimination, the female groupings who actually experienced discrimination were more sensitive to the issue. The highest percentage of people felt that men were treated better in the category of "social beliefs and customs". In other categories, "if I had to say one way or the other, men are treated better" took preference over the more definitive "men are treated much better", but in the social beliefs category, more women stated plainly that "men are treated much better". These results show that social beliefs and customs are the biggest impediment to equality of the sexes. These social customs are maintained under the name of tradition, and it is necessary for the person who realises their harmful influence to muster the courage to change them.

By segment, the female managers felt the most inequality, while male employees felt the least. Between female managers and active members, the percentages who said "men are treated better" were similarly high, except for the category of "home life" where many more female managers than members thought men were treated better. A gap appeared also between the opinions of women who had both work and household duties to do and those who were full-time housewives.

Children's upbringing and their future

Regarding children's upbringing, except for male employees, most respondents felt that "it is better to raise boys and girls in the same way", and a larger percentage of women felt this way than men. The fewest who responded that "it is better to raise girls to be feminine and boys to be masculine" were in the female groups, while the most who felt so were male employees, at a relatively high 45.3 per cent.

In terms of what parents wanted for their children, nearly all groupings chose the same top two items for both boys and girls — that they grow up "to lead a rich spiritual life" and that they

would "leave their future up to them". A "rich spiritual life" was desired by more people for girls than for boys, and more people said they would "leave their future up to them" for boys than for girls. The third and fourth top wishes for boys were "to gain trust and reliability in society" and "to make a contribution to society" while for girls they were "to live peacefully with one's family and neighbours" and "to follow their own individuality and interests", respectively. These results showed how people wanted boys to be active in society and girls to have a happy home life.

Women working: continue working or go back to work again?

In 1993, even in households where the man was a salaried employee, double-income families were more common than single-income families (according to a *Special Survey on the Labour Force* conducted by the Prime Minister's Office). Here, we asked what everyone thought of women working.

Except for male employees and active members, most people responded that "it is better for the woman to continue working even after she has a child" followed by "when she has a child she should quit working, then go back to work after the child becomes older". For male employees and active members, this order of response was reversed. Among responses that fell into the category of "others", the most common was "it is up to the woman to decide". Among female employees and managers, predictably none said that "women should not work". The major gap between the responses of women in career-track positions and those who are active members reflect their differing lifestyles.

When men were asked how they felt, according to the type of employment their wives had, most who had wives working full-time wanted them to continue working. This shows the husbands' support for their working wives.

Is the co-op a place where women can work with satisfaction?

The co-op is often called a "women's organisation" but as a place of work, does it provide women with satisfaction? We asked five groups, excluding active members, and over 80 per cent in all groups said that "the co-op is an easy place for women

to work". Among the reasons most frequently cited were "no wage differences between men and women", "fringe benefits for women including a child-rearing leave system", and "no custom of encouraging a woman's resignation after she marries or has a child".

Do these advantages allow working women to thrive at the co-op? Of the regular employees surveyed, 80 per cent of men and 70 per cent of women responded that "it is work worth doing", while 90 per cent of men and 80 per cent of women felt "work furthers personal growth". The response that "one's abilities, knowledge and experience can be utilised" was chosen by roughly 70 per cent of men and 60 per cent of women.

The results showed by a gap of roughly 10 percentage points that women working as regular employees were less inclined to say that work was worth doing or that it contributed to their personal growth than men who worked as regular employees. This shows that the enthusiasm and drive of female employees are utilised less than for male employees.

Is there a gender gap in ability to do certain work?

Is there an innate ability gap between men and women? We asked whether certain leading jobs at the co-op were suitable more for men or for women. Most jobs garnered responses of either "more suitable for men", "more suitable for women", or "can be suitable for both with respective merits by sexes", showing that people still felt division of roles by sex at work. These attitudes were relatively stronger among the males surveyed, particularly among regular male staff. It was much weaker among women, particularly among women in management positions.

When we asked about management abilities, we found that few overall thought there was a gender gap. On the whole, there was a certain percentage in the male groups that believed "men are superior". This belief was weak among female managers, but they chose the response "men are superior" when it came to "establishing long-term vision and setting goals", at higher percentages than other groups.

Do these beliefs in the suitability of certain jobs for men or women reflect actual abilities? The jobs that most people said

were suitable for women were "being store cashiers and doing clerical work", while people said men were better suited for "delivery of products or being branch manager of the co-op's joint purchase business". This way of thinking about women's work and men's work is perhaps a reflection of what people see in the workplace.

One might say that there really is no such thing as special abilities belonging to men and special abilities belonging to women, but that each individual has his or her own characteristics and special abilities.

Do managers have a gender bias toward their subordinates?

As seen in the previous section, people believed in a difference of abilities between men and women. How are these attitudes manifested in the workplace?

We asked workers how male managers treated their subordinates on a daily basis and found that over half of both men and women felt that "male managers give important work to male subordinates". Less than 60 per cent of males and more than 70 per cent of females felt that the male managers "tend to assign miscellaneous tasks to their female subordinates", showing that the female employees felt discriminated against.

In looking at how male and female managers see their subordinates, the difference in attitudes becomes clear. About 20 per cent of female managers but nearly 40 per cent of male managers "tend to assign work to male subordinates" and equal numbers "tend to give important work to male subordinates". 40 per cent of male managers "tend to assign miscellaneous tasks to their female subordinates" while only a little over 30 per cent of female managers did so. Furthermore, 60 per cent of male managers but less than 40 per cent of female managers "tend to expect more of male subordinates for future management positions". This gap and such a majority tendency among male managers is noteworthy.

These results show that male managers have high expectations of their male subordinates, and gender bias is strong among men in management positions, but weak among women in these positions.

How do full-time directors see female employees?

The stance of its executives greatly influences the direction of an organisation. Let's take a look at the attitudes of full-time co-op directors toward the training and promotion of female employees and other issues.

We asked full-time directors and managers what they thought of "affirmative action at the co-op (a system to promote a certain percentage of women to important positions such as division manager, section chief and product development officer)". 60 per cent of both directors and male managers felt it was "necessary", showing a certain degree of understanding. However, this result was low compared to the 80 per cent of female managers who responded similarly.

In terms of experiencing sexual harassment, female employees who said they had "experienced it personally" or "someone in the same co-op had experienced it" combined for 40 per cent, and among women in management positions the level was just below 40 per cent. When full-time directors were asked if measures to prevent sexual harassment were necessary, more than 40 per cent said "yes", but more than 40 per cent said "no". This polarity, seen from the perspective of the reality of the offences, can only be viewed as a low awareness of the problem among full-time directors.

What is needed for women to show their abilities and continue working?

When asked "what things were important for female employees to bring out their abilities at the co-op", the four items that people in all five groups mentioned most often were "self-awareness as a worker", "evaluated according to their abilities and achievements", "gaining a wide perspective and social awareness", and "gaining the working abilities necessary for the job". By segment, excluding female employees, people most often cited "self-awareness as a worker". This was followed in descending order by "gaining the working abilities necessary for the job", cited by male managers and full-time directors, "gaining a wide perspective and social awareness", cited by female managers, and "evaluated according to their abilities and

achievements", cited by male employees. The female employees themselves put "gaining a wide perspective and social awareness" at the top of the list, followed by "evaluated according to their abilities and achievements". Interestingly, the response most frequently given by the other groupings, "self-awareness as a worker", was placed a relatively low third on the female employees' own list.

Opinions on gender roles among co-op members

Over 70 per cent of lay board members and member leaders are full-time housewives. One might consider them practising gender roles "in the home", but according to the results of this survey, they appear to reject gender roles "outside the home".

In terms of how they saw co-op employees, roughly 60 per cent said they did not "feel more comfortable with men who are managers of stores, branches or centres". An equal number said they did not feel that "male employees offered are reliable". Close to 90 per cent felt that "it was not unseemly for male employees to serve tea". Still, 50 per cent felt that "because they are men they must make more efforts". Almost 80 per cent responded that "physically hard work should be done by men". In response to "which co-op duties were more suitable for men or for women?" a relatively high percentage of members said "the jobs can be suitable for both with respective merits by sexes" and "there is no difference between men and women". Although to some degree they show a tendency to believe in gender roles and rely on men to do physical work, few thought that "male employees are more reliable" and there was little discrimination shown toward male and female employees.

At home, husbands generally showed understanding toward their wives who had to take care of all of the household duties while engaging in co-op activities. But the actual number who took care of household chores and raising children was very low, showing that traditional attitudes toward a division of labour at home remained strong among husbands who were earning a livelihood versus their wives who worked as full-time housewives.

Where does this gap between members' views within the home and outside it come from? These were interesting results.

Are co-op member activities interesting?

The majority of members surveyed felt that the activities were worth doing, helped their personal growth, and allowed them to utilise their skills, knowledge and experience. Overall, they appear satisfied with present activities. However, 10 per cent felt that activities were not worth doing and another 10 per cent were not satisfied. Yet, of those who responded positively, saying that activities were "worth doing" and "allow use of skills, knowledge and experience", more responded with an equivocal "more yes than no" than those who responded with a straight "yes".

Co-op member activities have also had a strong effect on women's relationships with their families. Their own social outlook broadened through the activities, influencing their relationship with their families in good ways. Among these influences, over 60 per cent mentioned "more chance to talk with their family about social problems", and 30 per cent said that their families "had begun to take an interest in contributing to society". Their participation also seems to have made them more mentally independent, as shown by over 30 per cent of women responding that they had "made progress in overcoming over-dependence on their parents and children". Also, over 20 per cent said that they had "become able to express their own opinion in the family". These benefits cannot be gained from similar local activities like the Parent-Teacher Association, which is based on the parent-child relationship.

So, at present women are satisfied with co-op member activities, but how many intend to continue on in the future? Results showed that roughly 50 per cent wanted to continue, including those who said they would if conditions allowed. This holds promise for the co-op. In addition, 6.3 per cent said they "want to earn an income by working at the co-op".

Promoting participation of female members in co-op's policy making

Reflecting Japan's current social milieu, one sees the divisions of roles between men and women as a trend in the co-op, whereby women are members and men are full-time directors. We can

expect to see an equal male-to-female ratio among members, directors and employees sometime in the future, but at present equal gender participation in the co-op's member organisations will not happen unless more women members are given the chance to participate in the co-op's policy making process.

We asked lay board members and member leaders if they "want to participate more in developing co-op policy" and found that over 60 per cent "want to participate", indicating a strong desire in this direction. In the *1994 Opinion Survey of Nationwide Co-op Members* conducted in November 1994 by the JCCU, only 5.2 per cent said they "wanted to participate in running the co-op". Our survey showed much healthier figures.

As for the opinions of full-time directors toward member activities, roughly 90 per cent indicated that they wanted to strengthen member participation in management by considering it "necessary" to "promote lay board members' participating in the co-op's policy decisions" and to "make the relationship between members and full-time directors closer". In addition, over 70 per cent disagreed that "co-op's management is suited for men and member activities are suited for women". Still, 60 per cent felt that "the business suggestions of female directors are not practical". and another 40 per cent felt it would be "difficult to have an equal male-to-female ratio among full-time directors". These opinions show, as always, that many full-time directors welcome women as members, but are hesitant to let them into the ranks of full-time directors.

Summary of survey results

In 1992, the Prime Minister's Office polled men and women at the age of 20 or over as part of a *Household Survey on Male-Female Equality*. Compared to their findings, our survey showed a high level of rejection of ordinary gender roles in all groups, and a generally high awareness of gender integration. This trend was especially strong among women in both managerial and staff positions. In the male groups and among lay board members and member leaders, however, there was a large gap between what people thought and their actual practices of division of labour in the home, suggesting a need for further enlightenment in both awareness and practice.

Male workers and female managers showed distinct characteristics in their opinions on gender roles. Male workers were the most ready to affirm traditional gender roles of any of the six groups, displaying a conservative streak. This may well be related to the fact that nearly half of those who were married had wives working full-time, and of those who were single, more than half lived with their parents. On the other hand, women in management positions strongly rejected gender roles, displaying the highest propensity toward equality of all six groups. Their opinions were likely to have been formed from their experiences of facing and overcoming the difficulties of being a woman working in a man's world and managing the home at the same time.

Full-time directors had progressive opinions on gender roles despite their comparatively high age. 40 per cent have spouses who work full-time, and roughly 70 per cent of them supported women continuing to work after having a child. Such attitudes would not be found among executives of other companies, but are a unique feature of the co-op. Attitudes were more conservative among the younger generations of males, both employees and managers, and it is disappointing that the directors' attitudes were not being handed down to their male subordinates. Attitudes among full-time directors toward traditional gender roles may be progressive, but in reality they feel little need to promote gender integration in their own co-ops.

In spite of the co-op having the reputation of being an easy place for women to work, it is noteworthy that female employees feel less satisfaction with the job than their male counterparts. This is because even though various systems are in place, a strong gender bias among the male groupings leads to disadvantages for women in the daily workplace and in establishing long-term careers. In particular, it is likely that the tendency of male managers to discriminate between their male and female subordinates weakens the enthusiasm and drive of female employees who seek equal treatment. In order for male employees to understand the situation that female employees are in, and to create a workplace where both men and women can work with enthusiasm, effort is needed from both men and women.

Compared to women in staff positions, the vigour of women in management positions is remarkable. They feel a strong drive in their work, feel that their work is worth doing, and are largely satisfied working at the co-op, with over 50 per cent saying "I like my job". However, as many as half reported feeling "little energy to look after the house because work is so tough". For male managers as well, reforms are needed in the workplace environment to allow both men and women to attend to duties both at work and at home.

As a member organisation, satisfaction levels among lay board members and member leaders are high, with over 50 per cent stating that they wished to continue with their activities in the future. Other hopes for the co-op are also high. Some women, however, feel no sense of worth in what they are doing and others feel that something is lacking in present activities. There is also a high percentage of women who "want to participate more in the policy making of the co-op". These things indicate that there is still room for improvement in the scope and extent of member activities. Another topic to be addressed is how to meet the desire expressed by the active women lay members who "want to earn an income by working at the co-op".

Appendix: Survey Details

Purpose

To compile the results of the opinion survey regarding gender integration to use as materials for discussion at co-ops across the country, to clarify the reasons that hinder the movement from realising gender integration in the co-ops, and to reflect the findings in future policies.

Survey Categories

Way of living and values

Awareness and actual conditions regarding gender roles

Awareness and actual conditions regarding work and the workplace

Awareness and actual conditions regarding member activities

Awareness of gender roles in the co-op as a workplace

Awareness of gender roles in the co-op as a member organisation

Survey Target

Six groupings of people working in 23 co-ops to which members of the JCCU Women's Council belong: male employees, female employees, male managers, female managers, full-time directors and active members.

- Employees: The male-to-female ratio used was the actual ratio of men to women among regular employees at 4:1.

