



**Society for Co-operative Studies
Bulletin 1970**

**Linking theory &
practice**

UKSCS Archives Reprint Series

Society for Co-operative Studies 1969 Annual

Reprinted from original manuscripts 2023.

Society for Co-operative Studies *Bulletin 9* (March 1970)

Society for Co-operative Studies *Bulletin 10* (June 1970)

Society for Co-operative Studies *Bulletin 11* (November 1970)

This series of reprints gives new life to the scanned articles from the *Journal* archives. UKSCS is republishing whole *Journals* from the first issue of the *Bulletin* in 1967 to the final *Bulletin* in 1985, before its renaming to the *Journal of Co-operative Studies*. This is part of the project to make *Journal* issues accessible both in re-issue print versions (available to order) as well as part of *Journal* archive collection on the UKSCS website:

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UKSCS
March, 2023

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Reports from the regions

Metropolitan and South

Joint Convenors:

MR. W. J. PHILPOTT, B.Sc.(Econ)., M.B.I.M.,

Head of the Department of Management and Merchandising, College for the Distributive Trades.

MR. JOHN WALKER,

Assistant General Manager, Luton Industrial Co-operative Society.

A meeting was held on 29th January when a lengthy discussion took place on the future role of the Co-operative Movement. The next meeting is to be devoted to an examination of the Movement in analytical terms.

Midland

Joint Convenors:

MR. C. S. NUTTALL, B.A.,

Staff Tutor in Economics, Department of Extra-Mural Studies, University of Birmingham.

MR. LLOYD A. HARRISON, C.S.D.,

Chief Executive Officer, Greater Nottingham Co-operative Society.

A successful one-day conference was held . in October on "Problems of the Co-operative Movement and Suggested Means of Solution". Papers were presented by Mr. L. A. Harrison, Mr. C. S. Nuttall and Mr. E. P. Pritchard. The annual meeting of the branch was held on 21st February.

North

Joint convenors

DR. J. STEVENSON, Ph.D., IUR.D., B.A.(HONS.),

Principal, Monkwearmouth College of Further Education.

MR. P. HARTY, Snr.,

Education Secretary, Newcastle Co-operative Society.

The December meeting of the branch was devoted to a discussion on future activities in the region. It was decided to hold a number of open meetings with invitations addressed to societies, trade unions and educational establishments. The next meeting is to discuss the question of recruitment policy in Co-operative societies.

Yorkshire and Humberside

Joint Convenors:

MR. T. E. STEPHENSON, B.A. (DUNELM)

Department of Management Studies, University of Leeds,

MR. S. P. CLARKE, C.S.D.,

Secretary and Chief Executive Officer, Bradford Co-operative Society.

No regional activity has taken place since the last issue of the *Bulletin* but a meeting will be convened shortly to discuss future activities.

North-West

Joint Convenors:

MR. J. F. ROPER, M.A.,

Faculty of Economic and Social Studies, University of Manchester.

MR, F. BRUCKSHAW,

Editor, *Co-operative News*.

The November meeting was devoted to a discussion on democratic involvement in Co-operative societies. This was led by Mr. H. G. Clode, Development Officer of the Co-operative Union. At the meeting held on 30th January Miss D. Jukes, Research Officer of USDAW, presented a paper on "Industrial Relations in the Co-operative Movement".

Scotland

Joint Convenors:

DR. T. F. CARBERY, M.Sc.(Econ.), D.P.A.,

Senior Lecturer, Department of Commerce, University of Strathclyde.

MR. G. R. GAY, J.P.,

President, St. Cuthbert's Co-operative Association.

An experimental one-day conference on "Urban Planning and its Impact on Retail Distribution", was held in December at Edinburgh University. Under the chairmanship of Mr. G. Gay the series of five lectures was introduced by Professor P. Johnson Marshall, Department of Urban Design and Regional Planning, Edinburgh University.

At the branch meeting held in December, Mr. M. Orpin, LL.B., introduced a discussion on the R.A.C.S. Education Department project, "Democratic Involvement in a Regional Society".

West

No regional activity has taken place since the last issue of *The Bulletin* but it is proposed to convene a meeting in the near future with a view to stimulating interest.

Current Co-operative Studies and Research

Information on the current contribution by Universities and Colleges to co-operative studies and research has been given in previous *Bulletins*. The following notes now give a comprehensive list for the session.

COURSES COMPLETED OR IN PROGRESS DURING SESSION 1969/70:

North-West

University of Manchester in association with Co-operative Union Section:

A course for board members on Co-operative finance and investment appraisal.

A course on "Management in Retail Distribution" for senior officials.

Yorkshire and Humberside

Leeds University in association with Co-operative Union Section: the first year of a three-year course for chief executive officers has now been completed. The second year will cover "Decision Making Areas", "Regionalisation" and "Merchandising and Marketing,,.

Hull College of Commerce in association with Co-operative Union Section: a one-year course for supervisory staff has been completed. A follow-on course is in preparation.

Scotland

University of Glasgow Extra-Mural Department in association with Co-operative Union Section: courses for board members in the Glasgow, North East and Border Districts.

Under discussion: courses for board members in the Falkirk and Ayrshire Districts.

Scottish College of Textiles, Galashiels, in association with Co-operative Union Section: a six meeting course directed to lay members and senior officials of societies in the Border District commenced in January, 1970.

South-West

Bath University of Technology in association with Co-operative Union Section: a long-term course for departmental managers.

West

Swansea University Extra Mural Department in association with the WEA and Co-operative Union Section: a twelve-week day-release course for Senior Management commenced in January, 1970.

RESEARCH IN PROGRESS

Yorkshire and Humberside

Leeds University:

Level of Decision-making in the Board Room. Mr. T. E. Stephenson.

Role of the Chief Executive Officer, Mr, T. E. Stephenson.

North-West

Manchester University: Business Ratios in Co-operative Societies. Mr. J.V. Roper.

The Co-operative Movement in Sweden. Dr. A. Wilson.

Keele University: Democratic Participation in a Co-operative Society. Mr. J. Whitfield.

Manchester College of Commerce:

Capital Expenditure Decisions in Retail Co-operatives. Mr. D. Hopwood.

The Degree of Member Participation in West European Co-operative Movements. Mr. D. Smythe.

Scotland

Heriot-Watt University: Labour Relations in the Consumer Co-operative Movement. Mrs. J. Paterson.

Strathclyde University: Co-operative Accountancy. Mr. L. Oakes.

Annual General Meeting and Conference 3rd-4th April, 1970

The A.G.M. and Conference of the Society is to be held at the Co-operative College, Stanford Hall, Loughborough, Leics., on 3rd/4th April, 1970.

The programme will be as follows:

FRIDAY, 3RD APRIL

- | | |
|-----------|--|
| 4.15 | Afternoon Tea. |
| 4-45-6.00 | Annual General Meeting. The Annual Report is included in this issue of the Bulletin. |
| 6.30 | Dinner. |
| 7.30 | Continuation of A.G.M. and Discussion on the Future of the Society. |

SATURDAY, 4TH APRIL

- | | |
|-------------|--|
| 9.15-10.45 | First Report on Research: "Guidelines on Co-operative Business Success - and Research".
Dr. A. Wilson, Director of Studies in Management and Industrial Relations, University of Manchester. |
| 11.15-12.45 | Second Report on Research: "Guidelines on Member Participation and the Research Needed".
Mr. B. J. Rose, B.A.(Ccon), Dip.P.E.S.S., Co-operative College.

Summaries of both Reports are included in this issue of the Bulletin. |
| 1.00 | Lunch: Conclusions of Conference. |

Society for Co-operative Studies Annual Report for 1969/70

1. During the year the five Presidents of the Society have remained in office. Dr. T. F. Carbery has occupied the chair and Mr. John Roper has joined Mr. W. E. Lawn as Vice-chairman. As Past-chairman Mr. T. E. Stephenson was invited to attend the meetings of the National Officers in 1969/70: and following the invitation to each Region not included among the National Officers to nominate a representative, we have been joined by Mr. E. P. Pritchard, University of Birmingham. We have also enjoyed the participation of Sir Robert Southern, General Secretary of the Co-operative Union, as an observer-and this gave us an opportunity to offer to him personally our warm congratulations on his Knighthood in the 1970 New Year's Honours List.

The Officers have had three meetings in the year and the following is their report for presentation to the Annual General Meeting on 3rd/4th April, 1970.

2. Membership

(a) At 31st January, 1970 the membership of the Society (with the 1969 figures given in brackets) was:

Region	Individuals		Organisations		Total
	'Co-operative'	Other	'Co-operative'	Other	
Metropolitan and Southern	7(12)	4(5)	9(5)	2(1)	22(23)
Midland	13(10)	4(4)	4(3)	2(1)	23(18)
North	5(5)	2(2)	3(3)	1(-)	11(10)
Yorkshire and Humberside	5(4)	1(-)	9(9)	1(2)	16(15)
North-west	12(10)	6(7)	3(4)	-(-)	21(21)
Scottish	21(19)	10(6)	3(2)	2(1)	36(28)
South-west	3(1)	-(-)	2(2)	-(-)	5(3)
West	5(4)	-(-)	1(1)	1(1)	7(6)
Overseas	1(-)	-(-)	-(-)	-(-)	1(-)
	<u>72(65)</u>	<u>27(24)</u>	<u>34(29)</u>	<u>9(6)</u>	<u>142(124)</u>

(b) We have noted with satisfaction the maintenance and indeed some increase in our membership and we acknowledge that, if anything, this emphasises the importance of developing functions and services which will justify and retain this support.

3. The "Bulletin"

Bulletins No. 7, 8 and 9 have been published during the year and have been received quite well. One new feature was inaugurated in *Bulletin* No. 8-the bibliography: and it is the sadder

to record the death of its author Mr. Desmond Flanagan whose service will be missed from the society as from many other areas of Co-operative activity. We believe that the preparation of this bibliography annually will be of considerable value to members of the Society.

4. Other National Activities

(a) STUDY PROJECTS

It will be recalled that we recommended for Regional discussion two areas of study last year and published notes on them: the intention was that reports would be submitted from the Regions which might then form the basis for a compilation to be published in the *Bulletin*. This scheme, however, did not develop any real vitality and it has not been as productive as we had hoped.

(b) RESEARCH

In accordance with the scheme approved at the last Annual General Meeting it was intimated in the *Bulletin* that grants up to a limit of £30 in any instance were available to assist research projects which had a Co-operative relevance. Two awards have been made: £15 and £30 respectively to Mr. D. Smyth and to Messrs. Hopwood and Birch for their projects on *Membership Participation in the Operation of Co-operative Retail Societies in Western Europe* and on *Capital Investments in Large Retail Co-operative Societies*. Another grant, though for a somewhat different purpose, was that of £25 towards the expenses of Mr. W. P. Watkins in attending the Sixth International Congress of Cooperative Science at Giessen. Mr. Watkins has prepared an account of this Congress for the *Bulletin*.

(c) CO-OPERATIVE COLLEGE ENDOWMENT FUND

This Fund promoted on the Jubilee of the Co-operative College had received assurances by the end of December 1969 of gifts amounting to £3,300 and of seven-year covenants yielding £1,700 annually (plus £2,000 in annual covenant from the Co-operative Insurance Society earmarked initially at least for seminars for senior Co-operative management). The purpose of the Endowment Fund was stated in general terms-to provide resources for College projects for which money was not otherwise readily available but research had been envisaged as "a very worthwhile line of action. The National Officers of the Society were invited by the Education Executive to give their advice on making effective use of the money for research and in their first response the National Officers have made these points:

- That if an experienced and full-time academic research fellow were envisaged then the annual expenditure might well be of the order of £2,500--to cover not only remuneration but also office facilities, travel facilities and superannuation, etc. The question was raised of the prospect of getting some contribution at least from a university with which a research project might be jointly mounted-but the times were not very propitious for this.
- Another possibility of "academic" research lay in part-time commitment by one or more university staff members and this could be quite productive.

- Exploration about either full-time or part-time work of this kind could best begin by consultations with the sympathetic heads of relevant departments in one or two universities. In this connection there was agreement on the value of an association between the College and Loughborough University for at least one project.
- Another possibility of approach was to have the research undertaken by an experienced Co-operative official who would be seconded for the required period and sustained by an adequate grant from the Endowment Fund. This might be particularly relevant for projects that required practical experience of Co-operative organisation.
- In discussing possible areas of research there was agreement that these should be related in a practical way not so much to the more immediate problems of the Movement but to the conditions and challenges it would face within the calculable future, say, in a few years' time and to the responses it ought to make. Within these terms some possible topics were:

Function of management in a Co-operative setting.

A feasibility survey for a national society.

Co-operative retailing in New Towns.

The pressures of taxation on Co-operative development and the forms of taxation least detrimental to that development.

Case studies of successful Co-operative development.

Implementation of a regional society.

Co-operative member education.

5. Regional Developments

The situation at the end of January 1970 as reported from each Region is:

MIDLAND

Three business meetings have been held during the year together with a One Day Seminar and two papers were presented by members; Mr. C. S. Nuttall presented his paper on "The Co-operative Movement in Trade - Members and Consumers". A second paper "In Competition for Market Share-What Difference Is There Between Co-operative and Capitalist Undertakings?" was presented by Mr. M. Gibson.

In an effort to stimulate interest in the Society and to recruit new members a one day seminar was held at Nottingham, the theme being "Problems of the Co-operative Movement and Suggested Means of Solution".

NORTHERN

During the year Mr. W. M. Reed relinquished the chairmanship owing to pressure of other commitments and Mr. P. Harty, Snr., was unanimously elected in his place.

Future activities of the Branch have been discussed and it has been agreed that wherever possible meetings should be held in universities and colleges in order to increase the opportunity of staff participation.

It has also been decided to explore the possibility of convening meetings jointly with other organisations whose field of activity is closely associated with that of the Society.

YORKSHIRE AND HUMBERSIDE

Association with Universities and Colleges has continued, in particular the Management Course for senior officials at Leeds University. This in effect is a continuing meeting of the Society and deals with many aspects of Co-operative Management and other topical matters.

It is the intention to discuss the report of the study group on "Democracy in a Regional Society" when this is available.

NORTH WEST

Meetings of the Society have been held on four occasions in 1969.

Mr. S. Stett spoke on "Co-operative Capital", Mr. D. G. Hopwood presented some aspects of his research into "Capital Investment". Mr. F. Bruckshaw reported on the I.C.A. Congress and the November meeting consisted of an open discussion on the I.C.A. resolution on "Democratic Involvement".

SCOTLAND

During the year a number of members' meetings were held and these discussed "The Future of the Co-operative Movement", "Democratic Control", and "Democratic Involvement in a Regional Society".

The branch has held a One-Day Conference in association with the Edinburgh University Extra Mural Department. The subject was "Urban Renewal and Its Effect on Retailing", and five speakers gave lectures.

METROPOLITAN AND SOUTHERN

The branch has met on a quarterly basis and has been supported on each occasion by 10-12 active members. The output of the branch has been fairly high and during the year, the following papers were submitted and discussed:

"Co-operative Democracy" by Paul Derrick.

"The Regional Plan and Democracy in the Kent Co-operatives" by B. le Bargy.

"Co-operative Democracy: District Committees in a Regional Society" by D. Hutton.

"The Co-operative Regional Plan and Political Activity" by T. E. Graham.

"Democratic Involvement in a Regional Society" by the R.A.C.S. Education Department.

"Training and Education in the 1970s" by W. J. Philpott.

WESTERN

During the year the Western Branch concluded its examination into Capital and the problems being experienced by the Co-operative Movement.

The main investigation centred upon the successes and failures of other organisations to attract Capital during the past five years. The Working Party was extended to twelve in an attempt to consolidate attendances. The Region lost the services of its two joint convenors which considerably curtailed activity.

6. Relations with Other Organisations

Informal but helpful relations have been maintained with the British Section of the International Centre for Research and Information on Public/Co-operative Economy (P.A.C.E.).

7. Finance

The Cash and Bank Account for the year ending 31st December, follows:

RECEIPTS	1968			1969		
	£	s	d	£	s	d
Cash in hand brought forward	2	0	0	10	0	0
Cash at bank brought forward	512	17	6	499	15	4
Subscriptions	505	0	0	640	1	6
Fees – AGM and conference	71	14	0	80	8	4
Sales – Society <i>Bulletin</i>	3	10	6	2	7	0
Bank interest	2	0	0	3	3	9
	£1097	2	0	£1235	15	11

PAYMENTS	1968			1969		
	£	s	d	£	s	d
Printing – Society <i>Bulletin</i>	289	2	10	260	8	6
Research grants	-			70	0	0
Stationery and postage	125	0	0	117	6	10
Typewriting	6	10	0	24	13	7
Telephone	1	4	1	5	8	8
Advertising	5	5	0	8	8	0
Annual General meeting	84	0	6	94	7	6
Refunds – AGM	2	8	0	-		
Other meetings	70	5	0	46	14	0
Fees refunded	2	4	0	-		
Subscriptions refunded	-			1	10	0
Carriage refunded	-			14	0	
Cheque books	16	8		-		
Bank commission	10	7		15	1	
Cash in hand carried forward	10	0	0	2	5	5
Cash at bank carried forward	499	15	4	603	4	4
	£1097	2	0	£1235	15	11

8. Conclusion and Continuation

In 1969/70 the Society numerically has maintained its position: locally and regionally there has not been much evidence of vitality or initiative: nationally, our services we feel have been reasonably developed. In this respect, and with special regard to the first of these two points, members of the Society who will be attending the Annual General Meeting may care to give consideration to the following questions.

- (a) To what extent should local regional groups hold meetings for the presentation of, and discussion on, papers?
- (b) What other activities can be profitably pursued by such regional groups meeting say one night every two months?
- (c) To what extent are those identified with regional groups capable of undertaking modest research activities (e.g. the conduct of a survey) which may be of advantage to local co-operative trading interests?

Guidelines on co-operative business success – and research

DR. A. WILSON, M.A., D.Phil.

(Dr. A. Wilson is the Director of Studies in Management and Industrial Relations at the University of Manchester).

Dr. Wilson has contributed as a framework for discussion at the Annual Conference, these guide lines for Co-operative business success-and their implications for supporting research.

1. Without fairly clear objectives, no business can flourish.

What have been the economic objectives in Co-operative societies?

Prior to 1925-30, expansion and dividend maximisation.

Prior to 1965, dividend maintenance.

Since 1965, survival by any means.

Prior to 1960, the social and political objectives of Co-operative societies did not conflict seriously with their economic objectives, Since then the business objectives and the social/political objectives have not been on speaking terms. And there has emerged a wide rift. In most cases the social/political alliance has had to accept the dictates of the business men of the movement-but usually over the dead bodies of their societies.

Remedial action on the business side of the movement has come in patches, usually from positions of weakness, and without consistent and integrated planning. All ambitious schemes of reorganisation have been suspect at local level, and have become outdated by the time support has been won for them.

So it is now with Regionalisation. It is going ahead too slowly and the weaknesses of co-operative democracy seem likely to be spelled large within regional societies. The main objective laid down for chief officials and management teams at present is simply "Reconciliation of all interests at all costs". Since John Jacques, Duncan McNab and Philip Thomas, there has been a hankering after superman worship. This certainly has its merits, but even supermen in democratic, or supposedly democratic, organisations need some clear objectives.

I submit that today there is no Co-operative Movement-only a patchwork of self-regarding retail societies and federals. I submit that it is the exception rather than the rule for any of them to have deliberately agreed on their objectives-whether social, political or economic.

2. My proposed guidelines therefore start with an injunction that Co-operators set themselves two major objectives for the 1970s:
 - a. The integration of the retail and federal societies into a National Move national level, and with the decentralisation of the business units of this movement into

appropriate geographical and other groupings corresponding to their operational problems and requirements; and

- b. The aim of providing Co-operative retailing and other services on as efficient a business level as the best competitors in these fields, and of a nature which will readily attract all consumers into becoming Co-operative customers.
3. The next set of guidelines follow from identifying the weaknesses of the past fifteen years, deciding which of these can be remedied, and how.
- a. *Co-op. trading areas have been too limited*
No society has been large enough to obtain maximum benefit from large scale buying, warehousing and selling operations. Few societies have been large enough to match the operations of even the medium scale private multiples.

Large regions are required for optimum scale operations.

- b. *Co-operators have insisted on pursuing too wide a trading interest.*
Each retail society tries to cover almost the whole range of Consumer requirements, from grocery to footwear, from milk to off-licences, from hairdressing to funeral parlours.

In almost all societies this has resulted in too small turnover in too few units to afford first class departmental managers. This has placed impossible demands on general managers.

Different operations need to be planned and run on the scale appropriate to efficiency.

- c. *All societies have been burdened with a legacy of too many small outlets.*
These serve a social rather than an economic function. Their turnover, at any level of profit margin, is too low to afford modern wages to first-class branch managers.

Close down small and uneconomic stores. Concentrate trade in large supermarkets and Domus-type combination stores. The movement would be more viable in 6,000 medium/large stores than in 25,000 mixed allsorts.

- d. *(Tendency to restrictive-mindedness among managers.*
Most societies have some obligation to, but are hampered by, ageing potentially redundant managers who are either complacent or lack confidence in the future. This is reflected in restrictionist attitudes to changes in working methods, selling methods, opening hours, and amalgamations. Support for progressive policies at national level in U .S.D.A.W. has often been vitiated at local level.

There is simply no happy solution to this. But the longer radical reorganisation is postponed, the less happy any solution can be. Clearly it is not worth

pursuing any major scheme of reorganisation without the backing of U.S.D.A.W. and N.U.C.O. at national level, but this should not extend to a power of veto by the unions at local level.

- e. *There has been for too long too much insistence on a high ration of dividend/surplus, coupled with too high a ratio of surplus/turnover.*

This has resulted in a lack of pricing flexibility, lack of incentive to volume sales, reliance on the sales appeal of the divi gimmick in preference to modern merchandising methods, and to inadequate reinvestment of profits in trading operations.

Stop crucifying turnover and investment. Give 2.5 per cent dividend stamps on a national basis.

- f. *There has been too much power in the hands of too many amateur managers.*

Insistence on the principles of local Co-operative democracy has entrenched too many backward-looking members and managers on boards of directors. Often they overstep the proper responsibilities of directors, and usurp the functions of departmental and top managers. They meet far too often, exacting an extravagant toll of time and energy from senior managers. Their eagerness to assume managerial functions encourages mediocre officials to abdicate responsibility.