- Managers: The actual ratio of men to women (97:3) show women are by and large excluded, but for this survey, to compare opinions of the male and female managers, all of the female managers were surveyed.
- Full-time directors: The actual number is very small, so all were surveyed.
- Active members: A 1:2 ratio of lay board members to member leaders was used.

The actual sample numbers are shown in the chart below.

No of co-ops	Total turnover employees	Male & female managers	Male & female	Full-time directors	Active members
4	100 bn yen or over	50	25 males all females	All	50
6	50-100 bn yen	34	17 males all females	All	34
13	Under 50 bn yen	15	8 males all females	All	15
23	total of 23 co-ops	599	355	162	599

Period of Survey Conducted: Late April to Early May, 1994.

Effective Response Number and Rate (%)

Male and female employees	496	(82.8%)
Male and female managers	294	(82.8%)
Full-time directors	128	(79.0%)
Active members	512	(85.5%)
Total	1,430	(83.4%)

Modern Mutualism and the Historic Friendly Societies

David G. Green

Recently there has been a flight from mutualism, especially among building societies and insurers. To argue that the mutual principle has a future, therefore, strikes many as unrealistic to the point of romanticism. It must also be conceded that mutuality had, in some cases, become not only empty of meaning but also the cause of bad customer service. Until recently mutual insurers were subject to a lighter regulatory regime than PLCs on the assumption that the former were accountable to their members. In reality, many mutual organisations were captured by their managers and run in a purely commercial spirit, with members seen as profit centres. In some cases, the loyalty of customers was seen as a kind of gullibility which could be exploited to sell poor quality products. Far from being respected, loyalty was taken advantage of.

The managers of mutual organisations were not, in practice, accountable to their members, shareholders in PLCs, with little more than their own financial return on their minds, proved better protectors of customers' interests than the members of mutual organisations were able to be. The underlying problem is one of scale and here we can learn from the historic friendly societies, or at least the friendly societies with branches, which for over a century tried to find ways of combining large scale with genuine accountability to members. As we explore the role of mutualism today, there is still much we can learn from their experience.

The rise of mutual aid¹

It is common to think of private charity as the primary alternative to the welfare state, whereas mutual aid associations provided social security and even medical services for far more people than did charities. When national insurance was first enacted in Britain in 1911, over three-quarters of those covered by the scheme (some nine million out of 12 million) were already

members of mutual aid associations. The nine million includes unregistered societies. At the time, there were about 3.4 million members of registered and unregistered trade unions.²

Membership of the friendly societies had grown steadily during the eighteenth century. The poor law return for 1803 estimated that there were 9,672 societies with 704,350 members in England and Wales alone.³ By the time the British Government came to introduce compulsory social insurance under the 1911 National Insurance Act, there were 6.6 million members of registered friendly societies, quite apart from those not registered. The rate of growth of the friendly societies over the preceding thirty years had been accelerating.⁴ In 1877, registered membership had been 2.75 million. Ten years later it was 3.6 million, increasing at an average of 85,000 a year. In 1897 membership had reached 4.8 million, having increased on average by 120,000 a year. And by 1910 the figure had reached 6.6 million, having increased at an annual average rate since 1897 of 140,000. Ironically they were at the height of their popularity when the Liberal government, which had fallen prey to statism, took the first steps towards unravelling liberal institutions like friendly societies with the introduction of compulsory national insurance in 1911.

At first the societies were local gatherings of men who knew each other and who met regularly to socialise over a drink. All members paid a regular contribution which gave them an agreed entitlement to benefit if they were too ill to work. The tradition among many early societies was that, if there was a surplus after the payment of benefits at the end of the year, it was divided up equally among members. The chief disadvantage of this system was that societies sometimes ran out of cash, and as a result federations began to develop from early in the nineteenth century. By the time of the Royal Commission on the Friendly Societies of 1874 there were 34 of them with over 1,000 members each. They developed and grew rapidly in response to industrialisation, when workers felt a keen need for support in the new towns to which they had moved. In the areas experiencing the most rapid urbanisation, such as Lancashire and Yorkshire, where there was initially no sense of community, the friendly societies developed as fraternal alternatives to the tight-knit neighbourhoods more typical of rural areas. The largest

society, the Manchester Unity of Oddfellows, grew rapidly after its foundation in 1814. In 1838 it had 90,000 members; by 1848, 249,000; and by 1876, just over half a million.

Among the reasons for their replacement of purely local clubs was the possibility of supporting members who had to travel in search of work. If a man lost his job, both the friendly societies and many trade unions provided 'travelling benefit', essentially assistance with the extra cost of searching for work. Members could journey throughout the UK in the hope of finding a new job and receive living expenses and mutual assistance while away from home. Proof of membership took the form of their equivalent of the plastic card and PIN — the quarterly password and the secret handshake.

Objectives

The ethos of the societies was formally taught in initiation ceremonies and lecture courses: a series of seven in the 600,000-strong Ancient Order of Foresters and four in the largest society, the Manchester Unity. The Foresters did not confine their advice to the conduct of society business:

In your domestic relationships we look to find you, if a husband, affectionate and trustful; if a father, regardful of the moral and material well-being of your children and dependents; as a son, dutiful and exemplary, and as a friend, steadfast and true.

In this manner the societies were a major force for self-improvement.

The societies sharply contrasted themselves with charities. Charity was one set of people helping others; mutual aid was putting money aside in a common fund and helping each other when the need arose. The benefits were rights:

For certain benefits in sickness ... [we] subscribe to one fund. That fund is our Bank; and to draw therefrom is the independent and manly right of every Member, whenever the contingency for which the funds are subscribed may arise, as freely as if the fund was in the hand of their own banker,

and they had but to issue a cheque for the amount. These are not BENEVOLENCES — they are rights.⁵

They often spoke of benefits as an entitlement and membership as creating solidarity. But their solidarity was that of individuals who had given something towards the common good. There was genuine reciprocity.

Friendly society services

The paramount purpose of the friendly societies was independence. They provided all the services that enabled individuals to be self-supporting. If illness or injury struck, the friendly societies provided both a cash benefit and medical care, usually available through each society's own doctor, who was typically paid a capitation fee.

If the breadwinner died young, the society ensured that widow and orphans were provided for. Independence could also be threatened by old age, and again the societies provided support, though not in the form of a pension. Typically, members tried to keep working as long as possible with the fall-back of sick pay as age took its toll, with the friendly society nursing home as a last resort.

Thus, every member and his family was covered against the main dangers to independence: illness or injury, early death, old-age and temporary loss of job.

The success of the friendly societies was the result of the face-to-face involvement of members in the local branches which administered benefits. The members knew who was paying. It was not an anonymous 'them' but the members themselves. Members felt they had a real stake in the organisation, and their sense of belonging not only discouraged manipulation of the system, but also created a genuine sense of fraternity. There was some fraud, but many members would not claim benefits at all, even when fully entitled. Moreover, the societies were not content merely to pay benefits. They arranged for sick members to be visited at least once a week, and every day if necessary.

Participatory democracy

During the nineteenth century the local benefit clubs began to

form federations to put their finances onto a sounder footing. Gradually a three-tier federal structure emerged — branch, district and unity — permitting significant local autonomy with final authority vested in an annual or biennial assembly. Each annual assembly was empowered to make, annul or amend the rules of the order. And each concluded with the election of the president, and the executive committee, which usually comprised the chief officers and between six and twelve other members.

The most important official was the permanent secretary. Although grand secretaries were very influential, they never had the power that some trade union general secretaries enjoyed. The societies prided themselves on the absence of barriers to the advancement of any member to senior office:

We in the Manchester Unity are essentially a democratic body; we believe in the governing of the people by the people; we recognise the equality of members, and the power is given to the humblest member in any Lodge to win his way, by dint of perseverance and honest, hard work, to the highest and most responsible position.⁶

Later many societies introduced an intermediate level of organisation between local branches and the unity level. Gradually they found it advisable to spread the funeral fund liability more widely than amongst members of each branch, where even a few deaths in quick succession could exhaust a small fund. Each district took its authority from the central body, but was governed by a committee of representatives from the individual branches. Some branches, however, disliked the additional control that the district system entailed, and refused to affiliate.

Once the friendly societies had become federations, pressures towards centralisation began to emerge. Within the branches there was always the possibility that the leading office holders or some clique of members would come to dominate. There was also the constant danger that power might pass from the branches to the district or unity levels. The friendly societies responded by experimenting with a number of devices intended (a) to maximise the control over society affairs exercised by individual members assembled in the local branch meeting and (b) to secure

the independence of branches from the superior district and unity levels in each society.

The view of the Foresters was that all lawful authority originated "with and from the Members at large". In the branch all Foresters met "on terms of perfect equality":

No office is too high for the poorest to aspire to; no duty too humble for the richest to stoop to. Intelligence to govern, ability to exercise authority with becoming humility, yet with the requisite firmness, and personal demeanour to ensure respect are all the qualifications for office required; and these are in the power of every Member to acquire.⁷

As in the early trade unions, the rules gave the branch chairman the power to impose fines for misconduct, but whilst the societies recognised the need for discipline in their meetings they also sought to prevent presiding officers from abusing their power. Most societies impressed their expectations on a new chairman by requiring him to swear an oath at his installation ceremony. In addition, rules also laid down what a chairman could and could not do.

In several societies the branch devoted part of its opening ceremony, carried out at every fortnightly or monthly meeting, to reminding officeholders of their obligations. At the beginning of every meeting, each officeholder was required solemnly to state his duties. In Grand United, for instance, the financial secretary had to pledge to "keep a fair and impartial account betwixt every brother and the Lodge, to minute transactions, to keep the accounts clear and intelligible and to balance such accounts when required by you or the Lodge."⁸

In Grand United the "inferior" offices — each held by rotation — were the left and right supporters to the noble grand, the left and right supporters to the vice grand, the warden, the conductor, and the outside and inside guardians. The duty of the supporters was "to assist in opening and closing, and in the preservation of order during the meeting." The warden had care of all regalia and other branch property. He was also required "to keep the branch as comfortable as possible during branch hours, and assist the conductor on the initiation of members" and to "examine the room, previous to opening, and see that no irregular member

or improper persons shall be present." The conductor's duty was to introduce members for initiation. The outside and inside guardians were required to see that no "irregular, intoxicated, or improperly dressed members, or one who may not have the password, gain admittance" without the permission of the noble grand.⁹

With the exception of the branch secretary, who held office at the pleasure of the lodge, it was customary for senior positions to change hands at each election, usually held six monthly.

It was on the shoulders of the branch secretary that the most important duties fell. He was elected at a specially summoned meeting and thereafter held office at the pleasure of the lodge. Lodges usually tried to find competent persons and keep them in this position. Sometimes they found it difficult to find a capable secretary, particularly in branches composed of members skilled in manual occupations but with no training in administrative work. This was one of the costs of self-organisation.

The branch secretary was often paid a small honorarium, but the payment came nowhere near compensating him for work done.¹⁰ The fact that secretaries were paid, however, made it easier to insist that they performed well. Societies did not hesitate to fine secretaries who did not.

Each lodge also had three major offices, the noble grand or chairman, the vice grand or vice chairman and the immediate past noble grand. All members were expected to seek the occupy these positions — to "go through the chairs" as it was called. To do so they had to prove themselves by holding the minor offices and by taking the degrees of the order.

But mere turn-taking was not enough. The holding of office also allowed members to learn new skills, and for many manual workers the lodge offered opportunities for self-development lacking at the workplace. But the policy of changing the chairman every six months also carried with it certain risks. The lodge might find its meetings being presided over incompetently. To overcome this danger, each chairman appointed two supporters, a right and left supporter. They would sit on either side of him at meetings and offer advice as the meeting proceeded. Traditionally, the chairman chose an experienced right supporter, a member who had previously held the office and who was acknowledged as being well informed about the rules and

procedures. In this fashion a high level of sharing of office was combined with efficient performance.

The federal structure of the societies meant that they had a large enough national structure to offer members real security, while the preservation of substantial powers within branches allowed members to feel a real sense of belonging. The Prudential Assurance Company, the largest British commercial assurance company at the time, had to abandon the payment of sickness benefit because, as its secretary told the Royal Commission on Friendly Societies in 1873, "after five years' experience we found we were unable to cope with the fraud that was practised". Large insurers face the same problems that governments have encountered in the provision of welfare benefits. If they are seen as anonymous, then no harm is apparently done by making a fraudulent claim.

Low-paid workers intent on self-reliance, however, could not afford to tolerate fraud, and sought to overcome it by ensuring the genuine participation of members in office holding and decision making. By modern standards it may seem quaint, and even faintly ridiculous, to take it in turns to be the vice-chairman (vice grand), the chairman (noble grand), and the immediate past noble grand — not to mention the left supporter and the right supporter — but people determined not to look to the government to solve their problems, and who had nothing to fall back on but their own energy and strength, had to stick together. This necessity meant that every member was important and had to be treated as such.

Women and the friendly societies

During the heyday of the friendly societies up to 1911 their membership reflected the dominant style of living, namely the husband-wife family with the man as the primary breadwinner. The vast majority of members were naturally the breadwinners who joined on behalf of their whole family. There had always been a few societies just for women, but demand was small. Sir Edward Brabrook, the Chief Registrar of Friendly Societies, told the Royal Commission on the Poor Laws in 1906 that the number of separate societies for women had not increased in the previous forty years. Their annual income was about £30,000 compared

with £7.5 million for the societies as a whole.¹¹

However, in the 1880s and 1890s an increasing number of women sought to join the mainstream societies. Votes for women over 30 were not granted until 1918 and for women over 21 not until 1928, but the larger friendly societies provided for full female voting members in the 1890s. The experience of the Manchester Unity of Oddfellows was that initially women formed separate informal branches. Once the trend became obvious, they were given formal recognition in 1899. Shortly afterwards, in 1903 provision was made for women to join the existing branches. By 1909 when the Manchester Unity had 882,668 members, there were 4,105 members in female branches and 13,661 widows of former members who kept up the family membership.¹²

The second largest society, the Ancient Order of Foresters, had provided for females to join separate branches in 1892 and within two years 50 branches had been formed (out of over 3,000). In 1899 provision was made for women to join 'mixed' branches. By 1932 female membership of the Foresters had grown to 31,753 in England out of a total adult membership of 457,844.¹³ Evidence presented to the Beveridge committee in 1942 showed that nationally in 1941, 1.1 million out of 4.6 million friendly society members were female.¹⁴

From the experience of the Foresters, the vast majority of women seemed to have preferred to join their own separate branches, presumably because the benefits could be more readily adapted to their requirements. In the early years of the century, for example, the Foresters began to introduce a maternity benefit. However, most female members were young and single and left when they got married. A particular problem for women was the hostility of the British Medical Association. The friendly societies wanted to provide medical care for men, women and children alike, but many doctors refused to accept women for the weekly flat fee normal in the friendly societies. For example, in the 1880s the United Sisters Friendly Society was unable to establish branches in several towns because of the refusal of doctors to co-operate. Their view, expressed with 'almost brutal frankness', was that it was bad enough having to attend men on club terms, but if they had to attend women too, they would be unable to make a living.¹⁵

However, in some friendly society lodges it was possible for women to pay for medical attendance. For example, in Wisbech wives were paying for medical attendance in 1890.¹⁶ By the 1890s this was becoming more and more common. And by 1905 the BMA was complaining that due to the tendency of women to join clubs, contract practice was losing its attraction.¹⁷ In most large towns friendly societies tried to overcome the problem by employing salaried doctors in medical institutes which provided for the whole family, but the evidence indicates that on the eve of national insurance in 1911, the hostility of the BMA prevented the majority of women and children from obtaining medical care on friendly society terms. Women and children turned to the outpatient departments of the hospitals, or consulted private doctors for a fee. The BMA continued to resist provision for wives and children under national insurance until 1948. In the 1930s mutual organisations tried to fill the gaps left by the national insurance scheme and probably provided for about 3 million wives and children with workplace clubs providing for another 3 million.¹⁸

Conclusion

In organisations of any size there is danger that managers will cease to be accountable to members or customers. The affiliated friendly societies discovered how this problem could be overcome and their branch structure provides a model which could be emulated today.