Place responsibility, for managerial decisions on officials, and stop Boards of Directors from managing societies. Lay an embargo on claptrap about lay member participation being the meaning and the soul of the Co-operative Movement. The soul of Co-operation has always been concerned with securing a fair deal for the consumer. The activities of directors, educators, politicians and myriads of workers in auxiliary bodies are ancillary to this. It is splendid that many are . motivated deeply and sincerely, but there is no need to make a fetish of it. Many enjoy participation and activity for their own personal satisfaction. That is fine, but it is neither a licence to control, nor a sacred principle. Rather it is a sacred cow. Relegate ideas of the Co-operative Commonwealth to history books, and concentrate efforts on enabling consumers to get a better than ever deal in Co-operative stores.

Perhaps these are enough guidelines to be following for the next five or ten years. The sum total of these weaknesses is simply that there has been too much inbreeding throughout the Co-operative Movement. There has been too much contemplation with the glories of the past. Too much attention to politics, and too little to the consumer. There has been a failure to keep pace with the breaking down of social class feeling, and too little attention to business trends and future trading patterns. Their cumulative effects on the trading assets, merchandising, capital position and public image of the movement has been near catastrophic.

4. One thing which we can all probably agree on is that the main guidelines for Co-operative trading success in the 1970s are not significantly different from the guidelines for Co-operative trading success, which were seriously thought about but not acted upon, in the 1960s. What is different now is that the logic of events has been changing the situation so rapidly in recent years that it is nowadays difficult for Co-operators to persist in illusions of greatness, stability, loyalty and working class solidarity. Many have at last opened their eyes to the facts of life, that supermarketing is here to stay, that Tesco is a fierce competitor, that the dividend has lost its appeal unless coupled with attractive shops and attractive prices.

For myself, the guidelines were written by Col. Hardie in his minority submission, which remained ignored at the end of the Independent Commission report. In 1960, I thought he was overoptimistic in asking for just two large Co-operative organisations. More politically acceptable would be 20-25 regional or conurbation societies, each with a turnover of £30-£100 million, and capable of operating a viable chain of supermarkets. For dry goods there would be one or two federal organisations running chains of department and combination stores, along the lines of the Domus experiment in Sweden.

Now in 1970, I can see that Col. Hardie and J.C. Gray were wiser than the rest of us. Politically it would have been no harder to engineer a national organisation than to promote the district and regional amalgamations, which have been fought tooth and nail by almost every society which was not to be the dominant partner, and which did not see bankruptcy staring it imminently in the face. The force of Col. Hardie's logic is now fairly clear to all. Without trading success, there is neither survival nor reason for existence of the Co-operative Movement. Without a national highly integrated movement there can be no trading success for Co-operators in the face of clear-headed, rapidly expanding multiple chains, siting, investing and operating on a national basis. The Co-ops still command an enormous slice of consumer spending power, but the margin between survival and rapid decline has become alarmingly narrow.

The main choice nowadays is whether the Co-operative Movement is going to will the fundamental reorganisation which is called for, while it still has some strength. Or whether it will be left for the C.W.S. and S.C.W.S. to take over complete control of a decimated movement, whose trading position has been completely eroded, and whose remaining societies are of interest mainly for the development value of the properties which they have been under utilising for a decade or more.

In recent years, after the revolutionary changes of the early and mid-60s, when the supermarkets blazed their trail and became the most important retail units, and every town agreed on its own proud, expensive plan for a shopping precinct or centre, retailing has been going through a relatively stagnant period. But it is a period in which the largest groupings have been working out their strategies for the next phase, In the next retail boom we shall begin to see how considerable has become the power of

Tesco and the other half-dozen groups which are determined to carve up the retail market between themselves. The Co-ops., I guess, will be caught with their pants down. Right in the middle of a needlessly protracted period of regional indigestion.

The emerging regional societies, with their twenty mile radii and £20 million of annual sales, will find that their internal problems have grown apace, . but that they are still not large enough to reap the benefits of large scale operations-in terms of specialised management, rational investment, buying power and merchandising ability. Their major stores are still not the focal buying points in the large towns, and their supermarkets are still managed by ageing branch managers who pine for the days of counter service, and on whose superannuation payments societies have so long depended for stability in their capital position.

The result of the next shock in consumer competition, if the Co-ops. Still refuse to pull together and integrate furiously with each other in regional societies and with the C.W.S. and S.C.W.S. in national buying and regional warehousing arrangements, will be that the C.W.S. and the S.C.W.S. will swallow the movement. This would not be such a bad thing if only the C.W.S. had as much retailing expertise at its disposal now as it will have in ten years time, and if only it was not going to have to swallow all the weakest businesses first. The C.W.S./S.C.W.S. will of course have to do all this to safeguard their own future, though to some extent the digesting problems will slow down the Co-operative dinosaur. At the beginning its brain will be too small to cope with the demands from all its outlying limbs and members. In the end it will have developed an enormous brain which will perceive that retailing operations are no longer essential to its survival. If it still remains dedicated to the consumer, it may decide to go into the real estate market in a big way, sell all the surviving properties and businesses, and buy controlling shares in several of the most successful private retailing companies. It would then be in perhaps a stronger position than ever before to lay down business policies and objectives consistent with the Consumer Interest.

Guidelines on Member Participation and the Research Needed

B. J. ROSE, B.A.(Econ)., Dip.P.E.S.S.

(Mr. B. J. Rose is a tutor in social studies at the Co-operative College)

The problem

This can be said to fall into two interrelated but identifiable parts:

- i) that of establishing the appeal of Co-operative societies as Co-operative societies;
- ii) that of establishing the reasons why people want to participate in the democratic control processes of Co-operative societies.

The traditional appeal

"The main socio political appeal of the Co-operative societies (in the 19th century) was that of a business organisation owned and democratically controlled by the consumers themselves. In a period of political ferment, of the growth of and the fight for recognition by trade unions and socialist parties, and little or no control over adulterated goods, a retail organisation built for the people by the people had a direct attraction." (Jeffreys and Knee, [1962]).

For a large number of people that kind of appeal has long disappeared. In a period when political debate is often little more than disputes over administrative detail, when trade unions are popularly believed to be too powerful and nominally socialist parties provide conservative administrations, when there appears to be adequate control over the quality of goods and when retailing is efficiently run, the obvious traditional appeal of Co-operative societies no longer commands the same degree of popular support.

Can there be any appeal today?

The main appeal of Co-operative societies must obviously be an economic one - any Co-operative which does not give some clear economic advantage to its members (whether in the short or longer term) can have no justification for its existence.

However dedicated the Movement's idealists are, unless their ideas have some obvious relevance to the everyday lives of a substantial proportion of people, the ideas will remain ideas. In the second half of the 19th century, Co-operative idealism and economic needs achieved some coincidence and gave the Movement much of its impetus and dynamic.

In the mid-twentieth century Co-operators are no longer trying to bolster their meagre incomes nor to get the sand out of the sugar. Most of them no longer have a "blood and guts stake in commercial success". In an era of full employment, rising real incomes, and competitive and efficient retailing, most of the old motivations for Co-operative activities appear to be dead. Co-operative stores today have little distinctive appeal of their own-indeed, it is almost the current definition of a good Co-operative store that it should differ as little as possible from those of its competitors. Further, the situation in food retailing is such that the financial advantages to be gained from Co-operative shopping are little more than marginal at best. Thus the question arises as to whether an organisation supposedly run by consumers for

consumers can provide anything not being provided by other organisations in the present market environment.

A consumer appeal ?

It has been suggested in some quarters that one distinctive contemporary appeal which Co-operative societies can make is to that section of consumers who are not wholeheartedly prepared to accept modern commercial pressures and a contribution that Co-operative societies can make is to educate other consumers. It is argued, for example, that the uncertainty of the consumer in the face of modern marketing techniques has created a category of people who are quite self-consciously "consumers" and manifest themselves in organisations in the Consumers' Association and local consumer groups. As organisations of consumers, Co-operative societies ought to be in a position to appeal to this type of consumer. There are arguments against this (as for example in Martin and Smith's [1968] book, *The Consumer Interest*) but there may be an area of research here in attempting to discover the attitude of this type of consumer to Co-operatives and to make a comparison with the typical and/or activist members of societies.

Why do members participate?

It seems probable that the distinctive socio political appeal of Co-operative societies in the nineteenth century induced comparatively high rates of member participation. With retailing generally less efficient than was desired and fairly recent memories of various abuses of economic power, Co-operative members had a direct interest in seeing that their organisation was being properly run. In other words, they were not only motivated to use it, they were also motivated to control it.

In addition, it has been argued that there are certain social situations, more common in the past than now, which are more conducive to member participation. From their study of an American trade union, for example, Lipset, Trow and Coleman [1956] suggest several factors which they consider likely to contribute to member interest and participation. Freely adapted to Co-operative societies, it might be that member participation is more likely when:

- i) the greater is the sense of "community" amongst the members;
- ii) the greater is the sense of identification of members with the Society;
- iii) the greater are the chances of socialising in a Society setting.
- iv) the greater are the number and variety of functions the Society performs;
- v) the more interested are the members in the Society's functions.

Each of these considerations may offer areas of research and experiment.

A sense of community?

The smaller societies of previous years would frequently coincide with "communities" in the generally accepted sense but in the process of concentration and amalgamations, this coincidence will obviously disappear. That the sense of community is not entirely dead is indicated by some research done for the Maud Commission which showed that more than three-quarters of a national sample of electors were conscious of living in a small local community or "home area" much smaller than the territory of most local authorities. It seems

reasonable to assume that much the same would be true of Co-operative societies and whether some form of district or even shop organisation based on these identified communities would do anything to increase member participation is perhaps a matter for experiment,

Identification with the society ?

This is probably partly connected with the community-Society coincidence referred to above and experiments with devolution of democratic authority might be of assistance. A further difficulty arises from the fact that it is probably much easier for somebody who was concerned with the formation of an organisation or associated with its early struggles to identify with it than for somebody who inherits it as a going concern complete with experienced officials. Again, identification with an organisation is probably easier when the members' contribution is noticeable and the member feels that his participation is going to make some difference. This is one of the most thorny problems.

Meeting in a society setting?

For most members socialising in a Society setting will be in time spent in the Society's shops. There are possibilities for social activities bringing members together in connection with other activities which increase the likelihood of participation in other spheres. But the prima facie evidence on this is not particularly encouraging. In any case, for most members the primary and only source of contact with the Society is the shop. The old style Co-operative shop was a point of wider social contact than simply that of selecting goods and paying cash at the checkout and was possibly more likely to create the sense of identification and awareness of the Society as a Co-operative organisation.

The range of functions ?

The range and variety of functions performed by the Society may well influence the level of participation in the sense that the wider the variety of activities, the wider the range of people who are attracted to take an interest in the Society. For example, part of an American Co-operator's explanation of higher participation rates in American societies is "the development around the retail consumer co-operative centre, of a range of related services and organisations that both increase opportunities for participation and provide added flavour. These almost always include a credit union, and may include a funeral society, health plan, recreation, travel, insurance, child care, swap shop, consumer information and consumer legislative activity. Of course, only a few are really active in any one of these-but the cumulative effect builds in a kind of feedback." Some of these activities are already undertaken in different form by British societies and others are inappropriate in British conditions. But for example, do those societies with strong political and educational activities experience higher rates of participation than those without?