Dr. David G Green is Director of the Health and Welfare Unit at the Institute of Economic Affairs. This is an updated and revised version of an essay which first appeared as 'The Friendly Societies and Adam-Smith Liberalism' in Gladstone, D. (Ed) Before Beveridge, London: IEA, 1999.

Notes

- 1 For a fuller account see Green, D.G., *Reinventing Civil Society*, London: IEA, 1993.
- 2 Taking out unregistered friendly societies, there were 6.6 million registered members of friendly societies and 2.5 million registered trade union members.

- 3 Gosden, P.H.J.H., *The Friendly Societies in England 1815-1875*, Manchester: Manchester University Press, 1961, pp4-5.
- 4 Gosden, *Self-Help*, London: Batsford, 1973, p91; Beveridge, Lord, *Voluntary Action: A Report on Methods of Social Advance*, London: George Allen & Unwin, 1948, p328.
- 5 Ancient Order of Foresters, *Lecture 3*, 1879, pp50-51.
- 6 *Manchester Unity Magazine*, Sydney, 20 December 1910, p2.
- 7 Ancient Order of Foresters, *Lecture*, 1879, pp41-2.
- 8 Grand United Order of Odd Fellows, *Ritual*, 1879, p28.
- 9 Grand United Order of Odd Fellows, Braidwood District, *Branch Laws*, 1866, Rule 3.
- 10 Royal Commission on Old-Age Pensions. *Report, Minutes of Evidence*, Australia, *Parliamentary Papers*, 1906, Vol. 3, Q. 3724.
- 11 Royal Commission on the Poor Laws, 1909, Appendix III, Qs. 35211, 35443.
- 12 Moffrey, R.W., *A Century of Oddfellowship*, Manchester: Independent Order of Oddfellows, Manchester Unity, 1910, pp130, 140, 185.
- 13 *The Forester's Directory*, 1933.
- 14 Public Record Office PIN8/88.
- 15 *Oddfellows Magazine*, April 1889, p118. For a fuller discussion see Green, D.G., *Working Class Patients and the Medical Establishment*, Aldershot: Gower, 1985, especially pp102-6.
- 16 *Oddfellows Magazine*, June 1890, pp169-70.
- 17 *British Medical Journal, Supplement*, 22 July 1905, p17.
- 18 See Green, D.G., *Working Class Patients and the Medical Establishment*, Aldershot: Gower, 1985, especially Chapter 10.

The Future of Consumer Co-operatives in Post-Industrial Societies?

Victor Pestoff

Introduction

Do consumer co-operatives have a future in post-industrial countries? Although it may seem a strange question to ask a group of dedicated co-operators, I feel we need to ponder on this question more than just briefly or casually. Many consumer co-operatives have gone bankrupt and shut their doors forever in several highly industrialised countries in recent decades, others have changed completely beyond recognition, and would not be called co-operatives by many observers, perhaps not even by the International Co-operative Alliance. Instead of focusing on history and what used to be, we must ask what makes consumer co-operatives different from their competitors today? Why do citizens join consumers co-ops and why do they become active co-operators? Alternatively, why do they not join consumer co-ops or, even if they do, why do they not become active co-operators?

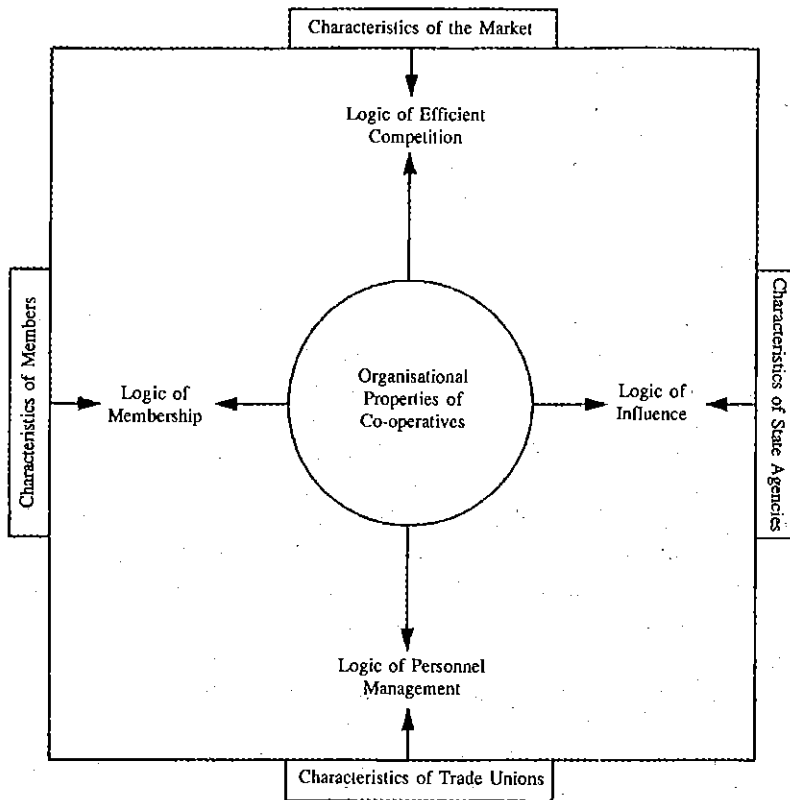
My research, both on the established and new co-operative movements of Sweden, clearly shows that the social dimension of co-operatives helps to set them apart, to make them different from their competitors and to make them what they are today. The active promotion of the social values provides co-operatives with a clear profile, helps to distinguish them from their competitors and gives them a competitive advantage. The absence of social values denies co-ops their natural profile, renders them similar to their competitors to the point of not being able to distinguish between them, and denies them their natural competitive advantage.

In this respect I would like to make seven points concerning the future of co-operatives in post-industrial countries as I see it, a future that is clearly related to the social dimension of consumer co-ops.

1. An interactive model of co-operative development

In a recent book (Pestoff 1991 & 1996), I introduced an interactive
Journal of Co-operative Studies, 32.3, December 1999: 208-219 ISSN 0961 5784©

Figure 1 The Competing "Logics" of Co-operative and Associative Action and the Organisational Properties of Swedish Consumer Co-operatives



model for understanding and analysing the organisational development of the established co-operatives in Sweden (see Figure 1). The interactive model underlines the importance of co-operatives adjusting and adapting to changes in their environment. It also points to the need of balancing the claims of various stakeholders or strategic groups, and not letting a single group or environment dominate the co-operative for too long. If it continues to ignore the demands of some or many important stakeholders and pursues only one, like market shares or efficiency, it risks changing into another type of organisation and losing the support of its original stakeholders or environments. This is seen clearly in the Swedish consumer co-ops, but is also evident in the agricultural co-ops and building and tenant co-ops as well. The most important groups or environments are: their members and employees, the market

and the public authorities. Together they comprise the internal and external environments in which all types of co-operatives operate and develop, as well as the commercial and social/political dimension of co-operatives (see Figure 1). We need to look more closely at each environment and dimension:

- Markets, members, authorities and employees.
- Internal & external environments, and
- Commercial and social/political dimensions.

2. Historical development in Sweden

Swedish society has changed very radically during this century. Sweden went from being a rural agrarian society to a highly industrialised, urbanised and competitive member of the European Union. With sporadic markets, a single shop per village and several days distance between villages, competition was at best a theoretical concept, and definitely not something most citizens ever met in their daily lives. Today it is possible to drive 20, 50 or 100 kilometres to the next town, or to a shopping centre outside town to find the best buy, something not only unthinkable but physically impossible even 50 years ago, not to mention 100 years ago. All that has changed, and changed dramatically. Today Sweden has one of the highest per capita levels of big international companies, and Swedish multinational companies are highly competitive in a global economy. All this is light years from the situation when the Swedish consumer co-ops started providing goods for their members just 100 years ago. In 1899 the consumer co-ops had a clear social profile, which included cash-only sales, unadulterated products, monopoly breaking, democratic decision-making structures, two decades before Sweden adopted universal suffrage.

The wave of amalgamations in the 1990s lost sight of traditional co-operative goals and values. Now there is a complicated conglomerate that owns the biggest local societies, and they in turn own the central organisation, KF. This conglomerate is run as a limited company or Aktiebolag, not as an economic association. The business side of the Swedish consumer co-ops has been separated from its member organisation, and members no longer have any influence, nor can they participate in the running of most of the local

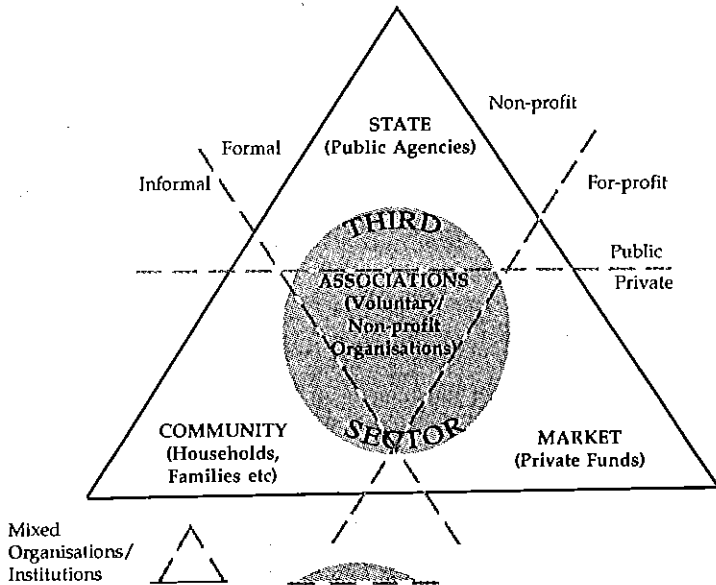
co-operative societies. Given these changes, it is natural to wonder what became of the Swedish consumer co-ops' social goals and values. Does the provision of goods and services by consumer co-ops fill the same needs today as it did 100 or even 50 years ago? What social functions and values do the consumer co-ops fill today by providing goods and services to their members (and non-members as well)? If commerce and competition have degenerated the consumer co-operatives' old social values, should they perhaps consider using all or part of their resources to provide other, more highly demanded, and socially relevant goods and services to their members today? Should they perhaps start providing personal social services?

3. Shifts in the welfare mix: personal or domestic social services in post-industrial societies

The welfare triangle helps to define major governance institutions in society, as well as to depict the change in the welfare mix in post-industrial societies (see Figure 2). Alongside the market, state and family, we find a third sector made up of non-governmental and nonprofit organisations. In Europe we often refer to it as the "social economy" or *l'économie sociale*. It is comprised of voluntary organisations, ideal associations, sports clubs, various societies, co-ops, mutual societies, social enterprises, popular movements, and so on. In post-industrial societies, where people live both better and longer, neither the market nor the state can cater for all the needs of their citizens, in particular not all their social needs. The third sector plays an important and growing role in the production and delivery of goods and services. There are a variety of reasons for this, including what is commonly known as market failure and government failure. We must keep in mind, however, that there is also something known as voluntary failure. All sectors have both their strengths and weaknesses, and a welfare mix tries to combine these in such a way that all sectors can make an optimal contribution to the overall welfare of citizens.

Changing demographic patterns contribute to changing demands by citizens. Changing institutional configurations, like Sweden's membership in the European Union, influence the institutional capacity of various sectors of society. Together they have a profound influence on the capacity of various sectors

Figure 2 The Third Sector in the Welfare Triangle



Source: modified from Pestoff, 1992

and organisations to provide the goods and services that citizens expect and demand. influence on the capacity of various sectors and organisations to provide the goods and services that citizens expect and demand. What is striking is that services comprise a greater proportion of our total production than do goods. Rather than speaking of post-industrial society, we should perhaps speak of a service society, or maybe a welfare society. However, unlike goods, services can normally only be evaluated by consumers or clients once they have been consumed, or while they are being consumed. It is hard to taste them first and then decide if you want to purchase and consume them. Thus, services imply a greater element of trust between the consumer and provider than do goods.

This in turn opens interesting new possibilities for third sector organisations and co-ops as providers of personal social services. They are uniquely positioned to provide such services, due to the greater trust they can generate, either because of the so-called "non-distribution constraint", the social values they promote and/or the democratic structures that govern their internal decision-making. Thus, the third sector, l'économie

social, co-ops, social enterprises, etc, should have unique opportunities in the next millennium, as providers of personal social services, since they have a special capacity to inculcate trust, that go beyond the capacity of for-profit organisations or state institutions.

4. Trust and the non-distribution constraint

American scholars usually emphasise the importance of the non-distribution constraint for creating trust between the producers and clients of services. American tax law provides nonprofit organisations with certain tax benefits and breaks, but it also forbids certain activities. In particular, it forbids the distribution of an organisation's surplus to its owners as a profit or return on invested capital. This means that the managers and staff of nonprofit organisations are supposed to lack a profit motive and therefore have no incentive for misleading their members or clients about the nature of the products or services they produce and provide. However, in recent decades the leaders of major American nonprofits have been exposed in scandals involving the funds of nonprofit organisations so often that certain critics call for increasing the influence of various stakeholders and for turning them into co-operatives.

In Europe scholars are more concerned with internal democracy, membership control, and the potential or real influence of the main beneficiaries of an organisation, than with the distribution of its surplus. Co-operatives are a more important part of the European economy than in the USA. Co-operatives are, however, usually excluded from the category of nonprofit organisations by American researchers, due to the non-distribution constraint. Yet, how many different ways are there for distributing an organisation's surplus? How many different ways are there to transfer, invest or even misappropriate an organisation's surplus, besides paying a dividend to shareholders? I reckon there are at least 25 different ways to distribute the surplus in addition to paying shareholders a dividend.

In a European context, if we are seriously concerned with the future of the third sector — social enterprises, co-ops, etc — we must pay more attention to trust and study how such organisations can create trust in the absence of a non-distribution

constraint or of American tax laws. Trust could, and should, provide most organisations found in the third sector with a natural competitive advantage in the provision of personal social services, if correctly understood and put to use. Consumer co-ops can engage their members in the provision of social services, they can empower them as co-producers and can provide them with greater influence and control than many other alternatives. Consumer co-ops can, therefore, create trust between the consumers and providers of social services. Worker co-ops usually result in more engaged and enthusiastic staff, which is often reflected in the services provided. Better quality services and more engaged staff can result in greater trust between the consumers and providers of social services. Voluntary organisations that combine both the staff and clients as members function as multi-stakeholder organisations and can also contribute greater trust between the consumers and providers of social services. Thus, trust is the key to the future in business. Private commercial firms, on the one hand, recognise this, but they often lack natural ways of inculcating it and must rely on advertising to try to achieve what comes naturally to co-operatives. Co-ops, on the other hand, have it naturally, but fail to recognise it as a natural competitive advantage of the co-operative form.

Co-operatives and social enterprises in both Japan and Sweden characterise shifts in the welfare mix and the importance of trust in providing personal social services. A few examples from Japan and Sweden will illustrate these points.

5. Japanese experience

During my recent visit to Japan during the Spring of 1998 I studied several interesting examples of social enterprises and co-operatives providing personal social services. Here I will focus on three, the Saitama and Sakura-so Consumer Co-op Hospitals, Co-op Kobe and the JA/Kousiren, National Welfare Federation of the Agricultural Co-ops.

a) The Japanese Consumer Co-operative Union, JCCU, actively promotes many different types of social activities and services, including consumer co-operative health care. It runs nearly 350 hospitals and clinics through the country. In Saitama Prefecture

outside Tokyo there are four co-operative hospitals and a dozen clinics. The main hospital, the Saitama Co-op Hospital has about 350 beds. In Hirosaki the Sakura-so hospital has 300 beds for ordinary patients and another 200 beds for mental patients. It also cares for 700 ordinary outpatients per day and an additional 200 mental patients as outpatients per day. Members are encouraged to participate actively in their own health care. Members regularly test their urine for the salt content and their blood for the sugar content, and they also take and record their own blood pressure when visiting the hospital or clinic, by using a digital blood pressure apparatus available to patients in the reception. The patients then report these basic facts to the medical staff during their medical visit or check-up. This fundamentally changes the asymmetry of information between the medical staff and patients, and changes the balance of power between them in favour of patients, even if only marginally. Members also often participate in small groups, or *hans*, to discuss and evaluate these basic facts in relation to their diet and life-style.

b) Following the Great Hanshin Earthquake Disaster in January, 1995, with its epicenter near Kobe, Co-op Kobe faced a serious and fundamental dilemma. Not only had it suffered huge material losses, but its members had also suffered big losses of homes, lives and family members. Given the enormous losses both in terms of property and life, should Co-op Kobe concentrate on rebuilding itself and developing as a highly-rational wholesale and retail organisation, or should it go back to its co-operative values and renew its social dimension and commitment? The leaders of Co-op Kobe saw the opportunity of rejuvenating their co-operative movement in the rubble left by the earthquake. They decided to develop important social services for members alongside their efforts to rebuild their shops and warehouses. For example, the previous co-op headquarters building in the city centre collapsed during the earthquake and it is temporarily housed in the gymnastics hall of the Co-op College, more than an hour's drive from the centre of Kobe. Nevertheless, Co-op Kobe recently opened a residential nursing home for 150 elderly persons. A chat with two mobile women in their 90s, and with one over 100 years old, plus the staff quickly revealed the benefits of engaged staff and the quality of service possible through co-operative solutions. It was very impressive.

c) JA/Kousiren runs 114 hospitals and 63 clinics in various parts of Japan. Their hospitals have 322 beds on the average. Most of these services — 77 of their hospitals and almost all of their clinics — are located in small towns of less than 50,000 and in rural villages. This stands in sharp contrast to other alternative providers of health care and JA clearly benefits the agrarian population by providing health care in rural areas, by bring such services closer to where their members live and work. Five years ago, on the initiative of the Ministry of Health and Welfare, the Agricultural Law was changed to permit JA to undertake social welfare activities. Now they are developing home care for the elderly in most prefectures. The local authorities could not meet the growing need for elderly care in rural areas. The Ministry gave JA the right to educate “home helpers”. Today about 30,000 women — usually farmers’ wives — have qualified to provide such services. They become certified, but provide services through the municipal authorities. JA also runs 28 Home Helper stations, four Day Care Centres and 15 nursing homes. Such activities not only help to maintain the local social network of the elderly in rural areas but also provide the rural population with elderly care services in their own locality, rather than in far off urban areas. Moreover, it also provides farmers’ wives with extra income, a chance for self-realisation, development and greater independence.

6. Lessons from Swedish social co-ops

In a recent book (Pestoff, 1998), I analyse three different aspects of the contribution of social enterprises and civil democracy. First, the book explores the enrichment of work life and the empowerment of workers. Second, it examines the empowerment of citizens as co-producers of social services. Third, it evaluates the combined contribution of these two aspects of social enterprises and civil democracy to transforming the welfare state into a welfare society. Let us look briefly at each of these three contributions.

In the research underpinning the book, my research team studied 57 co-operative day care centres in six different parts of Sweden. We collected nearly 250 staff answers to our lengthy questionnaires about worker empowerment, co-determination and work environment, as well as nearly 600 parents’ answers

to our questions about consumer empowerment and citizens as co-producers. There were three different types of social enterprises represented in our study, parent co-ops, voluntary organisations and worker co-ops. The voluntary organisations often practised a special type of teaching method or 'pedagogics' (Waldorff, Montessori, etc) and their members normally included both parents and the staff. A summary of our study shows the following.

A retrospective study of all three types of social services shows that they resulted in an improved work environment compared with municipal day care services. A large majority of the employees (from 68.3 per cent to 85.5 per cent) stated that they preferred to work for a co-op. When asked if they would do it over again, two-thirds of the staff of worker co-ops said they would definitely do so, while one-third of the staff of the other two types said likewise. Almost all the rest would probably do so again, if given the chance. However, compared with other types of social enterprises, worker co-ops promote the best psychosocial work environment and good jobs. Small self-governing workplaces empower the workers, which in turn results in greater staff engagement and probably also in better quality of service.

Consumer involvement empowers the citizens as co-producers of personal social services, in consumer or parent co-ops. The work obligation in these types of day care services helps to integrate parents into the day care facility and provides them with valuable insights, which in turn can be put to use in their internal democratic processes. However, parents' motives for choosing one type of day care centre are clearly reflected in the profiles of each of the three types included here. They also provide the basis of evaluating the performance of, and satisfaction with, the services provided. The overwhelming majority of parents with experience from both co-operative and municipal day care services (77.4 per cent to 85.5 per cent), state that they prefer co-operative day care services. Asked if they would choose a co-op again for their daughter or son, the overwhelming majority (72.1 per cent to 89.5 per cent) said yes!

These two quite different, but central aspects of the renewal of the welfare state — worker and client empowerment — can both contribute to the transformation of the welfare state into a welfare society. They both contribute to grass-roots

economic democracy, a decentralised provision of personal social services, and they promote a civil democratic transformation of the provision of personal social services by turning citizens into co-producers of the services they demand.

Developments in the established consumer co-ops in Sweden have not been as positive nor as fortuitous. As already mentioned, the process of amalgamation in the early 1990s between the co-operative union and its largest affiliates resulted in a separation of the democratic side by the organisation from its business activities. The central organisation now owns the bigger local ones and they in turn own it, in a complicated cross-ownership. Members no longer have any insights into, or influence on, how the bigger local consumer co-ops are run. In this case membership has become meaningless. Members have now been delegated the task of developing some kind of consumer movement, but it is an open question what the role of this new co-operative organisation is, and where it is to get the funds for its activities. It could be argued that KF and Konsum in Sweden comprise a unique co-operative form, a "manager-owned" co-operative, without the bothersome influence of either member/clients or the staff.

7. Consumer co-ops need to reinvent membership and to make it meaningful once again, not meaningless

An important report delivered to the Centennial World Congress of the International Co-operative Alliance, ICA, held in Manchester in 1995 was called *Making Membership Meaningful*. All too often, consumer co-operatives and other types of co-operative movements have done just the opposite, they have made membership meaningless, with the result that members eventually lose interest in them. Consumer co-operatives in post-industrial society must reinvent membership and relate it to activities and services which are most meaningful to their members. They must develop a unique profile, one based on human needs and social values. They must rediscover their social dimension in order to emphasise and take advantage of their natural competitive advantage. Only then will they create trust

and grow to meet the challenge of transforming the welfare state into a participative welfare society, one based on active citizens as co-producers and co-operators.

The time has come in many post-industrial countries to ask whether consumer co-ops should sell off their shops, or some of them, and reinvest their collective resources into the development of personal social services, where co-ops could and should have a natural competitive advantage. Consumer co-operatives, and other types of co-ops, also need to consider seriously the advantages of developing multi-stakeholder institutions for rejuvenating and improving their democratic structures, and social auditing for evaluating their total performance, not merely the financial side of it.

In conclusion, I can note that consumer co-ops could and should have a bright future in post-industrial societies in Europe and elsewhere. But in order to fulfil this vision they must renew their social values, reinvent membership and actively contribute to transforming the welfare state into a welfare society. Only then they can fully exploit their natural competitive advantage and create trust between the consumers and producers of major personal social services. If they fail to rejuvenate their social dimension their future is bleak, very bleak indeed.

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Germany's Alien Mutuals - Some Stylised Facts on the Merger wave of East German Co-operative Banks

Matija D. Mayer and Dirk Schiereck

Abstract

The majority of German co-operative banks are in serious trouble because they have struggled to keep up with improvements in technology and service. As the only way to survive, bank managers now claim that co-operative banks have to reinforce their merger efforts due to economies of scale and an increase in competitive viability. By analysing the recent merger wave of East German co-operative banks after reunification in 1990 we find that this group of mutual banks has managed a lot of mergers with results that are on average significantly better than those from public savings banks which find themselves in a comparable situation. As an explanation of this success our results suggest that not only the size of the banks were a factor in the mergers. The merger decisions also were the starting point for broader-oriented efforts to improve internal workflow and organisation during the restructuring in the post merger integration period.

Introduction

It is evident that the majority of German co-operative banks are in serious trouble; all over Europe discussions are being held in public about what changes are necessary. Thus, the *Economist* of May 1 1999 reported under the headline "Germany's alien mutuals" about various causes of the German co-operative banks' situation, in which they have struggled to keep up with improvements in technology and service. Bank managers now claim that the only way to survive is for co-operative banks to reinforce their merger efforts, aiming for the economies of scale that comes with bigger units; merger leads to lower average costs and therefore to an increase in competitive viability.¹ However, various studies provide empirical evidence that the cost savings from growing to the optimal bank size are small in comparison to the efficiency gains from such mergers (technically called eliminating internal X-inefficiencies²).

In this regard, the general empirical evidence might cause some doubt whether mergers will really improve the economic fundamentals of co-operative banking. In contrast to this point

of view we are not that pessimistic. By analysing the merger wave of East German co-operative banks after reunification in 1990 we find that this group of mutual banks has, in managing the merger process, had results that are on average significantly better than those from public savings banks which find themselves in a comparable situation. As an explanation of this success our results suggest that not only bank size was affected by the mergers, but that the merger decisions were also the starting point for broader-oriented efforts to improve internal workflow and organisation during the restructuring in the post-merger integration period.³ Based on these findings there is a potentially serious argument that a wave of mergers could also help to tackle some of the most urgent problems of West German co-operative banks.

What follows is organised in three sections. First we describe the extent of mergers among the East German co-operative banks during the 1990s. Then we outline the results of a large questionnaire survey of management behaviour in East German banks. Finally, we summarise our conclusions.

Mergers between East German co-operative banks

Due to mergers and acquisitions, the structure of banking markets all over the European Union countries is experiencing a dramatic change. In Germany the number of independent banks has decreased from 1990 to 1995 by 5.3 per cent per annum; a decline from 5,000 firms in 1990 to 3,600 firms in 1995. Probably the most dramatic consolidation is observable in the sector of East German co-operative banks. The data presented in figure 1 illustrate the rapid decrease in the number of credit co-operatives in East Germany.

Figure 1: Number of East German Co-operative Banks during the 1990s

The number of co-operative banks in East Germany declined (mainly due to mergers) by about 12 per cent per annum, from 361 institutes in July 1990 to 148 in December 1998.⁴ This decrease was accompanied by a parallel shut-down of bank branches; the number of branches declined by an annual rate of 4.1 per cent, from 1,842 branches in 1992 to 1,447 branches at the end of 1998.

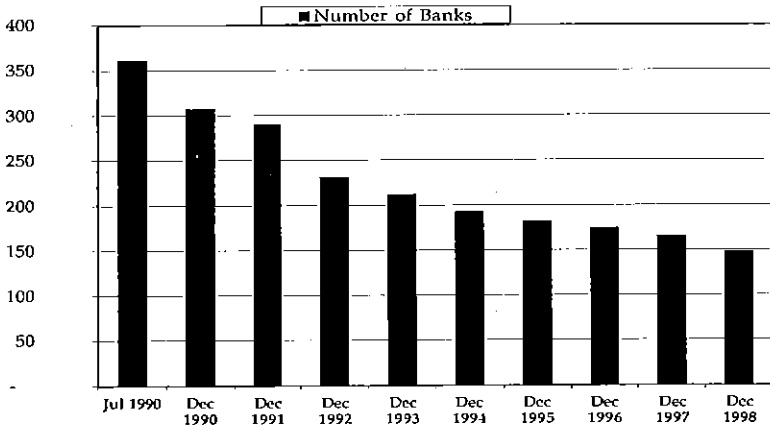
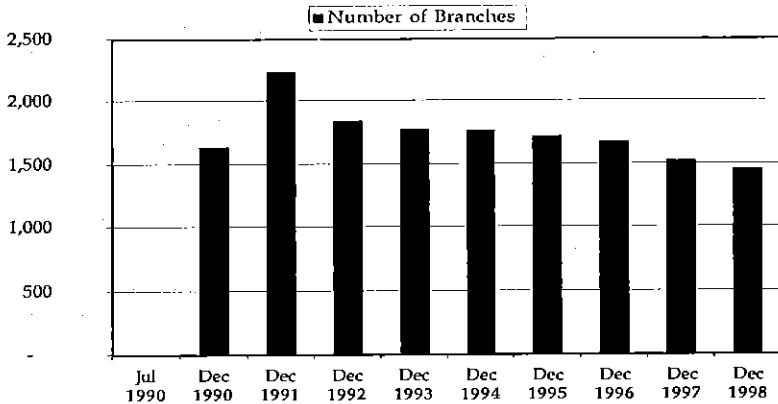
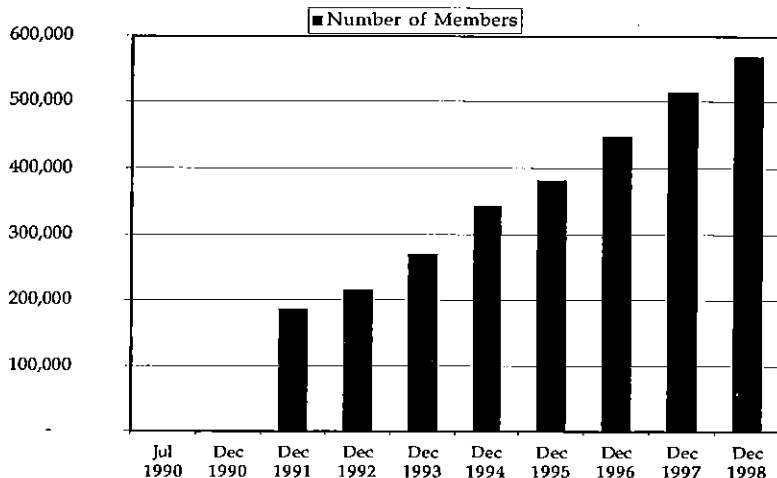