Does the range of educational activities affect the figure? What effect does auxiliary activity have? Historical evidence again might suggest that as the State or local authorities have undertaken activities previously undertaken by Co-operative societies, membership participation has tended to decline.

Member interest in the Society's functions

They may also partly account for the declining interest of members in the Society's functions, particularly education. Whether members have ever been particularly interested in the technical details of retailing is doubtful but as retailing becomes considerably more sophisticated, more professional and more technical, the lay member's interest is even less likely to be aroused and the alternatives that are now available make the need less pressing. Is there any possibility of Co-operative societies stressing their role as buying agencies rather than as selling agencies; i.e., that they exist primarily to *buy for* the members and not *sell to* them?

Editorial note:

The citations included in this article likely refer to the following publications:

- Jeffreys, J. B., & Knee, D. (1962). *Retailing in Europe: Present structure and recent trends*. MacMillan.
- Lipset, S. M., Trow, M. A., & Coleman, J. S. (1956). *Union democracy: The internal politics of the International Typographical Union*. Free Press.
- Martin, J., & Smith, G. W. (1968). *Consumer interest*. Pall Mall.

For discussion on the introduction of the Maud report in 1969, see Royal Commission on local government (Redcliffe-Maud report) HC Deb 11 June 1969 vol 784 cc1460-75.

Hansard: <https://api.parliament.uk/historic-hansard/commons/1969/jun/11/royal-commission-on-local-government>

Further Information Lipset, S. M. (2010). Democracy in private government (a case study of the International Typographical Union). *The British Journal of Sociology*, 61(s1), 9-27.

Democracy in Regional Societies: A report

The Report of the Working Party on "Democracy in Regional Societies" has now been published. This is a Report to the Education Executive who will be formulating their recommendations for action based upon its proposals in due course.

The terms of reference of the Working Party were as follows:

"Within the framework of the Regional Plan to consider and make recommendations on the organisation and education provisions necessary in a regional society to secure as effective a development as possible of member participation and democratic control."

The Report and recommendations of the Working Party are set out under the following headings:

1. Introduction.
2. Objective - and Appeal
What is the general objective of a regional society and, in consequence, the appeal it can exercise for member participation?
3. Economic and Social Conditions
What are the relevant economic and social conditions which now or in the calculable future press upon the democracy of a society and what are their implications?
4. Trends within the Movement
What are the relevant trends within the Movement bearing upon the democracy of societies and again their implications?
5. Member Participation
What are the areas and channels of member participation?
6. Structure of Control
What should be the structure of democratic control in a Regional Society?
7. Educational Organisation and Activities
What educational organisation and activities will contribute best to effective member participation?

The Chairman of the Working Party was Mr. W. E. Lawn, one of the Vice Chairmen of the Society, and one of the members was Mr. T. E. Stephenson, a former Chairman of the Society.

Copies of the report were made available via the Co-operative Union Education Department.

International Notes

W, P. WATKINS, J.P., B.A,

(Mr. W. P. Watkins, a President of the Society for Co-operative Studies, is a former Director of the International Co-operative Alliance)

Co-operatives in Economic Growth was the general theme of the Sixth International Co-operative Scientific Congress, advance notice of which was given in No. 7 of this *Bulletin*. The Congress held its sessions at Giessen in the Federal German Republic from the 22nd to the 25th September and brought together some 250 participants from about 30 countries in four continents. The working and social arrangements were organised by the Institute for Agricultural Co-operation of the University of Giessen under its director, Professor P. Meimberg, with the assistance of the Co-operative Institutes of the Universities of Berlin, Erlangen-Nürnberg, Frankfurt, Hamburg, Marburg, Münster and Vienna and the support of the Land Government of Hesse. The plan of work provided for plenary sessions at which papers were presented, as well as for specialised working groups which considered the problems of consumers' agricultural, credit and banking, and housing co-operatives respectively. A plenary session received the reports of the working groups and brought the proceedings to a close.

Not only did the Congress programme attempt to survey all the principal types of Co-operative association, but it took account of the differing environmental conditions in industrialised market economies, socialist planned economies and the developing economies of the young nation states. The point of common focus was the changing functions performed by co-operatives as each of these three types of economy grows and develops. The general introductory papers were supplemented by others dealing respectively with organisation and management, the formation of capital and the adjustment of the legal status of Co-operatives. It was a matter of universal regret that Dr. S. K. Saxena, Director of the International Co-operative Alliance, was prevented by illness from coming to present his paper on the practical possibilities of transferring educational experience from country to country.

CHANGING CO-OPERATIVE FUNCTIONS

Dr. W.W. Engelhardt (Cologne University) discussed in his paper the changing functions of Co-operatives in industrialised market economies. He was at pains to point out the ambiguities lurking in the term 'function', but his attention was directed mainly to the manner in which Co-operatives discharged certain tasks in defending or promoting the interests of their individual members and to the roles they played as sectors of national economies. He assumed, as a working hypothesis, that, when market economies reach a stage of industrialisation, Co-operatives undergo a change of function. The decisive factor is not the type of economy (e.g. capitalist or socialist) but the phase an economy has reached in its growth. Moreover, the change of function is not optional; it is a necessity, if Co-operatives are to survive. This point of view was largely based on the doctrine of the American Professor Rostow who distinguished five different phases of economic development beginning with the 'traditional' and ending with the age of 'mass consumption'. The first of these phases corresponds roughly to the primitive economies of certain underdeveloped regions and the last to present-day 'affluent' society. Naturally, it is with the problems of the transition into the fifth stage, characterised by 'mass

consumption', from the fourth or 'mature' stage of economic development, characterised by industrial combination, growing respect for consumer interests and increasing and diversified intervention by the public powers, that Dr. Engelhardt and his hearers were chiefly concerned, for their solution is the subject-matter of most Co-operative policy discussions today.

For the functions of Co-operatives have also evolved with their own growth in numbers and economic power. With time their defensive tasks as protectors of specific economic interests e.g. of consumers, peasants, artisans, householders, tend to diminish in importance, while their functions as counteracting forces against concentrations of economic power menacing the public interest, as instruments of constructive agrarian or industrial policy, as complements of state action to raise standards of housing, tends to increase in significance. Their efficiency as units and their effectiveness as Movements depend more and more upon uniformity of method and unity in action, to be achieved only by concentration of resources, integration of organisation and centralisation of decision and direction. But if the functions of Co-operation change, does not its nature, as determined by its basic principles, necessarily change also? Can Co-operation alter its structures, objectives and methods, as it apparently must do in order to survive in its rapidly changing environment, and its adherents yet claim that, in the words of the French proverb, the more it changes, the more it remains the same thing?

CONSUMERS' CO-OPERATION

These exemplify the kinds of questions which Dr. Engelhardt, Professor Düfer (Marburg), who dealt with organisation and management, Monsieur Andre Hirschfeld (Paris) who discussed the developing countries and Professor Kowalak (Warsaw) who reported on Co-operation in the socialist planned economies, posed for the consideration of the working groups. For obvious reasons the present writer joined the group on consumers' societies, of which Professor E. B. Blümle, Rector of the Co-operative Seminar at Muttenz, the training institute of Swiss Consumers' Co-operation, was one lively and provocative chairman. From the group's report, which can be only summarised here, it appeared that there was general agreement that the functions of consumers' Co-operatives are in fact changing. For example, in contrast to the earlier object of protecting the consumers against exploitation by traders, the aim today was to make the Co-operatives more efficient than their competitors, this being necessary, of course, in order to keep competition alive under conditions in which oligopoly might well result in its virtual suppression. At the same time, in the process of adaptation to contemporary distributive methods, the consumers' societies run the risk of losing their distinctive features. In some countries it might be said that the Movement is stagnating. If the Consumers' Co-operative Movement is effectively to protect consumer interests, it must be a source of exact information about consumption goods and their quality, besides educating housewives, in particular, to adopt sensible attitudes to the affluent society and suggestive advertising, with emphasis less on the standard than on the style of living. In socialist states the consumers' societies could counteract economic bureaucracy by promoting democratic member-participation.

FUTURE NEEDS AND POLICIES

The group doubted, given the increasing passivity of the membership, whether consumer Co-operatives could contribute much to the transformation of society as a whole. If they were to

do so, they must find a modern concept of democracy capable of application to the problems of large-scale undertakings. Unwelcome side-effects of the drive for economic growth were the insufficient numbers of young members, the inadequacy of traditional methods of financing, the increasing estrangement between members and management. Special measures were needed to inspire members with stronger motives for participation, in order to obviate these side-effects. In the newly-developing countries consumers' societies, in the group's opinion, were not capable of working independently as a pioneer co-operative type, but needed to be allied with some other well-established branch of the Movement, as well as to be supported financially, if need be, by government. Looking to the future, the group recommended that consumers' societies should actively fight for the consumer, even if that might sometimes conflict with their immediate business interests; that they should provide an increasing range of services catering for adult education, leisure and family well-being; that management should regard members more as consumers than as shareholders; that consumers' societies should be pioneers in enlightened personnel management and labour relations; that closer relations should be brought about between Co-operative institutions of all kinds and at all levels, e.g. collaboration within the European Economic Community.

INTERNATIONAL FORUM

A special meeting was arranged to consider the future of the International Co-operative Scientific Forum, the work of which had been interrupted by the lamented death of Professor Reinhold Henzler in 1968. The Forum was originally conceived as a permanent institution for mutual information and assistance on Co-operative research, maintaining contact between university institutes of Co-operation in different countries in the intervals between the triennial congresses. It was agreed that the future of the Forum should be considered by the working party of German and Austrian Co-operative Institutes and a more widely representative meeting subsequently convened to discuss plans and proposals.

In conclusion, it may be remarked that the Congress at Giessen was the first at which the Society for Co-operative Studies was officially represented. Although the present writer was a lone British Co-operator, he was by no means the only English-speaker. No one need be deterred, therefore, from taking part by any misgivings about the linguistic knowledge. Simultaneous interpretation was provided for all plenary sittings and consecutive interpretation for the working groups. Increased British participation, especially by younger academic members of the s.c.s., is greatly to be desired, but the Congresses are also open to co-operators actively engaged in management and education. A larger and weightier practical contribution would in fact have provided a valuable complement to the more abstract treatment of Co-operative problems by the academic delegates.

Editorial Note

The *Society for Co-operative Studies Bulletin*, 6, June, 1970

The Society for Co-operative Studies has held its third Annual General Meeting and Conference: an enjoyable and successful event amid the spacious surroundings of the Co-operative College at Stanford Hall.

This issue of the Bulletin contains a report of this meeting and of the discussion on the two research papers presented.

Subscriptions for 1970-71

Subscriptions to the Society for 1970-71 are now due, A letter from the Secretary and Treasurer has been forwarded to all members and we hope you will respond speedily and willingly to his request.

R.L. Marshall

Editor (1967-1995).

J. R. Hammond - joint editor

Reports from the Regions

Metropolitan and South

Joint Convenors:

MR W. J. PHILPOTT, B.Sc.,(Econ.), M.B.I.M.

Head of the Department of Management and Merchandising, College for the Distributive Trades.

MR. JOHN WALKER,

Assistant General Manager, Luton Industrial Co-operative Society.

A meeting was held in March when Mr. W. J. Philpott submitted a paper comparing the performance of the Co-operative Movement with some of its leading competitors. At the June meeting of the branch it is hoped to consider the Reddaway Report on Selective Employment Tax.