Figure 2: Number of East German Co-operative Bank Branches during the 1990s



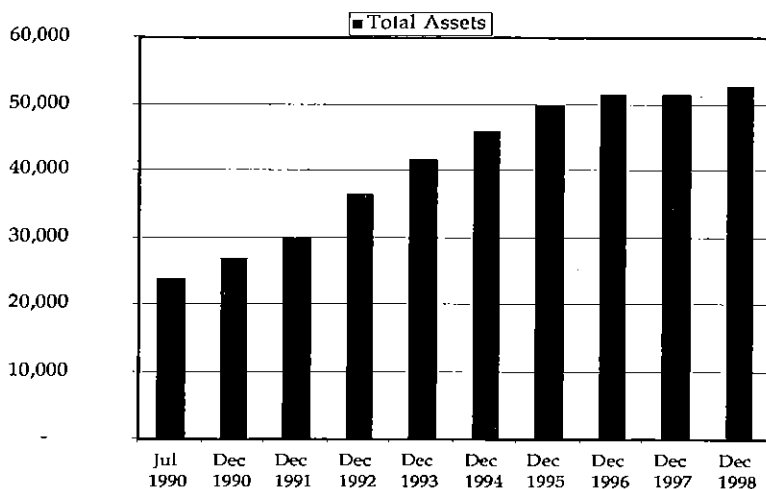
These statistics offer a first impression of the dynamic structural changes in the East German co-operative banking sector and an idea of the uncertain economic environment the institutes have had to manage. Therefore, it might be obvious to expect major difficulties in the funding of new equity members. In contrast to this expectation, between 1991 and 1998 the total number of East German credit co-operative members tripled, to 567,859 members at the end of 1998, giving a first indicator of the positive economic performance of the credit co-operatives as a result of the still ongoing merger wave.

Figure 3: Number of East German Co-operative Bank Members during the 1990s



Although the number of banks declined heavily, the co-operative banking sector in East Germany as a whole grew persistently during the 1990s. The total assets grew from 23.7 billion DM in July 1990 to 52.6 billion DM at the end of 1998.

Figure 4: Total Assets of East German Co-operative Banks during the 1990s (DM billions)



Notwithstanding, even after mergers the average East German co-operative bank remains a small bank in comparison to the

nationwide operating German private banks, to the regional oriented East German public savings institutions and to the West German co-operative banks. The West German credit co-operatives have an average volume of total assets that is higher by a factor of 19 in comparison to the East German institutes. Remarkably, this factor has remained constant since 1992 although the concentration (measured by the relative number of mergers in proportion to the total number of remaining institutes) was far weaker in the West German co-operative banking sector. This constant ratio indicates two important points. First, the small and not very fast growing East German credit co-operatives have to be considered within the background of the difficult aggregate economic environment in East Germany after the reunification. Moreover, the credit co-operatives have still to fight with the disadvantageous jumping-off position they had in 1990, when they had market shares of 17 per cent referring to deposits and 13 per cent to lendings respectively; in West Germany these ratios are about 10 per cent-points higher.⁵ Second, because of the still small bank sizes the merger wave in the East German co-operative banking sector will continue. Therefore, a view back to the success of the past mergers and the experience of the last eight years will help us to evaluate the consequences of the ongoing merger wave and to estimate the future perspectives of the German credit co-operative sector as a whole. The following section will present some insight into these two aspects.

As mentioned above, various empirical studies come to the conclusion that size effects alone do not lead to mergers becoming a success. Enhancing the effectiveness of internal operation procedures is the central problem of credit co-operatives. Therefore, we concentrate on evaluating the general management and marketing aspects, whose contribution to the banking business strongly changed during the transmission process after the reunification. We present some specific insight into the main problems and focus on the contribution of mergers to solving them.

The questionnaire survey

Changes in the political system and the establishment of economic and monetary union in 1990 caused a process of

re-orientation for the business structure of both the credit co-operatives and the community banks in East Germany. Other credit institutes initially only providing their financial services in the Western states of Germany faced the possibility of taking up business in the new eastern market. Finally, every bank located in the new Lands, whether already or newly located there, was forced to implement strategic management decisions to succeed in the changing East German banking market. In order to establish itself, each bank had to create an efficient management, to formulate clear objectives, to supply a technological configuration, and to implement staff training according to the new market situation. In order to find out what problems were caused by the changes during the transformation process, and to interpret them, in Spring of 1996 we sent out a questionnaire on management behaviour to all of the 367 universal banks located in East Germany (the so-called new Lands of the Federal Republic), excluding Berlin. With a response rate of 181 questionnaires, almost 50 per cent of all banks answered.⁶ More specifically, we had responses from 84 credit co-operatives (45 per cent) and 61 community banks (57 per cent).

We start by presenting the main problems of all the banks, identifying especially serious problems concerning the establishment and determination of objectives. Then we take a look at the expectations credit co-operatives and community banks had during the pre-phase of the mergers, and evaluate their success during the post-merger integration period.

Not surprisingly, the major problems of credit institutions in the new Lands are similar across the various banking groups (see figure 1). All banks indicate that they have problems concerning objectives. The increase of the efficiency of high-level staff is named as a prior difficulty as well as gaps in determined decision-making and the creativity of management. A further serious problem is the lack of availability of information relevant to the requirements of each decision-maker. As a result, staff are confronted with uncertainty concerning self-responsible decision-making and acting. In context with this existing problem of passing on decision-relevant information, banks complain about difficulties in getting decisions through. Also, they are not satisfied with their with staff's output, especially since their level of professional qualification is not in doubt. Specifically, credit

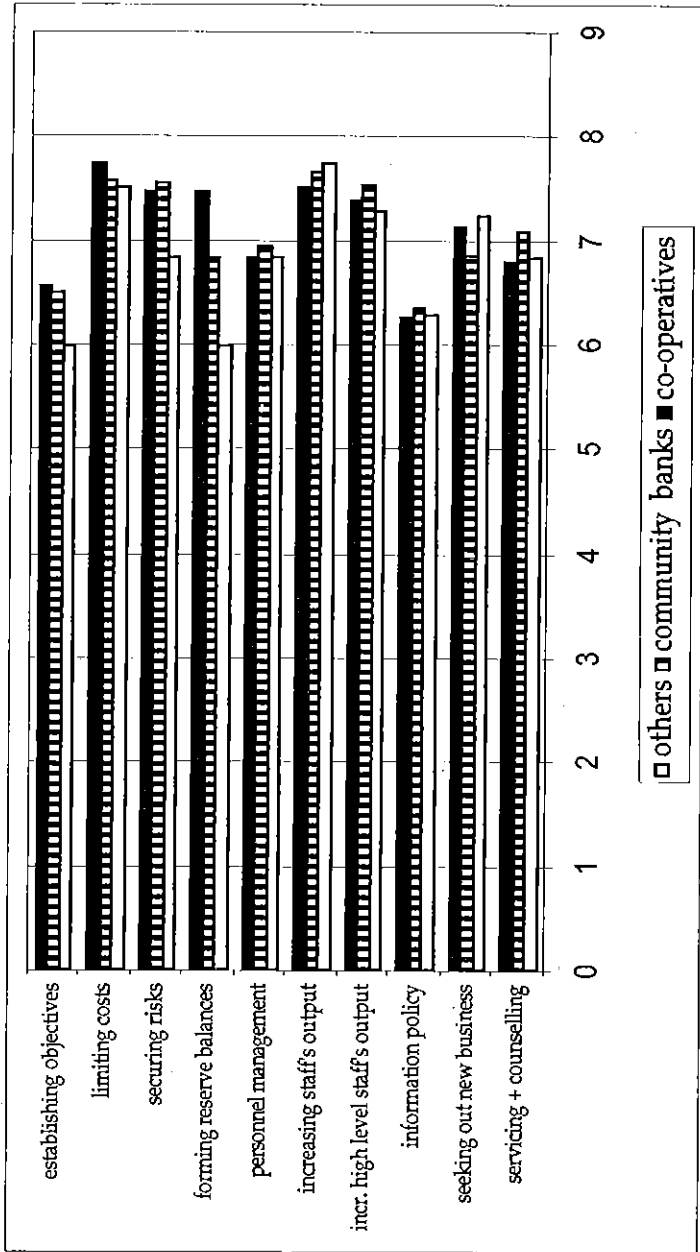
co-operatives are primarily searching for security, since even in the sixth year since reunification they are still busy adjusting to the new economic environment. The costs caused by the reorientation of management had to be limited, the risks of the business process had to be secured, and reserve balances had to be set up to deal with latent risks.

Regarding the marketing programme, 'relationship banking' (especially servicing and counselling of customers as well as acquiring new business) represents a serious problem for all banks in the new Lands. The estimation of market instruments for future market support is similar to the problems mentioned: in prior service and communication policy, in particular in the supply of advisory services as well as in the context of efforts to solicit business. All banks are using the classical criteria of age, profession and investment requirements for customer segmentation. However, the specific social-demographic features dominating in the new Lands of the Federal Republic are not taken into consideration by these criteria. In line with these difficulties all banks indicate that they have problems in contacting, consulting, and soliciting customers.

Figure 5: Indication of problems (9: very serious; 1: insignificant)

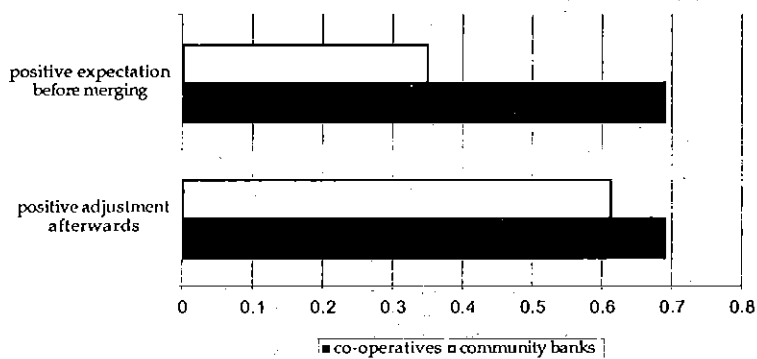
These main problems we have identified are to be seen in context of the transformation process. Compared with the old Lands (former West Germany), the purchasing power in East Germany reaches only 70 per cent related to the all-German index, yet the distribution of incomes does not differ that much. Since German reunification, in the new federal territory a third of all jobs were lost. Social changes in East Germany were accompanied by high unemployment; as a result people are even more searching for security. Even by 1996, these particular social-demographic features were not being considered by bank management. Just like the economic situation, bank marketing has not changed in line with expectations. Finally, problems in the management of banks in the new Lands of the Federal Republic are at least partly a result of uncertain objectives.

With the process of restructuring banking business in mind we asked how banks thought about the possibility of solving the indicated problems by mergers. Two thirds (69 per cent) of all credit co-operatives thought that mergers were a good



possibility for solving them. As co-operatives are predominantly organised in smaller units, they hoped to create more efficient units by mergers and following on from this to solve the existing management problems. However, only 31 per cent of the answering credit co-operatives had merged. In contrast to these results, the community banks facing the same problems faced by the credit co-operatives showed a rather pessimistic view about the use of mergers for solving their difficulties: 65 per cent disclosed that mergers are an unsuitable means for eliminating management problems. Considering that already 51 per cent of all community banks in the new Lands had merged at the time the questionnaires were sent, the motivation for these mergers has been neither due to economic nor legal pressure but was based more on the bank management's own impulse.

Figure 6: Pre-merger expectations and post-merger evaluation



However, according to their experiences, the East German community banks evaluated the mergers in a more positive way; 61 per cent indicated that they approached the solution of the main problems. Despite being organised in larger units (40 per cent of all banks merged have a total of staff between 200 and 500) the efficiency of both high-level and other staff seemed to have increased. The supply of relevant information and market support seem to have increased dramatically. The estimation of the credit co-operatives corresponds to the general evaluation after merging: 69 per cent indicate that they have profited from merger regarding the solution of their problems. Finally, it is to

be marked that this positive evaluation is most marked in the replies of small sized banks (total of staff up to 100: 71 per cent) and large ones (total of staff 500 and more: 82 per cent). Regarding the other hoped for benefit of merger, economies of scale⁷, this estimation gives no new information at all. The value of merging is rather to be seen in the way it leads to a detailed analysis of the operational process and the internal organisation structures as well as a fundamental reorientation and restructuring of the new bank.

In summary, we find that there is a large consensus about the positive contribution of merger for solving problems, not in its direct effects but in its providing an opportunity to make a fundamental analysis of the enterprise.

Conclusion

The majority of German co-operative banks are in serious trouble and, therefore, are trying to reinforce their merger efforts due to economies of scale and an increase in competitive viability. By analysing the recent merger wave of East German co-operative banks after reunification in 1990, we find that this group of credit co-operatives have managed a lot of mergers with results that are on average significantly better than those from community banks which find themselves in a comparable situation. As an explanation of this success our results suggest that not only bank sizes were affected by the mergers. The merger decisions were also the starting point for broader-oriented efforts to improve internal workflow and organisation during the restructuring in the post-merger integration period. Economists advise that the number of German co-operative banks should be cut to as few as 800 within five years. In the light of our results, this might continue to enhance the effectiveness of internal operation procedures, and thereby help co-operatives to survive within their existing organisational structure.

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Notes

- 1 See Lang (1996), p539.
- 2 See Berger, Hunter and Timme (1993) for a survey and Altunbas, Evans and Molyneux (1997) or Lang and Welzel (1996) for Germany.
- 3 These results are in line with those from Haynes and Thompson (1999) who analyse the productivity effects of mergers of UK building societies, and partly with those from Lang and Welzel (1997) for Bavarian German co-operative banks.
- 4 All data mentioned in this section were prepared by the Bundesverband der Volksbanken und Raiffeisenbanken (BVR), the association of (nearly) all German credit co-operatives.
- 5 See Bruns (1999), p58.
- 6 See Mayer (1998), pp73 ff for details of conception and test results.
- 7 See 1. Introduction.