Midland

Joint Convenors:

MR C. S. NUTTALL, B.A.

Staff Tutor in Economics, Department of Extra-Mural Studies, University of Birmingham.

MR LLOYD A. HARRISON, C.S.D.

Chief Executive Officer, Greater Nottingham Co-operative Society.

At the meeting held on 2nd May Mr. M. Kirkman introduced a discussion on "Democratic Structure within a Regional Society". This is to be considered in greater detail at the next meeting. It is proposed to hold a one day seminar in October on the theme "Industrial Relations in the 1970s".

North

Joint Convenors:

DR J. STEVENSON, PhD., IURD, B.A(HONS).

Principal, Monkwearmouth College of Further Education.

MR P. HARTY, snr.,

Education Secretary, Newcastle Co-operative Society.

No regional activity has taken place since the last issue of the Bulletin, but a meeting will be convened shortly to discuss future activities.

Yorkshire and Humberside

Joint Convenors:

MR T. E. STEPHENSON, B.A. (DUNELM).

Department of Management Studies, University of Leeds.

MR S. P. CLARKE, C.S.D.

Secretary and Chief Executive Officer, Bradford Co-operative Society.

No regional activity has taken place since the last issue of the Bulletin but a meeting will be convened shortly to discuss future activities.

North-West

Joint Convenors:

MR J. F. ROPER, M.A.

Faculty of Economic and Social Studies, University of Manchester.

MR F. BRUCKSHAW,

Editor, Co-operative News.

At the February meeting the branch was addressed by Mr. W. G. Davidson, Industrial Relations Manager of the Co-operative Wholesale Society. The discussion on industrial relations was continued at the May meeting when Mr. A. Potts of the National Union of Co-operative Officials was the guest speaker.

Scotland

Joint Convenors:

DR T. F. CARBERY, M.Sc.(Econ.), D.P.A.

Senior Lecturer, Department of Commerce, University of Strathclyde.

MR G. R. GAY, J.P.

President, St. Cuthbert's Co-operative Association.

The branch organised a reunion for former members of the British Federation of Young Co-operators at the University of Strathclyde. It is hoped this will lead to wider interest in Society activities in the region.

Current Co-operative Studies and Research

Information on the current contribution by Universities and Colleges to co-operative studies and research has been given in previous Bulletins. Discussions are proceeding on further courses for the forthcoming session.

COURSES COMPLETED OR IN PROSPECT FOR SESSION 1970/71

North-West

University of Manchester in association with Co-operative Union Section:

- A course for board members on Co-operative finance and investment appraisal.
- University of
- A course on "Management in Retail Distribution" for senior officials.
- A course for directors on Regionalisation and Integration of Co-operative Societies in Britain and Europe.
- A course for managers on The Retail Manager and the Law.
- A seminar for senior managers on the prospects for integration between the wholesale and retail sections of the Co-operative Movement.

Yorkshire and Humberside

Leeds University in association with Co-operative Union Section: the first year of a three-year course for chief executive officers has now been completed. The second year will cover "Decision Making Areas", "Regionalisation" and "Merchandising and Marketing".

Scotland

University of Glasgow Extra-Mural Department in association with Co-operative Union Section:

- Courses for board members in the Glasgow, North East and Border Districts.
- a six week course for senior officials commencing in October at Kilmarnock Technical College.
- A six week course for senior officials commencing in October at Motherwell Technical College.

Under discussion: courses for board members in the Falkirk and Ayrshire Districts.

Scottish College of Textiles, Galashiels, in association with Co-operative Union Section: a six meeting course directed to lay members and senior officials of societies in the Border District commenced in January, 1970

Under discussion: courses for board members in the Borders, East of Scotland, Fife, Glasgow and District, and North East.

South-West

Bath University of Technology in association with Co-operative Union Section: a long-term course for departmental managers.

West

Swansea University Extra Mural Department in association with the WEA and Co-operative Union Section: a twelve-week day-release course for Senior Management commenced in January, 1970.

RESEARCH IN PROGRESS

Yorkshire and Humberside

Leeds University:

Level of Decision-making in the Board Room. Mr. T. E. Stephenson.

Role of the Chief Executive Officer. Mr. T. E. Stephenson.

North-West

Manchester University:

Business Ratios in Co-operative Societies. Mr. J. Roper.

The Co-operative Movement in Sweden. Dr. A. Wilson.

Keele University: Democratic Participation in a Co-operative Society. Mr. J. Whitfield.

Manchester College of Commerce:

Capital Expenditure Decisions in Retail Co-operatives. Mr. D. Hopwood.

The Degree of Member Participation in West European Co-operative Movements. Mr. D. Smythe.

Scotland

Heriot-Watt University: Labour Relations in the Consumer Co-operative Movement. Mrs. J. Paterson.

Strathclyde University:

Co-operative Accountancy. Mr. L. Oakes.

Reasons for declining member participation in Co-operative Societies in West Central Scotland. Dr. T. F. Carbery and associates.

Co-operative Business Finance. Mr. E. E. Canaway and associates.

Information about research and courses in progress or in prospect will be welcomed and should be sent to the Secretary, Society for Co-operative Studies, Stanford Hall, Loughborough, Leicestershire.

Society for Co-operative Studies
REPORT OF THE FOURTH ANNUAL GENERAL MEETING

3RD-4TH APRIL 1970

AT THE CO-OPERATIVE COLLEGE, STANFORD HALL, LOUGHBOROUGH, LEICS.

1. Attendance of Members

The following members were present: where the participant represented an organisation in membership of the Society, this is given after their name:

F. ABBOTTS	
D. BROWN	Co-operative Union (Northern section)
F. BRUCKSHAW	Co-operative Press
L. E. BURCH	
DR T. F. CARBERY	University of Strathclyde
S.P. CLARKE	Bradford Society
H.G. CLODE	Co-operative Union
K. COOPER	
W. A. EDWARDS	Portsea Island Society
L. C. FOX	
E.C. HANCOCK	Chesterfield Society (Education Committee)
L. A. HARRISON	Greater Nottingham Society
P. HARTY	Newcastle Society (Education Committee)
D. HIBBERD	
W.E. LAWN	
R. A. B. LEAPER	Swansea University
J. LEONARD	Co-operative Productive Federation
D. LOCK	Loughborough University
R. T. LOWE	Leicestershire Society
R. L. MARSHALL	Co-operative Union Education Department
MRS. M. MCALEESE	Coatbridge Society (Education Committee)
K. A. NOBLE	Co-operative Wholesale Society
S. OLIVER	Brightside and Carbrook Society
W. F. PICKARD	
K. M, PIKE	
MRS N. M. NUZUM	
I. RAWLINSON	Hyde Society
L. J. ROBSON	
J. ROPER	
B. J. ROSE	Co-operative College
N. SIDDONS	Chesterfield Society
MRS J. STANSFIELD	
E. W. TAYLOR	Harrogate Society
E. P. TURRALL	London Society (Education Committee)
W. P. WATKINS	
D. L. WILKINSON	North eastern Section

DR A. WILSON
S. WILLIAMS

2.Introduction by the Chairman

Dr Carbery was pleased to report an increase in membership. The case for the Society was that it was the main link between the Universities, the College and the Co-operative Movement.

Members should keep in mind; firstly the need of the freedom that comes from its own finances, as indicated by the results of a recent one day school in Scotland; secondly the need to ensure that anyone assisting from the Universities was welcomed for any ideas he or she might contribute; and thirdly an awareness that a healthy bias towards research was beneficial to the trading side of the movement.

3.Apologies and welcome

Apologies for absence were presented on behalf of Mr. A. Beaumont, Mrs. D. E. Boatman, Mr. and Mrs. W. F. Higgins, Mr. J.B. Lamb, Mr. Paisley, Mr. D. Smyth, Mr. T. E. Stephenson, Mr. W. T. Welch, Mrs. J. M. Wheeler and Mrs. N. E. Willis.

4.Report of the National Officers for 1969-70

This had been printed in Bulletin No. 9 of the Society and was reviewed.

It was noted with pleasure that Mr. T. E. Stephenson had been appointed senior lecturer at Leeds University.

(a) MEMBERSHIP

An increase during the year to 142 members was a welcome sign of growing interest in the Society's work. During the year there had been 7 new members from organisations and 27 new members as individuals. Members noted a recommendation from the National Officers that they should inform the Secretary of the Society of persons likely to be interested and able to contribute to the Society's objectives.

(b) THE BULLETIN

Publication of Nos. 7, 8 and 9 were noted, and the contribution by the late Mr. Desmond Flanagan to the bibliography in issue 8 was acknowledged.

(c) STUDY PROJECTS

The comparative failure of the 1968-9 projects was noted. A suggestion was made that "Industrial Relations" and "Workers Participation" be considered as possible projects for future study.

(d) RESEARCH

Note was taken of the two awards of £15 to Mr. D. Smyth and £30 to Messrs. Hopwood and Birch for projects on Membership Participation in the Operation of Co-operative Retail Societies in Western Europe and on Capital Investments in Large Retail Co-operative Societies; and of the grant of £25 to Mr. W. P. Watkins, to whom the thanks

of the Society were recorded for his report of the Sixth International Congress of Co-operative Science published in the Bulletin No. 9.

(e) CO-OPERATIVE COLLEGE ENDOWMENT FUND

Members noted donations already received, and the advice so far of the National Officers for the employment of the funds.

Possibilities welcomed or added were:

- a feasibility study of the possibility of planning for a National Co-operative Society.
- the storing and analysis of valuable records which might be thrown away, particularly with the formation of regional societies. The Society might investigate some method of putting these on micro-film. With the possibility of many small societies transferring engagements and going out of existence valuable records would be lost from a Co-operative, as well as from a local history point of view.

Mr. Marshall suggested for the Society that, whilst it had not itself the space, finances or facilities to employ experienced people to store these papers, it might act as a link between societies and the Universities with the facilities to see that these records were preserved. In general, this hard-won research money should be used for a productive purpose in order to encourage further grants.

(f) REGIONAL DEVELOPMENT

The regional reports were noted, with the correction of the reference to Mr. Stott in the North West report.

(g) FINANCE

Satisfaction was expressed at the financial position of the Society with subscriptions for the year totalling £640. The accounts were approved.

5.Appointment of Officers for 1970-71

Thanks were expressed to the officers for their services during 1969/70 and the following were recommended and approved for office during 1970/71:

- (a) All Presidents to be re-elected.
- (b) Mr. J. Roper MA, University of Manchester to be Chairman.
- (c) Mr. W. E. Lawn to continue as Vice-Chairman and a second Vice-Chairman to be added by the National Officers, if possible from the area of technical colleges.
- (d) Mr. R. L. Marshall to continue as Secretary and Treasurer.
- (e) Mr. Marshall and Mr. J. R. Hammond to continue as editors of the *Bulletin*.

It was agreed to ask Mr. G. M. Docherty to act as auditor.

6.Future Development of the Society

Some points arising from the discussion were:

- Some better form of organisation in the Regions, perhaps based more strongly on the Universities.
- On research, the value of private individuals who did not have the ability or resources for full research, but who could greatly help with some of the more detailed work required on surveys, etc.
- A lack of up-to-date information, for students and tutors, giving Co-operative facts and figures was reported.
- The value to the Movement of academics with a continuing interest in Co-operation, who might be few in number but could give the Society and the Movement valuable services it could not otherwise obtain.
- The value of sustained courses, as in the North East, which would help equip hard-pressed co-operators with skills and information upon which to make decisions.
- The question whether the Society was achieving perhaps its most important specific aim-an increase in the number of interested academics.
- Many of the points noted above depended upon having at the Universities members interested in co-operation and prepared to give time to it.