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Book Reviews

An Arsenal for Labour

Peter Davis

Rhodes, Rita (1999) *An Arsenal for Labour: The Royal Arsenal Co-operative Society and Politics 1896-1996*, Holyoake Books, Manchester, 1999. pp288. ISBN 0 85195 253 4.

This is a scholarly work that will be of interest to Co-operative historians, Co-operative Party activists and those concerned with the identification of the root causes of decline in consumer co-operation. It is also an accessible work — scholarly but not academic. I expect it will be widely read with nostalgia and interest by many South and North London co-operators for its detailed recognition of many local and national figures who played their part in the events covered by this regional history set in its national and international context.

What the author shows is another co-operative tradition. One that was all but eliminated within the Co-operative Union with the rise of 'consumer' co-operation as a conscious ideology after the 1860s and which resulted ultimately in a split between worker and consumer co-operatives following the rejection of profit sharing first by the Co-operative Wholesale Society (CWS) in the 1880s. Royal Arsenal Co-operative Society (RACS) was alone in continuing the Christian Socialist demand for a bonus to labour right up until 1985 (Rhodes p7).

This independent spirit led in politics to the RACS adopting the unique position in 1920 of direct affiliation to the Labour Party rather than affiliation to an independent Co-operative Party. This was first taken at the local level (Rhodes p69) and over a period of six years culminated in 1927 with the decision to affiliate to the national Labour Party. This approach implies a solidarity with productive Labour through the Labour Party which Rhodes shows reflected the working class composition of the Society's membership and its leadership's roots in the Christian Socialist tradition that was still a potent force when Joe Reeves was elected as Education Secretary in 1918 a post he held until 1938 (Rhodes p43).

This author shows that many in the mainstream consumer movement were rather squeamish of direct identification with Labour. She gives a very full account of the manoeuvring that went on before the first electoral agreement between the Co-operative Party and the Labour Party in 1927. By then Rhodes argues the national co-operative movement had missed the boat in terms of developing a relationship based on equality with the Labour Party and was from then on very much the junior partner. The 1920s may with hindsight have been the turning point in British Labour and Co-operative political history. Instead of a federal based Labour Party with delegates from 10 million member based co-operative societies and around half that number of trade unions we saw the growth of individual membership based parties, one Labour the other Co-operative, operating an often strained and unequal alliance.

As it lost the political opportunity to be influential after the 1920s the ground was being laid for co-operation's historic failure to be able to create a co-operative option in the 1945 Labour victory and even up to the present time. As the welfare state grew so the ideas of popular control and direct ownership of the means of wealth creation became seen to be less relevant.

The failure to make a national impact in the political terrain was paralleled by a failure to unite the co-operative movement nationally economically and organisationally. The failure of the RACS merger proposals in 1937 was merely one of a long line of failures right up to present times to get mergers from strength rather than weakness. According to Rhodes the failure of consumer societies to reflect strongly their membership's perceived self interests was becoming apparent by the 1930s (Rhodes p110).

The second half of Rhodes' book documents the aftermath of the second world war up to the present. It is a history of the continuing failure at rationalisation from strength within the wider movement. Divisions on ideology became more to do with the wrangles over structure and organisation between the RACS and its merger partners over the role of the Co-operative Party in the enlarged society trading area. The strategically vital goal of a single co-operative society for London was of course never realised. The co-operative contribution ideologically if not financially to the politics of the Labour movement continued to dwindle. Gone is the sense of a deep rooted working class movement influenced by and enriching their co-operative society.

This gives way to a sense of politicking and position seeking. The RACS was still a popular based organisation after the war capable of organising rallies of members in venues like the Royal Festival Hall in 1952 and of holding a Co-operative Exhibition in 1956 which 160,000 people attended, but signs of future problems concerning eroding margins and low member participation were beginning to show through (Rhodes pp183-184).

The dominant position of State Socialism, either because of Labour Party policies at the 1945 general election or the continuing influence of the Communist Party on the left, appears to have sapped co-operative self confidence during the post war period. With three election defeats in a row for the Labour Party, starting in 1951 left wing politics became increasingly focused upon trade union militancy on the shop floor and international relations and disarmament. Co-operative strategies seemed to have held little interest for the mainstream labour activist during this period although worker co-operation and more latterly the emergence of credit unions suggests that co-operative options are again stirring in some quarters of our society.

Rhodes quotes approvingly from A.J. Davies *To Build the New Jerusalem* that administration of the social democratic State had become the focus after 1979 (Rhodes p220). Stagnation in ideas and a changing society saw declining participation in political as in other areas of RACS activities. The failure of RACS, and its take-over by CWS Ltd, set the scene for the end game in Co-operative politics for the RACS Federalist approach of open access for all members to the political activities of their Society, with the absorption into the Co-operative Party Council structures familiar in the rest of the movement.

In the final chapter Rhodes reflects on the causes, the success and implications of the RACS experiment. She notes the difficulties the RACS approach created for the Co-operative party but remains silent on whether there are any contemporary lessons for co-operative politics to be drawn from her research, perhaps modestly leaving it to her readers to make up their minds for themselves. The book has very extensive references to sources which makes it invaluable for future researchers who may want to pick up on any one of a number of threads that would make fascinating studies in themselves. The book includes a useful index and bibliography.

Co-operative Party pamphlets in the 'New Mutualism' series

Johnston Birchall

Peter Kellner *New Mutualism: the Third Way*, September 1998, ISBN: 0 85195 252 6

David Rodgers *New Mutualism: the Third Estate*, January 1999, ISBN: 0 85195 254 2

Ian Hargreaves *New Mutualism In From the Cold; the co-operative revival and social exclusion*, March 1999, ISBN: 0 85195 258 5

Jonathan Michie *New Mutualism, a Golden Goal?: uniting supporters and their clubs*, July 1999, ISBN: 0 85195 263 1

The British party political system is usually seen as being particularly unfair to smaller parties; the 'first past the post' system of voting makes it almost impossible for them to gain power. Yet Britain is unusual in having such a minor political party organised by the co-operative sector, which gains some political power regularly in a roundabout way by being allied to the Labour Party (its local councillors and MPs being designated 'Labour and Co-operative'). How it came about is an interesting story (summarised in Ch.7 of my *Co-op: the People's Business*), and we can debate whether or not it was a good idea, and whether such an overt presence in Parliament was or still is the best way of putting across co-operative ideas. However, no-one can argue that the recent election of a Labour Government was not a golden opportunity for the Co-operative Party to put across a co-operative philosophy, especially since the Labour leaders — Tony Blair in particular — have been keen to express their values in terms of what they call the 'new mutualism'. The opportunity to help shape the meaning of this slogan has been taken in an interesting series of pamphlets, the first four of which are reviewed here.

It is called the 'new mutualism' and not the 'new co-operation' partly in order to ally it with this New Labour rhetoric, and partly in order to build on some useful work being done to define and protect what is left of the 'old mutuals'. Building societies and mutual insurance societies have been

under sustained attack from 'carpetbaggers', people determined to demutualise them in order to share out their value among members. Arguments in their favour have now become quite well rehearsed, and institutional links between the mutual and co-operative sectors have begun to be made (though none of this may be much use in stopping the demutualisation, which it is now clear is driven not by argument but by sheer greed). What is new about these pamphlets is that they do not simply repeat the arguments for protection of existing mutuals, but strike out in new directions, helping to give substance to the idea of the new mutualism, and challenging the government to provide concrete support to new types of mutual. Here is a summary and a short critique of each of the four pamphlets, presented in the order in which they were published.

New Mutualism: the Third Way

Peter Kellner is a distinguished journalist (political columnist of *the Evening Standard*, contributor to the *Observer*, *New Statesman* and so on), who made the case for a mutualist approach at a Prime Minister's seminar on 'the Third Way', and then put his argument in print in a *New Statesman* article. He was asked by Peter Hunt (General Secretary of the Co-operative Party), to develop his ideas further. The resulting pamphlet begins with a foreword by Tony Blair, and a preface in which Kellner makes clear that, although the co-operative movement is 'one important and enduring example of mutualism in practice', he sees mutualism as being much broader than just the co-operative and mutual business sectors. In the first section, he argues that socialism was linked to industrialisation, what he calls the 'age of the factory', and that the underlying metaphor was one of society as a vast machine. A socialist society would be planned by government, with policies delivering outcomes 'as remorselessly as conveyor belts delivering widgets'. This contrasts with a new metaphor of society as an organism, 'evolving, learning, unpredictable, with a life of its own', to which socialism has nothing to offer. Kellner then jumps back behind socialism 'as we have come to understand it' to its origins in the thinking of Robert Owen and the French philosopher Pierre Leroux. Theirs is an ethical socialism, in contrast to that of Marx,

who he refers to as 'the villain of the piece'. Kellner makes it clear that during the last two decades he had been one of those 'revisionists' who were working to steer the Labour Party towards a modernised, non-Marxist socialism. Rather surprisingly (since the project has succeeded), he sees the attempt to redefine socialism as a failure, and sees the need for an entirely new label. The traditional alternative label, 'liberalism', means too many different things, hence the need for a new term, 'mutualism'. The substance of this is that society should be seen as organic, and that what matters is not whether an institution is public or private, but how power is used. Instead of concentrating on finding the perfect system, new mutualism looks to the dispersal of power, and a general attempt to express values of liberty, equality and fraternity in 'a culture of mutual responsibility'. It is rooted not only in ethics but in anthropology; here Kellner draws on the work of the evolutionary biologist Richard Dawkins to show that people can co-operate, concluding 'we are programmed to trust each other'.

This is heady stuff, delivered in a readable journalistic style and at a cracking pace. Those who are still with him at this stage will want to know what this all means in practice, and in the next section he tells us. It means a market-based society, but one in which the state takes responsibility for regulating the market, and in which a variety of forms of ownership and control can flourish. Here, the Co-operative Party's researcher, Jean Whitehead, provides some boxed case studies, such as Greenwich Leisure, the Nationwide Building Society, and the John Lewis Partnership. However, Kellner accepts that the shareholder-owned company is going to be predominant, and argues for a business culture in which the interests of other stakeholders are acknowledged. He asserts that 'New Mutualism goes with the grain of the best corporate culture', and to force companies to become ethical he advocates policies such as full disclosure of information, contract compliance, and a recasting of the role of institutional investors. This is certainly not a co-operative mutualism, then; despite the boxes highlighting the achievements of co-ops, it is more a recipe for an ethical capitalism.

In the final section, Kellner links mutuality with a new definition of equality as equal access. Its opposite is social and economic exclusion which, when applied to people in poorer

areas, leads to some insights about 'food deserts' and 'credit deserts'. This enables the work of the CWS and of credit unions to be highlighted, as ways of combating lack of access. He ends by asserting that mutualism means the need to address both process and outcome, emphasising that individual and collective well-being are achieved only through mutual dependence.

What can we say about such a strong and sweeping set of arguments? Academics will feel uncomfortable about the lack of referencing and the tendency to 'pick a philosopher' without considering alternative viewpoints. However, this is not an academic piece and should not be judged by their standards, and in any case we know that, given time, these kinds of arguments can be elaborated and further justified (see chapters 2 and 3 of my *Building Communities: the Co-operative Way* for justifications drawing on the work of Kropotkin and Proudhon as well as of Robert Owen). Co-operative activists may feel uncomfortable about the way in which their work is yoked to a post-socialist vision that they may not entirely share. Yet what a rare privilege it is to have an eminent journalist, prefaced by the Prime Minister, writing seriously about the place of the co-operative movement in a wider vision of politics and society.

New Mutualism: the Third Estate

David Rodgers is one of the foremost, and most forthright, advocates of co-operative housing in Britain. As Executive Director of CDS Co-operatives, he has steered one of the few surviving co-operative housing development agencies through troubled times. Despite a rhetoric of support from both the Conservative and now Labour governments, strong opposition from Housing Corporation officials has meant that, in England and Wales at least, new co-operative developments have almost ceased and most agencies have had to convert themselves into housing associations in order to survive. This contrasts with the situation in Scotland, where around 30 new co-ops have been formed as buy-outs of local authority owned 'council' estates. However, instead of beginning with housing policy, Rodgers begins where Kellner leaves off in considering the evolutionary basis for mutuality. This is quite a surprise, until one realises that, as someone who trained originally as a biologist, he is on

familiar territory. He shows how 'selfish genes' can maximise their self-interest through co-operation and ethical behaviour at the level of the organism (in the course of which he does justice to that neglected co-operative philosopher and evolutionary theorist, Peter Kropotkin, as well as introducing us to the work of Matt Ridley). Rodgers concludes that, though our evolutionary origins have given us the capacity for co-operation, it is 'an art learned through experience and education', that depends crucially on the right framework being provided by governments.

In the second section, he analyses the reasons for poor housing conditions in Britain, identifying a relative lack of investment, an over-emphasis on owner-occupation, the lack of access to acceptable alternatives, and the private ownership of land. The need for land reform brings him neatly to the relationship between landlord and tenant, and the state of 'feudal dependency' existing in social rented housing. (It is not clear whether this is meant as a direct comparison with the lords and serfs of medieval times or is just a powerful analogy.) In his view, co-operative and community ownership can overcome the dependency that the landlord-tenant relationship fosters, and bring out the mutualist tendencies of residents. He summarises the current approach of the New Labour government, connecting work on social exclusion with the need to build social capital 'so that communities have the capacity responsibly to take control themselves'. This brings him to the awkward question of why, given such a positive policy framework, the 'vested housing interests' continue to hold back housing co-operative development. Considering the evidence for the benefits of co-operatives that was produced by a recent Price Waterhouse report, he concludes that the case for tenant control is overwhelming.

The next section uses the rhetoric of 'modernisation' to argue for 'a radical shift of power from provider to consumer', mainly through the devolving of estates to tenants. From his detailed knowledge of the financing of housing, Rodgers provides a shopping list of measures that a government would need to take in order to bring co-operative housing from the margins to the centre of housing policy.

What impresses about this pamphlet is the way in which, in a very short space, the author manages to combine arguments

about evolution with an analysis of current housing policy, and detailed prescriptions about how to develop a co-operative model of housing. Nor are the different levels of analysis simply presented in sequence, with a move from the general to the particular. There is some interweaving and reference back. For instance, the framework of evolutionary thinking is found to be useful in explaining the selfish behaviour of social housing bureaucrats. Again, this is not the way an academic would dare to write, but it works. The housing minister, Hilary Armstrong, says in her foreword 'I shall look forward with interest to the development of some of these ideas'. Readers will also look forward to some action from her government, along the lines Rodgers suggests.