7.Conference Papers

In a paper entitled "Guidelines on Co-operative Business Success-and Research," presented by Dr A. Wilson, the following points were made and discussed:

- (a) A proposal for two major objectives for the 1970s:
 - i. integration of the retail and federal societies into a National Movement.
 - ii. provision of goods and services at a competitive price and of a nature which would attract consumers as Co-operative customers.

- (b) The connection between large trading areas and possible benefits arising from:
 - i. large scale buying, warehousing and selling operations.
 - ii. employment of first-class departmental managers.
 - iii. trading over a wider range of operations.
 - iv. more immediate policy decisions on vital matters.

- (c) The need to determine and aim for the optimum size and number of retailing outlets and the optimum range of goods and services offered.

Mr. B. J. Rose BA presented a paper entitled "Guidelines on Member Participation and the Research Needed". The following points were considered:

- (a) The unique position of the Co-operative Movement to take advantage of current and probable future trends, in particular the changes in member participation necessary to attract and satisfy:
 - i. the growing interest of Consumers generally in quality and marketing of goods-as shown by the development of the Consumers Associations.

- ii. the growing demands by both producers and consumers for a greater say and control in industry and consumer services, with the possibility of government action to make big commercial concerns more publicly accountable.
- iii. the growing need for two-way communication as indicated by the development and success of public relations organisations.

(b) The effects of the growth of Societies on:

- i. member participation and interest, and the possible needs of member participation activities to be structured on the area of the store rather than on the area of the Society.
- ii. the investment and withdrawal of share capital.

(c) The possibilities of improved member interest and participation by appeals to members primarily as shareholders rather than as consumers.

The Co-operative Movement in Trade - Members and Consumers

C. S NUTTALL

(Mr. Nuttall is Staff Tutor in Economics at the University of Birmingham)

Co-operative societies are faced today with increasingly skilful and well organised competitors. The pressures of competition are such that trading societies are examining very critically their habits and their philosophy, and are looking, in particular, at the consequences that arise from the system of democratic control of policy. There is an extreme view which argues that, to survive against modern competition, societies must have a fully professional management, that democratic control means lay interference, and that this weakens the chances of trading success. On the other hand, there is the concern so widely felt, even among those who argue the case for professionalism, that democracy is itself the very life-blood of the Movement and that nothing of Co-operation can survive unless this first is retained. Perhaps the commonest position today is of those who cherish both objectives, of democracy and of professionalism, the one for philosophical and the other for practical reasons; but who, in cherishing both, yet fear they are incompatible.

At a recent meeting of the Midland Section of the Society for Co-operative Studies, a very different position was discussed on the basis of a paper submitted by one of its members.ⁱ We were invited to consider that the two objectives were not only easily reconcilable, but that the practice of democracy could itself become a weapon in competition. What was necessary was to understand the nature both of democracy and of competition. If the ideals of democracy (as I understand the position) pervade the Movement, they will carry their influence far beyond the members' meetings and the periodic votes on major issues, into a continuous involvement with and inspiration to the trading process. When this happens, the counter exchange will be given a character which is distinctive to Co-operatives; and this distinctive character, like anything in retailing which is distinctive and worthwhile, will give Societies a competitive edge on their rivals. So whereas other retail organisations may compete on grounds of price, quality, range, service or proximity, Co-operatives need not struggle, on commercial justification alone, to match them on their chosen ground. For the Movement has its own matchless competitive weapon, if only it will employ it-the built-in magic of democratic control.

This is a very bold position to take-particularly so since, on one side at least, it is exposed quite openly to attack. If what we are concerned with is a marketing process which is underlaid with democratic intent, and if we interpret this as "finding out exactly what members and potential members want", then is this not the first concern of all trading organisations? Would we expect any of the Movement's competitors-multiples, department stores, chains, supermarkets, private traders-to deny that "the first and essential step towards successful competition is to find out exactly what customers and potential customers want"? And, more than this, are not their policies and methods of operation based on the answers they get to this question, so far as it is possible so far, that is, as the necessities of economic functioning allow? What is left for Co-operatives to glean in this field of consumer research, unless it is assumed either that so far research has produced the wrong conclusions or else that policy has followed everywhere too timidly on them?

THE STRENGTH OF COMPETITION

This line of attack has a classical ring. It has summoned to the defence of the interests of the consumer, that redoubtable economic champion of the past the interplay of market impulses. It is tempting to reply that market impulses are no longer as effective as they were once thought to be, that the economist's model of perfect competition is irrelevant to the modern situation and that the interest of individual consumers counts as nothing in today's context of largescale manufacture and trade. But we cannot, at this stage, deny the strength of competition since we began by admitting our concern with it. Competition may not be what it once was, but it seems at any rate to be serious enough to send us scratching about in the armoury for our own distinctive weapon.

It would be better to begin by recognising that retailing is competitive, that there is a market and that it does take account of consumer interests. It would not then be enough to suggest that Co-operatives should look for gaps in the market provision, even though, under the current trends towards standardisation, limited range and reduced service, the gaps appear to be large. The trouble is that these gaps can be filled, but only at a cost, and to do so is itself a specialist marketing function. It would be incongruous to make this a Co-operative objective, or to ask the Movement to turn itself into a Peoples' Fortnum and Mason. The alternative way of striking for this objective, by absorbing the extra costs, which is to say, by spreading them over the whole of the Society's trade, would be dishonourable. It would be equivalent to telling the majority of customers that the privilege they gain for joining the Society is that they would be compelled to subsidise minorities,

The gaps then seem to be closed. What remains is one of the most competitive areas in the business jungle, where the pressure of necessity makes every animal a predator. In distribution, economies of scale are as evident as they are anywhere and size, in itself, is an obvious advantage. Co-operative Societies which find themselves caught up in this situation, where expansion at the expense of rivals is a principal objective, surely cannot, it would seem, afford to dilute the professionalism with which they engage in the struggle. Competition, by its severity is so demanding that it seems to preclude concession to any other principle, however noble.

But yet this cannot be the whole story, nor can the ideas in the paper on "Democracy and Competition" be dismissed so easily. Co-operative Societies are not ruthlessly competitive organisations, but rather they have ideals which inform their behaviour. The effect is to compel upon themselves attitudes which are embraced by the word "responsible". The paper on "Democracy and Competition" is about responsible trading, and there can be no dispute that this, among whatever else, is what Co-operatives stand for. It is perhaps misleading, though, to ask whether responsible trading is compatible with competition or whether it can be made a weapon in the competitive struggle. If the answer to these questions were Yes, the market would have found it long ago. What we should ask is whether an organisation which accepts responsibility is in the market at all-whether it need afflict itself with the anxieties which the market would impose upon it. Also, we should, of course, have to look at the consequences which flow from the answer. But since we have dismissed one sort of responsibility from our

consideration, which is the responsibility for minority interests, we could begin by examining what we do mean by responsible trading.

CHANGED ROLE OF THE RETAILER

There is, in a general way, a case to be made that production and distribution today offer the consumer less personal satisfaction than formerly, and that this trend is continuing. The change is associated with and is surely partly a consequence of, the changed role of the retailer. Formerly the cobbler made the shoe, the tea merchant blended his tea, the tailor cut the coat. The final processing, selection and packaging was carried out at the retail outlet to meet the studied interest of the local clientele. When the retailer dropped his role as a finisher and became more an agent of a manufacturer, and as he came more and more to sell finished, pre-packaged goods, his relationship and responsibility to the consumer was affected. It was not that he now offered the consumer less range in the minutiae of choice, but rather that his capacity to affect his stock in the interests of a customer was diminished. The ultimate responsibility of satisfying the customer, which was before his chief trading function, was now passed back from him to the manufacturer. Formerly this responsibility had been personal and local. Then it came to be withdrawn, and the loss to the consumer was gradual and imperceptible.

It is impossible for the supermarket, which sells a range of branded goods, to accept more than the most elementary responsibility towards its customers not to over charge, not to seek to dispose of old or tainted stock and so on. The impersonality of the check counter is an essential feature of this type of trading, to enable it to fulfil its low-cost, low-price role. The traditional rights of consumers simply have no place in this system. This is not to say that the interests of consumers are neglected. Consumers, in their own interests, have surrendered their rights. The market, as an expression of consumers' choice, has remained true to itself. It is consumer choice which has brought about the change—the choice which consumers have made in favour of lower prices through lower retail margins, and against higher margins, higher prices and a different character of trade. So there is a vacuum of responsibility in the trading relationship. The rights of consumers have languished, and it is difficult, in the existing pattern of trade, for their rights to be reasserted.

A null relationship of this sort cannot exist within a Co-operative Movement which was born out of a recognition of responsibility and of rights. If consumers have been seduced to sell their rights for a reduction on the price, they cannot, of course, be reclaimed merely by rejecting their expressed preferences. But it is exactly at this point that Co-operative trading shows its full meaning. For Co-operation is concerned not with the consumer but with the individual. Consumer rights may flourish or decay with the structure of the market, forming indeed part of the trafficking of the market. But membership rights in a democratic organisation are inviolable. And a Co-operative Society is not a trading machine, but a democratic body addressing itself to trade.

Members and consumers are not identical—quite apart from the fact that some Co-operative customers have not enrolled as members. The difference is more general, in that consumer rights are different from membership rights. The one is the subject of marketing, the other of

democracy. The Co-operative Movement straddles both, without quite descending into the market-place. Because its trading interest is unique, it is not strictly in competition with other traders. They look for customers; the Co-operative looks for members. Never were the demands of the two groups more distinct than now.

THE MOVEMENT'S OBJECTIVES

Never too, could the Movement pursue its objectives with greater hope of success. It may once have been possible to reduce commodity costs by mixing sand in the sugar. It may be possible to reduce service costs by ruthlessly eliminating the proper functioning of responsibility in retailing. The Cooperative Movement is a protest against all such lowering of standards and it is from this that it gathers its strength and its support. It is through this that it exerts its influence, not only on trading, but on the whole of society. Co-operative trading is always an experiment—a continuing, practical experiment in education. It presents a criticism by example of the important and imperfect area of society which is trading, refusing to admit its reversion to the attitudes of the jungle, always reclaiming and restoring this area of society to democracy.

When "Democracy and Competition" argues for closer membership involvement it points in a direction very well worth exploring. Co-operative Societies might well study (or "research", if the popular term is preferred), the ways in which voluntary participation of members in trading activities can be encouraged. It may be difficult, but it is a task appropriate to Co-operatives, and to them alone. The customer in a commercial supermarket is as much a participant in the trading venture as is the audience in a cinema. The customer is addressed by slogan, nor is he expected to reply. The slogan-system is presented by placard or through closed-circuit television and is devised and administered by an entirely remote management. It is operated independently of the serving staff, lying quite outside their knowledge or concern, and the style and form preferred is always a stereotype. Devices of this sort may indeed promote a higher turnover and a better space use, proving themselves in reducing costs. This may be true of other devices now being employed, barely excusable in themselves, which go beyond the exploitation of sources of efficiency, to the exploitation of the individual. It is not at all obvious that Co-operatives need follow competitors in these directions or that members expect Societies to be competitive in this sense. This is not to say that the shopper is asleep inside the member. But what the member looks for is to be described more in terms of comparability than competition, so that while other traders, of all types, remain the pace-setters in consumer satisfaction of one sort or another, Societies remain the pacesetters in human satisfaction. If Co-operatives want to overcome the pressures which would force them to relinquish their true objectives, they must not only exploit the skills and techniques of management, but they must also mobilise the force for voluntary participation that resides in the membership of a democratic organisation.