New Mutualism: In from the Cold

Ian Hargreaves is another eminent journalist, whose work for newspapers, on radio and on television is well known (he also has academic credentials as Professor of Journalism at Cardiff University). His foreword is provided by Patricia Hewitt MP, Economic Secretary to the Treasury. Hargreaves sets out to examine 'the congruence between the spirit and tradition of co-operation and the Third Way political philosophy of New Labour'. More specifically, he provides a sympathetic but hard headed assessment of the recent 'co-operative revival' in the UK and of its ability to contribute to the Government's attack on social exclusion. First, he provides a useful summary of the way the ideas of social exclusion and the 'third way' have been developed, showing how from these viewpoints co-operatives and similar associations have come to be highly valued. He then brings us down to earth with a frank description of a co-operative sector that is seen as 'old-fashioned and marginal'. However, rather than dwelling on this, he identifies a 'moment of opportunity' for co-ops and mutuals to demonstrate that they distribute superior benefits to their members than would shareholding companies. They are placed within a 'third sector' that is becoming broader and less sectarian, and that also includes voluntary agencies, community development organisations and social entrepreneurs.

In the next sections he chooses to concentrate his argument

on specific manifestations of social exclusion: food poverty, financial exclusion and housing and community regeneration. This means he is able both to analyse the problems and to highlight the ways in which co-ops are already beginning to point to solutions: the CWS on food poverty, the Co-operative Bank and credit unions on financial exclusion, and housing and care co-ops on community regeneration. The result is that, like Rodgers, he provides a shopping list of measures government should take to support co-ops, challenging the New Labour ministers and civil servants to make a 'much more firmly constructive response'. In particular, he chooses to emphasise the need for New Labour to get to grips with 'the important issue of ownership'. Unlike Kellner, who skates over the issue, he believes ownership matters; there needs to be a diversity in ownership, and some of it has to go to the socially excluded. Once the issue is raised, it leads to interesting questions about whether co-operative forms would work in areas such as health and education, pensions, transport and broadcasting. He calls for a Royal Commission on Ownership, to find out what are the opportunities for sharing ownership more widely, to improve public services and strengthen local economies, and to deal with social exclusion.

If I were asked to pick one argument out of all four pamphlets that is the most powerful, the most original and the most likely to have an impact, it is this one — Hargreaves' call for an investigation into the **question of ownership**. It is at the heart of the co-operative project.

New Mutualism: a Golden Goal?

Jonathan Michie is Sainsbury Professor of Management at Birkbeck College, University of London. His pamphlet is about the ownership and control of football clubs which, as Tony Banks MP says in his foreword, are 'cherished community assets' that have been built up by generations of local supporters. The issue is that clubs have become 'plcs', big businesses owned by major shareholders whose interests are different from those of the supporters. He begins, not surprisingly, with the BSkyB bid for Manchester United that so graphically illustrated the commercialisation of football, and the potential for major conflicts

of interest. He then answers a question that has been in the back of my mind for a long time — what organisational form did football clubs take before they began to float on the stock exchange? It turns out that they were not mutuals (though in other countries some are — notably Barcelona FC). They were companies whose operation was limited by rules set out by the Football Association (FA). Crucially, these included a limited dividend whose maximum was set by the FA, the transfer of surplus assets on winding up to a similar club or charity, and a ban on payments to directors. In other words, no-one could make money out of it. Now around 20 clubs have been ‘floated’, and the rules have been circumvented. Michie considers what can be done. The best form of fan involvement is a mutual. However, this would involve the buying out of existing owners, and he is not sure if fans could afford this, or would be prepared to take the considerable risks of ownership with only a limited return. It would also leave the club vulnerable to demutualisation if a particular group of shareholders decided to sell out. He suggests a new model, the ‘supporters’ trust’. This would entail shareholders giving their votes by proxy to a trust whose board would act directly in the collective interests of supporters, while leaving the financial benefits to individuals intact. The value of the shares and the amount of annual dividends would still be set by the market. Existing trusts at Bournemouth and Northampton are used as examples. To prevent takeovers, he suggests government (local or national) might take out a ‘golden share’ in each club.

Advocates of a fully mutual solution might be disappointed with this conclusion, feeling that Michie has given up too easily on the argument for mutuality and opted for something more watered down. On the other hand, if his halfway house of a supporters’ trust can restore some collective sense of ownership then a kind of quasi-mutuality will have been achieved. It is just the kind of hybrid organisation that might come out of Hargreaves’ commission on ownership.

Conclusion

Taken together, these four pamphlets make strong, enduring connections both in theory and in practice between the rhetoric of New Labour and the needs and aspirations of the advocates

of co-operative and mutual forms of organisation. Why, then, is one left with a feeling of disappointment? It is because they show clearly how wide is the gap between the rhetoric and the reality, between the words government ministers use and their lack of action. Mutuals are under attack from carpetbaggers who are determined to strip them of reserves built up over generations by their members. Recently, after delaying for too long, government has changed building society rules, making it necessary for 500 members to put demutualisation on a society's agenda, rather than the 50 who were needed under the old rules. Meanwhile, the carpetbaggers have set up a website that will make it easy for them to gather the 500 votes. Some of the remaining building societies are not doing enough to protect themselves; if they had followed the practice of the Nationwide and insisted new investors signed away any future windfall to charity, they would be safer than they are now. More disappointing, still, is the way in which a Co-operatives Bill has been shelved each year, in favour of more urgent and more fashionable causes. Without an adequate legislative base, a broad-based co-operative revival of the kind Hargreaves envisages is bound to be more difficult.

Finally, I am left still thinking about the implications of Hargreaves' Royal Commission on Ownership. If the government will not set it up, what is to stop the co-operative and mutual sectors from doing it themselves? All that would be needed would be for someone to connect up the work being done by various think tanks — notably the Institute for Public Policy Research and DEMOS — with that of sectoral bodies such as the UK Co-operative Council and the Building Societies Association. Add in a few Labour and Co-operative MPs and it could be quite a powerful grouping. Perhaps the convening of such a commission is, like this interesting and thought-provoking series of pamphlets, another job for the Co-operative Party.

The pamphlets are available from the Co-operative Party, Victory House, 10-14 Leicester Square, London WC2H 7QH, UK

¹ Note that, like other mainland parties, the Co-operative Party does not operate in Northern Ireland, so it belongs to Britain rather than the UK

Putting Principles into Practice

Graham Melmoth

"I am free to break away from my past and to recreate myself. If I do so, I will be stronger and more sure ... It may be that I shall not see the full results of my efforts, but I should strive so that others may profit".

(Charles Handy)

You may have come across Charles Handy on "Thought for the Day" on Radio 4 or, as I first did, in a classroom at the London Business School, or read his book "The Hungry Spirit" from which that is a quote. Charles Handy is probably not unique in combining a muscular Christianity with teaching the science of management, but in the context of the co-operative movement, his teachings have a particular resonance. "The Hungry Spirit" looks beyond capitalism and searches for a purpose in the modern world.

Handy is nothing if not a polymath and he takes nourishment in equal measure from art and literature. The quotation is the message he sees in his favourite painting, "The Resurrection" by Piero della Francesca, painted more than 500 years ago on the wall in the town hall of Borgo San Sepolcro, a small Tuscan town. "The best is always yet to come if we can rise from our past" has a metaphorical meaning rather than the conventional religious one, but has application for all people, and for all businesses and organisations. You will not need to be a genius to guess where I am heading.

The Co-op has to adapt and be relevant in the modern world. Over its 136 years, the Co-operative Wholesale Society (CWS) has probably had to recreate itself more than most. During the past two and a half decades alone, from a zero retailing base, the CWS has absorbed some fifty societies in the UK, and the Scottish CWS, which transferred in 1973, took in scores of societies in Scotland prior to that. Many of these needed intensive care at first, but in the end new life was breathed into them and the whole then became stronger than the sum of the parts. Today, the CWS is Europe's

biggest consumer co-operative retailer. Co-operative Retail Services (CRS) likewise is a consolidation of many societies which transferred over its sixty year plus life.

The perpetual reinvention of the CWS takes on a new intensity in the Millennium and is significantly influenced by the International Co-operative Alliance (ICA) Statement on the Co-operative Identity in the way we have set about putting it into practice. The Statement, published in 1995, was the culmination of nearly a decade of effort and represented only the third review of principles in the hundred years' life of the ICA. Lars Marcus initiated the debate at the Stockholm Congress in 1988; another Swede, Sven Åke Böök, picked up the baton and ran with it to the Tokyo Congress in 1992, and Ian MacPherson brought the review successfully and skilfully to a conclusion.

One of my first official acts as ICA President on election during the 1995 Centennial Congress held in Manchester was formally to pass the Statement into international co-operative law, as it were. It was good, too, to see the Statement become the universally accepted and unchallenged definition in so many languages during my presidency. The values and principles enunciated in the Statement reflect the thinking of the twenty-first century and centre on members and democratic participation. These sets of precepts and values have to stand up to analysis within a competitive, and essentially hostile, capitalist environment, and it will be a sure test of their resilience that they do so. Capitalism has seen off Marxism, but there has to be a separate place for the civilising force which is the Co-op. Karl Marx and George Jacob Holyoake strike me as having much in common. Marx has been described as "a provocative literary journalist who squandered his talents in vituperative attacks on anyone who crossed him". That sounds like George Jacob to me who reserved much of his fire power for Britain's most successful co-operative entrepreneur, J.T.W. Mitchell. Rhetoric is all very well, as are the theorists, but we must continue to nurture good old-fashioned Co-op business talent as well as, and not instead of, the co-operative preachers and philosophers.

But I digress. I am now more than ever convinced, especially with the experiences which the CWS has had in the UK, that we will survive and flourish only by emphasising our co-operative identity - not hiding from it and promoting an insipid "me-tooism", as many have done at intervals in the past. I did not intend to

disinter the Lanica affair, but the corpse will not lie down. So a brief reprise seems inevitable, I am sorry to say. I became Chief Executive of CWS in November, 1996, and by February, 1997, was given the biggest reminder possible of the need to push forward with the modern translation of co-operative values and principles.

The story of the purported Lanica bid for CWS, led by Andrew Regan, was the subject of articles by me, and by the *Journal* editor Johnston Birchall, in Vol 31:2, September 1988. I will not retread the ground leading up to its collapse, but the press is still filling column inches on the story as the various authorities complete their investigations. A number of City institutions, it seems, were prepared to overlook some dubious behaviour by the predators whilst it was not open to public exposure and only later did they wring their hands in condemnation. This is a far cry from the ethical values of honesty, openness, social responsibility and caring for others. Last month, Hambros Bank and three of its former corporate financiers were fined by the Securities and Futures Authority for improper conduct. The fine against Hambros was the second largest ever levied by the UK regulator.

Even more recently, we have seen charges laid against Messrs. Green and Chambers for their parts in the debacle. Within CWS, we fully appreciate that the fight might well have been longer and harder had the predators acted legitimately, but I believe that we would have ultimately been successful in repelling such a bid, but other defensive measures would have had to be brought into play.

Throughout we kept members in touch with developments, publishing press releases, member statements and hard copy on the web at regular intervals. There was every indication that pre-existing active members were supportive of our stance, but we never took that for granted. The CWS Board emphasised publicly its commitment to keep the CWS as a co-operative. I also argued that it was part of a co-operative director's fiduciary duty to uphold its co-operative status. We have since gone further in reinforcing the co-operative nature of the Society by making it more apparent in our constitution and rules and emphasising the co-operative values and principles to which we have signed up. No-one will help us if we are not prepared to help ourselves. Self-help is the first and commanding co-operative value.

I have quoted Andre Gide, the French Philosopher, ad nauseam. He would have approved my constant repetition of his maxim:

"Everything that needs to be said has already been said. But since no one was listening, everything must be said again". We must say again and again that we **are** different, knowing that the world will not understand us unless we explain ourselves carefully and often, that the commercial world understands only commercial success and that commercial success must underpin what we do. We must ensure above all that our members and employees understand where we have come from, what we are about and what a co-operative organisation stands for. These are the lessons from Lanica and I hope we have learnt them.

Since I became Chief Executive, we have formulated the purpose of the CWS as: **"running a successful co-operative business"**. There is an equal emphasis on the last three words. We should never forget that we are running a **business**; for continued survival in an unrelenting economic environment, it needs to be **successful**. But we have no interest in a successful business that is not a co-operative business. We have gone a stage further in defining the CWS Group as "A Family of Businesses". Like other families, we have changed and grown up over the years. Some members have left home, but we have also welcomed new arrivals. Today, as a result of several adoptions and some fostering in the last twenty years, we are now critically a food retailer. Indeed, it is impossible to think of a future where we are **not** in food retailing. But we are not **just** food retailers. The current vision I have is that of a three headed hydra (albeit a friendly and customer-focused one) — the food business being complemented by a strong financial services operation, with the third limb being a strong mix of co-operative commercial businesses that add further strength to our balance sheet. We have an exceptional portfolio of businesses, but they must be co-operative which means their activities must not conflict with the 1995 Statement and they should, where possible, strive to promote the values and principles to commercial advantage.

By recognising the co-operative heritage and translating it into a clear, communicable message, this opens up the potential of establishing a distinctive market position. The "Co-operative Difference" becomes the "Unique Selling Proposition". And last week, the weekly journal *"SuperMarketing"* presented the CWS with its award for the most innovative retail marketing campaign of the year, with its "Family of Businesses" theme. So we must be doing something right! However, we have to combine the message with quality bench-marked product delivery and customer service.

Such an approach is unlikely to rescue a bad business, but we can demonstrate that it can make good businesses even better. I call it **value added!** The Co-operative Bank and Co-op Travelcare are excellent examples of this in practice.

Back in 1997, it was clear that if we were to make real progress on this front, we had to start internally. The community of our employees needed to understand properly what we stand for. As a consequence, we piloted a major training programme, working with Mervyn Wilson at the UK Co-operative College. Six hundred CWS managers attended the two-day course which looked at relevant history, the source of the values and principles and their meaning, how the values aided success in the past and how they can be utilised to create a more successful future. This was followed by a further 1,500 managers attending a one-day course and 33,000 staff attending a one-hour training session at their place of work. Today, this training is an integral part of the induction for new recruits. Such training underpins the future of our Co-operative businesses and has to be constantly rolled out and updated.

But how do we make them "Successful Co-operative Businesses"? My philosophy centres on performance, people and planning plus communications and costs. Performance is about focusing on the bottom line. We are not infrequently chided for our "lacklustre" performance. It is criticism I was not comfortable with two and a half years ago. Whilst profit is not the only motive for existence, we must achieve better rates of return than those of recent times. Sometimes the criticism levelled at us is unfair or ill informed, particularly given the baggage we uniquely have had to carry — for example, in consolidating and rejuvenating incoming societies with trading deficits, ballooning debts and an under-invested asset base. But that said, we still have to achieve satisfactory returns on our members' capital employed and CWS management is tasked to do that. As regards people, no successful chief executive can take an organisation's employees for granted. Leadership is about people. To quote Sir John Harvey Jones: "There is practically no area of business where the difference between rhetoric and actuality is greater than in the handling of people." We introduced a "People Plan" back in 1997 which involved a review of personnel policies, and a Society-wide commitment to the "Investors in People" employment standard. That was a massive challenge for an organisation the size of the CWS, spread right across the UK.

Already, a number of our individual businesses have gained Investors in People accreditation and the remainder are on course to achieve this by the end of this year.