ⁱ Democracy.and.Competition.in.Consumer.Co_operatives- E. P. Pritchard, Senior Lecturer in Political Science, Department of Extramural Studies, University of Birmingham.

Society News and Notes

The *Society for Co-operative Studies Bulletin*, 11, November, 1970

With this issue of the *Bulletin* we are sending out a second invitation to members to "stay in the fold" for 1970/71: and if the first invitation escaped your notice please reassure us with a quick response to the second!

Future Organisation of the Society

The National Officers have been considering recently whether any reorganisation of the Society would serve its purposes better. The general feeling has been that regionally our results are rather meagre, though they vary from region to region; nationally they are more substantial; but even on the national level we need to do more to match the efforts involved and the hopes with which we started. Two of the particular questions we have looked at are:

- (a) Is a primary purpose of the Society to increase the number of people in universities and colleges interested in the movement, studying its problems and engaged in useful dialogue with it? This surely would be widely agreed.
- (b) Would this aim be better achieved if the basis of the organisation were universities and colleges, or groups of them throughout the country, and if there were some concentration on gathering for each of these staff and students with some degree of interest in the Co-operative movement?

The National Officers will be returning to this question at their next meeting in January, and we would be grateful for views of any members.

Research

The National Officers have been engaged in formulating some general advice to the Education Executive of the Co-operative Union about the disposition of a College Jubilee Fund which was raised in 1969, and is available at least in part for promoting research: £3,800 in gifts and £4,300 annually on seven year covenants. The general guidelines favoured by the Officers are now being set out, but it is timely also to draw attention again to the modest but helpful commitment by the Society itself: that the Society is willing to consider small grants for specific research projects; that the limit for each grant should be £30; that they are, of course, intended to assist projects which have a Co-operative relevance; and that the kind of expenditure for which it is intended is travelling expenses, substantial postage costs, special material, etc.

A.G.M. and Conference, 1971

This will be held on Friday and Saturday, 16th/17th April and full details will be sent later. In the meantime please earmark the dates and look ahead to the conference papers: on *Problems of Co-operative Finance* by K. A. Noble, Director, C.W.S. and R. A. Lee, Deputy Chief Executive Officer, C.R.S., and on *Aspects of Co-operative Industrial Relations* by Lloyd Harrison, Chief Officer, Greater Nottingham Society.

R.L. Marshall

J.R. Hammond

Reports from the Regions

Metropolitan and South

Joint Convenors:

MR W. J. PHILPOTT, B.Sc.(Econ.), M.B.I.M.

Head of the Department of Management and Merchandising, College for the Distributive Trades.

MR JOHN WALKER

Food Trades Officer, Luton Industrial Co-operative Society.

At the meeting of the branch held in June Mr. J. R. Walker submitted a paper concerning the effects of Selective Employment Tax on Co-operative trade. A meeting was held in September when the branch discussed the result of a small piece of research into the function of Education Committees. Mr. Alan Teesdale of the College for Distributive Trades is undertaking some research by way of producing a business model against which the performance of Cooperative Societies can be judged and this will be discussed at a future meeting.

Midland

Joint Convenors:

MR C. S. NUTTALL, B.A.

Staff Tutor in Economics, Department of Extra-Mural Studies, University of Birmingham.

MR LLOYD A. HARRISON, C.S.D.

Chief Executive Officer, Greater Nottingham Co-operative Society.

The seminar on "Social Structure and Industrial Relations in Co-operative Societies" which was to have been held in Derby on 13th October has been postponed until a later date. At this seminar Mr. D. E. Lock of Loughborough University of Technology will present a paper on this topic.

North

Joint Convenors:

DR J. STEVENSON, PhD, IUR,D. B.A.(HONS.)

Principal, Monkswearmouth College of Further Education.

MR. P. HARTY, snr.,

Education Secretary, Newcastle Co-operative Society.

No regional activity has taken place since the last issue of the Bulletin, but a meeting will be convened shortly to discuss future activities.

Yorkshire and Humberside

Joint Convenors:

MR T. E. STEPHENSON, B.A. (DUNELM)

Department of Management Studies, University of Leeds,

MR. S. P. CLARKE, C.S.N.

Secretary and Chief Executive Officer, Bradford Co-operative Society.

No regional activity has taken place since the last issue of the Bulletin but a meeting will be convened shortly to discuss future activities.

North-West

Joint Convenors:

MR J. F. ROPER, M.A.

Faculty of Economic and Social Studies, University of Manchester.

MR, F. BRUCKSHAW,

Editor, Co-operative News.

A meeting of the North-Western region of the Society will be held on 16th October at the University of Manchester when Mr. E. Mather, Chief Executive Officer of Co-operative Retail Services Limited, will introduce the topic "A National Society".

Special Note

ROBERT OWEN BI-CENTENARY 1971

The Co-operative College is organising a summer school for the week beginning 17th July 1971 in which various experts will deal with the relation of Owen's ideas and experiments to contemporary problems.

Current Co-operative Studies and Research

COURSES IN PROSPECT FOR SESSION 1970-71:

Discussions continue on further courses for the forthcoming session.

North-West

University of Manchester in association with Co-operative Union Section:

- A course on "Management in Retail Distribution" for senior officials.
- A course for directors on Regionalisation and Integration of Co-operative Societies in Britain and Europe.

Yorkshire and Humberside

Leeds University in association with Co-operative Union Section: the first year of a three-year course for chief executive officers has now been completed. The second year will cover "Decision Making Areas", "Regionalisation" and "Merchandising and Marketing".

Scotland

University of Glasgow Extra-Mural Department in association with Co-operative Union Section:

- courses for board members in the Glasgow, North East and Border Districts
- a six week course for senior officials commencing in October at Kilmarnock Technical College.
- a six week course for senior officials commencing in October at Motherwell Technical College.

Under discussion: courses for board members in the Falkirk and Ayrshire Districts

Under discussion: courses for board members in the Borders, East of Scotland, Fife, Glasgow and District, and North East.

South-West

Bath University of Technology in association with Co-operative Union Section: a long-term course for departmental managers.

RESEARCH IN PROGRESS

Yorkshire and Humberside

Leeds University:

- Level of Decision-making in the Board Room. Mr. T. E. Stephenson.
- Role of the Chief Executive Officer. Mr. T. E. Stephenson.

North-West

Manchester University:

Business Ratios in Co-operative Societies. Mr. J. Roper.

The Co-operative Movement in Sweden. Dr A. Wilson.
Keele University: Democratic Participation in a Co-operative Society. Mr. J. Whitfield.

Manchester College of Commerce:

Capital Expenditure Decisions in Retail Co-operatives. Mr. D. Hopwood.

The Degree of Member Participation in West European Co-operative Movements. Mr. D. Smythe.

Scotland

Heriot-Watt University: Labour Relations in the Consumer Co-operative Movement. Mrs. J. Paterson.

Strathclyde University:

- Co-operative Accountancy. Mr. L. Oakes.
- Reasons for declining member participation in Co-operative Societies in West Central Scotland. Dr T. F. Carbery and associates.
- Co-operative Business Finance. Mr. E. E. Canaway and associates.

Information about research and courses in progress or in prospect will be welcomed and should be sent to the Secretary, Society for Co-operative Studies, Stanford Hall, Loughborough, Leicestershire.

Two viewpoints

A Co-operative Development Agency: IS IT DESIRABLE?

Viewpoint 1: H. F. BING, M.A.

(Mr. Bing is a former tutor in social studies at the Co-operative College)

In its Election Manifesto earlier this year, the Labour Party suggested that if it won the Election and came to power again, it would establish a Co-operative Development Agency, to provide funds for the development of Co-operative enterprise. The details of the scheme were, of course, not elaborated but since the Labour Party did not win the Election and the Conservative Government, which has come into power is unlikely to be interested in the scheme, the details need not concern us.

The proposal, however, seemed to be welcomed in Co-operative circles, as instanced by the S.C.W.S. resolution passed at the Co-operative Congress which inter alia said:

We call on the Government to recognise the significance of this Movement and welcome the declaration by the Labour Party Executive in support of the establishment of a Co-operative Development Agency and urge that this be translated into official Government policy.

It is certain, therefore, that even if little can be expected in this direction from a Conservative administration, there will be a tendency on the part of some elements in the Co-operative Movement to maintain pressure on the Labour Party in order to make sure that the proposal occupies a prominent place in the Party's Manifesto at the next General Election. As this, however, is not likely to occur for four or five years, we have time to consider carefully the implications of the proposal.

What makes the idea of a government-sponsored Co-operative Development Agency attractive to the Movement is clearly the possibility of obtaining, without much difficulty, substantial capital sums for modernisation and development at a time when these are clearly needed to meet the challenges of the 1970s and the keen competition of rival concerns. It is a characteristic of our times, to look increasingly to governments for financial aid in enterprises which are costly and possibly not immediately profitable, Government aid to the ship-building industry, to the "development areas", to housing, to exports, are examples which, at once, come to mind. The case for such assistance is particularly strong where social or national interests seem to be involved.

Effect of Economic Aid

That the Co-operative Movement is a worthy movement, no Co-operator will deny. But is this a sufficient reason for seeking government financial assistance? What would be the effect on the Movement of such aid, if received? Obviously much would depend on the conditions of such aid-upon the strings attached.

As we all know, much international aid today is greatly reduced in value by the

strings attached. Whether they be political or economic. In fact the receiving countries tend to find themselves "enslaved" to their "benefactors". The same thing can happen with internal aid. "Fear the Greeks when they bring gifts", is a saying more than 2000 years old, but is still true today, and all governments must be regarded as "Greeks" in this respect!

In many developing countries the Co-operative organisations have been largely initiated by governments and financed by governments. The result has generally been that they have continued to depend on government aid, both financial and in personnel, and have not become really independent, self dependent and democratic organisations. Without continual government support they would collapse. Their policies are, therefore, essentially government directed.

It may be argued that the British Co-operative Movement with its century and more of independent existence, its 13,000,000 members and its democratic structure is strong enough to accept government aid without losing its independence. But can we be so sure? After all, its democracy is more formal than real. Less than two per cent of those thirteen million participate in the running of their societies. It is, quite rightly, a principle of British public life that where public money is being spent some kind of public control must be exercised. On what ground could the Co-operative Movement claim to be exempt from this principle? We should almost inevitably find that the receipt of government money would involve some kind of government control of our policies. A movement financially dependent upon a government is free, neither in its actions, nor, what is perhaps more important, in its ability to criticise that government—at least without fear of losing the aid upon which it has come to depend.

The maintenance of the independence and integrity of voluntary organisations is an essential principle of democratic freedom in the modern world. Recent history has shown that the rise of totalitarian regimes has everywhere led to and been facilitated by the collapse and deliberate destruction of voluntary organisations. The fate of the youth organisations, the trade unions, the Co-operative Movement in Nazi Germany is a classic example. It is well-known that the International Co-operative Alliance has repeatedly refused to accept applications for membership from certain East European Co-operative Organisations because in view of the extent of government control over them, they could not be regarded as having truly voluntary membership and democratic control.

Role of Voluntary Organisations

Today more than ever "the price of liberty is eternal vigilance." Governments everywhere are becoming more powerful and exercising greater control over the lives of their subjects. Technological developments, the mass media, State education, many aspects of the Social Welfare State, computerisation of the details of our lives, are all helping in this direction. The great Leviathan is becoming even greater. The private citizen stands more or less helpless in face of the all-powerful bureaucracy. This is more evident in some countries than in others, but the tendency is a general one. Alone the individual citizen can do little. Few of us are made of the stuff of which martyrs and heroes are made. But collectively we may be able to do

something to preserve our freedom. The maintenance of strong voluntary organisations is the surest safeguard against the advancing tide of totalitarianism.

Basic Aims of the Movement

The Co-operative Movement is one of the largest, if not the largest, voluntary organisation in this country. It should preserve its complete freedom of thought and action at all costs. It may be facing financial difficulties, but it should accept this as a challenge. These problems it can solve for itself if it has the will. The challenge can reinvigorate the Movement. The easy way, the acceptance of government aid, is the road to debility and decay.

The Co-operative Movement is not, or was not intended by its founders to be, merely a trading organisation. Their aim was the establishment of a new social order, based on the principle of voluntary co-operation. Shop-keeping and dividend distribution it adopted almost by accident- and these certainly do not distinguish it from other non-co-operative trading bodies. What difference is there in principle between blue dividend stamps and green shield stamps or stamps of any other colour? The aim of Co-operation is surely to place the control of their work and their lives in the hands of the people, whether as producers or consumers. What gain is it to free ourselves from exploitation by private capitalists to succumb to the control of a bureaucratic State? Would King Stork be any kinder to us than King Log?

Two viewpoints

A Co-operative Development Agency: IS IT DESIRABLE?

Viewpoint 2: K. Noble

(Mr. Noble is a Director of the Co-operative Wholesale Society Limited and a President of the Society for Co-operative Studies)

To be realistic I suppose one must assume that any adoption by a Conservative administration of the proposal contained in the Labour Party's manifesto to set up a Co-operative Development Agency is a bleak prospect.

Despite this I believe it would be in the interests of the Co-operative Movement to go on treating this as a live issue. Firstly by petitioning the present government on the basic justification of the case and secondly by continuing discussions with the Executive of the Labour Party. By so doing we would not lose by default any possibility, however remote, of the current administration objectively examining the proposal and at least we should ensure that the next Labour Government positively inherits its own commitment.

In comparison with the late Labour Government's wide and growing intervention and aid in commerce and industry by the various Commissions, both set up and proposed, the policy in this field by the present administration is likely to be somewhat muted. But any 'Powellite' panaceas of complete freedom and non-intervention in industry and commerce are unlikely to influence a situation where certain necessary checks and adjustments have to be applied in the broad economic and community interest.

For example large and basic industries involved significantly on exports must be subjected to some government surveillance and often intervention; and sometimes even capital provision if the price mechanism of the money market or self financing retentions do not provide it. Hence the continued need for a body similar to the Industrial Reorganisation Commission even if it were forced to reduce some aspects of its previous encouragement of broad industrial restructuring.

Benefits to the Community

To save indirectly on imports and improve the contribution of the agricultural industry to the G.N.P. is one of the main functions of the Central Council for Agricultural and Horticultural Co-operation which was established in 1967. Any impairing of its effective grant aid schemes and other assistance in developing agricultural and horticultural trading co-operatives would be an unthinkable backward step for any government to take simply for doctrinaire or political reasons. In any case once elections are over decisions which affect the health of the economy tend to be influenced more on pragmatic grounds than political ideologies.

It would be wise for the Co-operative Movement to base its continuing claim for the setting up of a statutory Co-operative Development Agency on 'benefit to the community' reasons rather than political or even philosophical arguments that eulogise the advantages of voluntary public

ownership. The cornerstone of our case is that historically our motivation and practice, the latter often to our commercial disadvantage, has been, and is, service to the consumer rather than the maximising of profits. Even if the present economic pressures in the foodstuffs distributive trades especially do result in an indiscernible difference (other than 'divi-stamps') between the two motivations it is surely still vital, taking the long view, that a Co-operative presence should be preserved. To which one might perhaps diffidently add that consumer participation and Co-operative democracy give opportunities that could be of social consequence despite the present minimal proportion of less than z per cent of our membership which interest themselves actively in our affairs.

The Capital Problem

Most importantly of course is the question of capital and our lack of it. If we are to have a 'presence' in new towns, new population concentrations and the emerging out-of-town developments, we shall never manage it even with speeded-up regionalisation and rationalisation, without 'outside' capital. I pointed out when seconding the S.C.W.S. resolution supporting a Co-operative Development Agency at the recent 1970 Co-operative Congress that we are only investing in capital trade development little more than half of our current share, which is about 9 per cent of the national retail trade. This means we are approximately investing only £20m. a year instead of desirably twice that amount. All of this shortfall of £20m., if we are to maintain let alone expand our national retail share in the immediate future, will have to come from institutional or other lenders on sell and lease back, mortgage and rentals. It would be a great help at this difficult stage of our history if a Co-operative Development Agency existed, albeit with disciplinary conditions of management standards and business performance, to provide capital for approved schemes on big shopping developments some of which would be linked with large scale retail Co-operative mergers. Such capital provision could contain helpful easements in first and second year interest costs while new projects were being consolidated. Such arrangements could be contemplated in line with the past practice of the I.R.C. when aiding private industry.

Starry eyed?-possibly. But at least sceptics would agree that any possibilities, however remote, of receiving statutory financial and other aid should be fully and continuously tested. Such assistance would have as a primary justification the defence of the £z5om. capital stake of the Movement's near 13,000,000 members but more than that assist in the preservation and expansion of a very worthwhile institution in economic and community terms.

We must not mark 'closed' on the file "Co-operative Development Agency" but vigorously pursue it.

Recent Publications on the Co-operative Movement: A SELECT BIBLIOGRAPHY

BERNARD HOWCROFT, F.L.A.

Mr. Howcroft is Manager of the Library and Information Unit of the C. W.S. Marketing Services. He has indicated his willingness to give any help and advice he can in obtaining copies of this material to members of the Society who may have difficulty in doing so.

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International Notes

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CO-OPERATIVE TECHNICAL TRAINING IN FRANCE

Technical training in the French Consumers' Co-operative Movement goes back nearly half a century. It has always been carried on in the same premises as the head office of the National Federation of Consumers' Co-operatives and for many years has been institutionalised in the École Technique Co-operative (Co-operative Technical School) which has earned the approval of the Ministry of National Education.

The School is organised in three Divisions. Division 1 provides general technical training for young aspirants to managerial posts. On the basis of a general economic culture related to co-operative enterprise the School is building up a reserve of management ability for the Consumers' Co-operative Movement. Its methods are to encourage the students to play a full part in management teams, so as to develop their aptitudes for collaboration and the habit of forecasting. More emphasis will be laid in future study programmes on methods of decision-taking. Division 2 provides correspondence tuition for over 1000 students. More than one half of these are following one of two courses, of which the first leads to the official certificate of proficiency in grocery salesmanship and the other is a general technological course bearing on products and selling methods. Division 3 is specialised to the needs of the staffs of average and large-size self-service stores and provides, both at Paris and in the regional societies, training courses closely adapted to the needs of particular categories of employees. In conjunction with a regional consumers' society, The Cooperators of Champagne, the School makes use of a supermarket at Montereau for training butchers in methods of pre-packaging.

The Co-operative Technical School, because it is housed in the same building, is able to take full advantage of two other services provided by the National Federation. One is the Co-operative Study Centre, which possesses a library of 3,000 books and 200 periodicals, runs a book store and is proposing to add a language laboratory. The other is the economic research and documentation service, whose constant role is to study the Co-operative Movement's economic and social environment, with special attention to events of significance to consumers and the policy-making authorities of the Movement. The service is closely linked with the bodies representing consumer interests in different fields of work of the European Economic Community.

EXTENSION OF GERMAN CO-OPERATIVE SEMINAR

The Central Training Institution of the German Consumers' Co-operative Movement, like the French School described above, also has nearly half a century of history, minus the years of the Nazi oppression, and was for its first dozen years housed in the head office building of the Central Union of Consumers' Co-operatives at Hamburg. Simultaneously with the reconstitution of the Union after the second world war the school was established temporarily near Wilhelmshaven, but from 1953 onwards it occupied well-planned new premises of its own at Sasel on the outskirts of Hamburg. In the late spring of this year a large extension of these

premises was ceremonially opened to meet the needs of the reorganised training system, introduced since the functional readjustment of the Movement's central institutions in 1967. In harmony with new conceptions of the function and methods of the institution its name was changed from School to Seminar. Henceforward it will leave the primary branches of technical training to the regional schools and concentrate its resources almost entirely on management at all levels.

Dr. Karl Trescher, the board member of the Confederation of Consumer Co-operatives (BdK) responsible for personnel and training questions, reminded those present at the ceremony that the continued training and education of their staffs had always been a foremost consideration of the affiliated organisations and forecast that the extension of the Seminar, along with the modernisation of the content and methods of its courses, would give the Seminar a leading position in the development of training systems appropriate to present-day conceptions of retailing and its functions, besides creating a style of management and personnel relations embodying Co-operative ideas. The new building will provide some 15,000 sq. ft. of additional space for the Seminar, including living accommodation, a large and smaller lecture halls, five more rooms for group and class work and a larger library. As compared with 40 courses in 1969, the Seminar will arrange 56 courses in the current year, with an increase from 1,000 to about 1,200 in the total numbers taking part.

INTERNATIONAL CO-OPERATIVE SCIENTIFIC FORUM

The lamented death of Professor Reinhold Henzler over two years ago brought the activity of the Forum virtually to a standstill. Professor Henzler, in his capacity of Professor of Business Economics in the University of Hamburg, not only developed the research activity of the Institute of Co-operative Studies which he himself directed, but also began to develop the work of the International Forum in various directions which seemed to promise important achievements. One of these was the preparation of an International Dictionary of Co-operation which was to be financed by the Deutsche Genossenschaftskasse (German Co-operative Bank) and is, for the present, in cold storage. As the present writer reported in No. 9 of this *Bulletin*, the future of the Forum was discussed twelve months ago by the international gathering at Giessen. It is intended to bring forward new ideas on international collaboration between university teachers and Institutes of Co-operation at the next Congress in 1972, but if these ideas are to have reasonable hopes, not merely of adoption, but of practical execution, possible participants in the congress must be familiarised with them well in advance. This is all the more important since the need for research and its growing urgency are receiving wider recognition on the international level, not only by the International Co-operative Alliance, but also by the inter-governmental institutions interested in the promotion of Co-operation, notably in the developing countries. What research work is undertaken at present is for the most part dispersed amongst different types of organisations, uncoordinated and inadequately financed. Moreover, the results take too long to reach those who should use them and reach too limited a circle.

The Senate of the City of Hamburg has appointed Professor E. B. Blümle, Professor of Business Economics at Freiburg and formerly Rector of the Swiss Co-operative Seminar at Muttenz, to the Chair of Business Economics in succession to Professor Henzler.



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