And now a word about planning. Our corporate planning processes were a weakness and lacked strategic drive and direction. A small planning function was set up under Bill Shannon, CWS Head of Corporate Affairs, to ensure consistency across the business sectors. For the first time, planning was brought into the Boardroom. Now the directors don't just sign off the Budgets and Three Year Plans; their input into the strategic direction at the annual Board "away day" strategy session is an important part of the process. Communications is the lubricant which eases the passage and implementation of Society policy. Carrying stakeholders with you is key to getting the job done and CWS has several important stakeholders. Employees I have already mentioned; I will say more about individual members shortly. Other stakeholders include our corporate members, consumers, suppliers, affinity groups, local and central government, and the business community at large. Corporate members apart, it is important for them to understand what makes a co-operative different. The lack of knowledge about us is surprising, even amongst those who ostensibly are equipped to speak for us. Communication to staff and members has improved substantially through more targeted publications. We have deliberately raised our public and political profile to achieve better awareness of what we stand for. We have undertaken corporate image marketing in order to emphasise our democratic credentials. The advertisement in the broadsheet press under the by-line "A Family of Businesses" showing a Co-operative farmer, travel agent, banker, insurance agent and undertaker, asks the question "who says the good guys never win?". On the political front, this year we had a considerable presence at the Labour Party Conference. With the New Labour Government's focus on the Third Way, there are obvious links to co-operation. At that conference, we also launched our contribution to the debate on social exclusion.

Then a word about costs and cost cutting. No business can reach for the future without keeping an eye on its cost base. It's a bit like trimming the ballast of an ocean going tanker; it is a constant concern, to be disregarded at our peril, particularly as now when navigating uncharted waters. We need to measure our mainstream business — which is food retailing — against the criteria of the

ICA Statement of Identity and I will come to that in a moment. But I pause to thumb through the Faber Book of Utopias because you can be sure to find us, the Co-op, in there somewhere. The Frenchman, Charles Fourier, battled for his producer co-operative paradise "Harmony". A latter-day English Utopian, Julian Barnes, argues that a world where every wish is gratified and nothing goes wrong would soon be found intolerable. It is dissatisfaction that makes us human! To me, that has a ring about it relevant to the Co-op today. We are not seeking a perfectly formed Co-operative Commonwealth but to take our place amongst the competition and to bring qualities to bear that they do not.

In our food business, there are numerous examples of adhering to the values of the ICA Statement: CWS has positioned itself as the Responsible Retailer; we have led the way on honest labelling (and this has included breaking the law where necessary for the consumer's right to know) and the setting up of honest labelling panels. On a less Utopian level, of course, we have also introduced the loyalty card-based Dividend Scheme (paying 5 per cent dividend on the value of all Co-op Brand and fresh food purchases) and this is proving a success, not only in commercial terms but in democratic terms too as the main method of recruitment for new members; approximately one in five dividend shoppers are also choosing to join CWS as members.

The application of co-operative values and principles within The Co-operative Bank is well recognised. The Bank pursues an ethical policy in the way it conducts its business. In the past two years, it has produced a report on how it is fulfilling the ethical objectives it has set for itself. Non ethical organisations will not find a home for their money at The Co-operative Bank. It was something of a first for us when the retail business joined forces with the Bank to provide Individual Savings Accounts (ISAs) within stores. ISAs are the Government's new tax-free savings accounts, aimed at ordinary people. CWS took this philosophy further than any other UK retailer in making it possible for shoppers to deposit savings into their ISA at the food checkout. Co-operative Insurance Services (CIS), the insurance partner within the financial services arm, has published its "Our Commitments" document. This sets out the CIS position on social responsibility. CIS has recently announced that they will become 'active' shareholders in the companies in which they invest. CWS Farms is the UK's largest farmer and leads in the development of a more responsible

approach to commercial farming via integrated farm management. Co-op Travelcare is the fifth largest travel business on the high street and the largest not tied to a tour operator. Because of the independence this provides, it is recognised as the most open and responsible. The "Travellers' Right to Know" document causes unrest in the industry but receives enthusiastic response from the public.

Co-operative Funeral Services is the second largest funeral operator in the country — the first being the American owned SCI. The latter appears to be getting increasing press coverage for business expansion techniques that appear to be far removed from co-operative values and principles.

Lastly, a word or two about membership and how from this perspective we are also putting the 1995 Statement into practice within CWS. The key to this has been through the development and implementation of a National membership strategy — its aims being to identify and promote the role of the member within the Society, towards a proper and accountable participatory system which allows the member to be genuinely involved. We call it "Making Membership Meaningful" — an echo of the ICA project in which the Scottish Co-op took part in 1995 together with societies from Japan, Canada and Italy. The strategy has a number of clear objectives. I will describe them briefly and give examples of the actions associated with them.

The objective for democratic member participation:

We must ensure there are full member committees — where vacancies exist, there must be **contested elections** to fill them. We need to maintain the quality of committee members and this is the best way of achieving this. It is essential that trading managers attend and report regularly to Divisional and Regional Boards. Without information, there is little opportunity for committee members to be part of the business. We must ensure too that all committees are aware of the profitability of their local stores. They will also receive regular reports from all parts of the "Family of Businesses".

The objective of benefits for members:

There is some debate about the appropriateness of the traditional

Dividend approach, as surely the main benefit of being a member is that you have a say in how the business is run. The difference is democracy; however, the card-based Dividend loyalty scheme is the main driver in our recruitment of members.

The objective of education and training:

This is where we have made more progress than with any other objective. Committees make a better contribution to the running of the business if they are properly trained. We also find that we attract a better standard of member if we provide good information and effective training. All Divisional Committees and Regional Boards are being trained in the Values and Principles and also in aspects of business. All new committee members must complete an induction course within their first year.

All Regional Board members undertake Institute of Co-operative Directors Courses here at the Co-operative College.

The objective for membership activity:

Membership activity was traditionally characterised by leisure based activities, gala days, choirs, and dancing classes — events associated with yesterday's Co-op. Our activities nowadays focus on stores and other outlets, using issues relevant to today's consumer. CWS marketing management is working closely with membership teams and Committees on issues like Honest Labelling and Fairtrade and we have already experimented with consumer panels.

Our membership teams organise events in the community on subjects such as the environment, animal welfare and other issues which have an obvious link with our commercial activities. We encourage the use of the Community Dividend to raise our profile within the community. This allows Dividend card-holders to allocate some of their Dividend to local Co-operative projects. The decision on how to spend Community Dividend is taken by elected Regional Boards.

The objective of good communication:

All stores are required to have properly maintained members' notice boards and relevant information. We provide our members with

high quality information through annual reports, members' magazines and members' news. We are expanding our web site and using video conferencing and other techniques for members' meetings.

The objective of membership administration:

All CWS employees can now become members of the Society. We have developed a Headquarters Branch in Manchester to facilitate democratic participation by all employees who do not work in one of the CWS Retail Regions. The development of credit unions for staff in Manchester and Scotland helps to ensure that all employees can be active members of the co-operative movement beyond the Society and recognise the links with other forms of co-operation. In addition, perhaps our work with the wider co-operative movement is as impressive as anything else and along with other societies and the UK Co-operative Council are supporting the development of regional co-operative councils throughout England to mirror the new regional development agencies.

So, from this whistle stop tour of what we have been doing in the CWS I hope you can see that we have not been idle. We have had our successes, but we have much still to do. Our employees are generally in good heart, with a clear agenda of what needs to be done. The 1995 Statement sets out our values and principles in a simple, understandable way and on one side of paper. Within the CWS, it has acted as a catalyst for cultural and strategic change, and brought renewed vigour to an ancient co-operative institution. It has helped our stakeholders appreciate what constitutes the 'Co-operative Difference'.

Society for Co-operative Studies (SCS)

REPORT BY THE SECRETARY

A Demanding Year

The SCS held its Annual Conference and Annual General Meeting at the Co-operative College on 9/10 October 1999. The weekend was undoubtedly one of the most successful and stimulating Conferences held in recent years.

The 1999 Conference theme was "Co-operation into the New Millennium" and the two principle speakers were Graham Melmoth, Chief Executive of CWS, who spoke on "How Europe's largest retail consumer society had put the ICA Statement on the Co-operative Identity into practice", and Professor Ian MacPherson, Dean of Humanities at the University of Victoria, Canada who spoke on "The International Impact the Statement had Made".

Dr MacPherson had chaired the most recent review of co-operative principles on behalf of the International Co-operative Alliance, whilst Mr Melmoth was President of the ICA when those principles were formally adopted in 1995. This year's Conference programme proved to be extremely engaging, with both speakers offering their own perspective of progress, four years on.

Mr Melmoth made brief reference to the long history of the CWS and the remarkable changes along the way. However, the millenium would bring a new intensity and with it, an even greater need for change. "Co-operatives have to adapt and be relevant."

Mr Melmoth then talked of the progress within the CWS since 1995. He started by reminding delegates that they should never forget they were running a business. Great progress had been made within the CWS to lever benefits from links between the core activities. The family campaign with its explicit focus on co-operative identity had been widely acknowledged as extremely effective. Mr Melmoth went on to identify the CWS progress in values and principles training for staff at all levels, in making membership meaningful for the existing members, and in encouraging customers to become members. In answer

to a delegate's question, Mr Melmoth saw no incompatibility between democratic control and business efficiency.

Dr MacPherson spoke about the 1995 process of the review of co-operative principles. This process had to reconcile the perspectives of co-operators from the different sectors and the various cultures around the world. In particular, there had been a division between those looking to maximise benefits from co-operation to the individual member and those seeking to achieve a collective benefit from co-operation for the community. He described the end result as a direction to pursue rather than as any attempt to set absolute standards. The ICA Statement was designed to be flexible and to facilitate development and leave room for lots of experimentation. Dr MacPherson felt there was scope for more international collaboration, greater integration and greater effectiveness. Finishing on a high note, Dr MacPherson was optimistic about the future of co-operation into the next millennium.

The Society for Co-operative Studies was delighted to attract such high profile speakers to the Conference. Graham Melmoth and Ian MacPherson were thanked for their stimulating contributions. Thanks are also due to both The Co-operative Bank and the CIS for their sponsorship of Dr MacPherson's visit to the UK.

Following each presentation members divided into buzz groups to consider the subject matter in greater detail and Graham and Ian responded vigorously to a range of questions and general observations. An article on Graham Melmoth's presentation is included in this issue of the *Journal*.

The final session on Saturday evening allowed members to receive a progress report on the research project "Reasserting the Co-operative Advantage" from Roger Spear, Alan Wilkins, Richard Bickle and Peter Davis. Members were greatly encouraged by the progress being made and a number of views expressed by members would be taken into account by the Research Partners in the process of finalising the research.

On the Sunday morning the Conference divided into five "Asserting our Co-operative Identity Workshops" covering the following areas -

- i Co-operative values and their relevance to different Co-operative sectors

- ii What is the relevance of co-operative values to Credit Unions
- iii Co-operative values in a political setting
- iv Co-operative values; their meaning and application within the Co-operative consumer Movement
- v Values into principles; the guidelines for conduct.

The workshops again allowed members to contribute fully and the five workshop facilitators — Bob Allan, David Dean, Peter Hunt, Mervyn Wilson and Alan Wilkins were thanked for their guidance.

The AGM of the Society took place on Sunday 10 October at the conclusion of the Annual Conference. The retiring Chairman, Rowland Dale, reported that 1998/99 had been a good year for the Society in which the major research project — “Reasserting the Co-operative Advantage” had made substantial progress and important problems had been overcome. This experience has been invaluable in helping the Society delineate the boundaries of subsequent research. Several other topics for research have been put forward, and the new Committee will have the important job of assessing the best approach to the problems involved.

The questionnaire distributed following last year’s Conference helped the Society to devise an exciting, and successful, format for this year’s event. With two outstanding speakers, it had undoubtedly been the highlight of the year’s work.

The success of the *Journal* had been gratifying, and the Chairman recorded his gratitude to the Officers and Committee members for much hard work and an exemplary team effort over the past year.

He also acknowledged the contribution, in difficult circumstances, made by the Secretary, Dr John Butler. The Society was deeply grateful to John for the devoted service he has given the Society for five years as Secretary.

The Secretary’s Report had been included in *Journal* No 96, September 1999. Areas covered were Committee Meetings, Membership, *Journal* Editor, the *Journal*, Financial Position, Co-opted Members, Co-operative Union Ltd, UKCC, Plunkett Foundation, Research Project - Reasserting the Co-operative Advantage, Other Research Activities, Annual Conference Survey, Ian MacPherson’s visit to the UK, Internet Developments/Research Register, Fringe Meeting, Appointment

of a new Secretary. The Secretary indicated that it had been a demanding year but much had been achieved.

Members raised a number of questions and in particular the impact the structural changes to the Co-operative Union will have on the Society and in particular to the publication of the *Journal*. It was noted that the Committee would be reviewing the issues involved at its next meeting.

The Treasurer and Membership Secretary's report had been included in *Journal* No 96 September 1999. It was reported that there had been a slight increase in membership. Those who had not renewed in time did not receive a *Journal* for the new membership year until their subscription had been received. Procedures for reminding those who had not renewed had been tightened.

Frank Dent reported that income from *Journal* related activities had increased from £6,768 to £8,173 and he thanked those who had joined at the higher subscription options. Expenditure had been well controlled and but for the grant of £3,000 to the Research Fund there would have been a surplus of £1,848. There had been a change of investment policy and funds were now on monthly deposit with the CWS which gave a good return and provided flexibility.

Frank Dent concluded by saying that the Society was in good financial health but that changes in the structure of the Co-operative Union, who had been very supportive, could lead to increased costs.

In the absence of the Editor, the Deputy Editor reported on matters relating to the *Journal*. Gillian Lonergan passed on the apologies of the Editor who was suffering from flu. The commissioning of articles was going well. There are now plenty of articles in the pipeline for the next two issues. The *Journal* is now looked at as an important place for researchers to have their articles published.

The Deputy Editor reported that there is a plan to move the publication of the *Journal* back a month to April, August and December. Each annual volume of the *Journal* now uses cumulative page numbers. Included in her report Gillian Lonergan also identified forthcoming articles.

The following Officers and Committee members were appointed to serve for the year 1999/2000 -

Chair	-	James Bell
Vice Chairs	-	Rita Rhodes
	-	Gillian Lonergan
Secretary	-	Brian Rose
Journal Editor	-	Johnston Birchall
Treasurer & Membership		
Secretary	-	Frank Dent
Additional Committee		
Members	-	Len Burch
	-	Edgar Parnell
	-	John Launder
Immediate Past Chair	-	Rowland Dale
Auditor	-	Peter Roscoe

It was agreed to hold the 2000 Annual Conference and AGM at the Co-operative College, Stanford Hall, during the weekend 7/8 October 2000. The meeting concluded with a vote of thanks to Rowland Dale for the excellent way he had conducted the Weekend Conference and AGM.