

# **Society for Co-operative Studies**

**Journal of Co-operative Studies 91 January 1998 Vol 30 No 3**

## **Contents**

Editorial Johnston Birchall	1
<b>Short Articles</b>	
The Co-op and a Labour Government Peter Clarke	3
The Survival of the Mutual and Co-operative Sectors: Forewarned is Forearmed Lord Graham of Edmonton	11
Governments and Co-operatives in Canada Alain Roy	17
Credit unions and the New Mutualism Race Matthews	25
Education for Co-operators Basil Loveridge	43
<b>Proceedings of the UK Society for Co-operative Studies Annual Conference, September 1997</b>	
Re-asserting the Co-operative Advantage Roger Spear	54
How Can the Co-operative Sector Contribute to the Development of a Stakeholder Economy? Simon Blackley	59
Record progress made by Movement's Think Tank: Report of Conference and Annual General Meeting Society for Co-operative Studies	71
Index to Journals 80-90 Gillian Lonergan	75

## Editorial

In this issue we introduce the timely and important subject of government and co-operatives; timely because after 18 years of not-too-generous Conservative rule in the UK a new Labour government promises a much more sympathetic stance towards co-ops, and important because several issues are queuing for the new government's attention, including a Co-operatives Act. Peter Clarke, who, when he was General Secretary of the Co-operative Party, worked hard for a Labour victory, writes from a personal viewpoint about all the opportunities the change of government opens up, including that for new co-operative legislation. Ted Graham, a Labour member of the House of Lords and one of the leading figures in the UK co-operative scene, reflects on the recent attacks on mutuality and co-operation by people concerned only with making a quick, and totally undeserved, profit. Though the government is sympathetic, it also has a very full legislative timetable and is also sceptical as to whether the building societies are serious about their newly rediscovered mutual credentials. (One recent development we have to report since Lord Graham's article went to press is a rule change to raise the voting threshold for building society conversions, if societies wish to convert to shareholder companies the turnout for investor-members has to be 50 per cent - previously 20 per cent - and three-quarters have to vote in favour. This should buy the remaining mutuals more time to prepare their defences against attacks from within, though it does not improve their chances against external takeover bids.)

As a background to the subject of government and co-operatives, we publish an informative article by Alain Roy on the ways in which co-operative sectors are represented on, and supported by, government bodies in Canada; We hope soon to publish a similar article from Garry Cronan on the Australian experience. These will raise the important but contentious question of whether the rather odd British experience - of having a Co-operative Party, allied to the Labour Party, actually sponsoring members of parliament - is more or less effective than the more usual methods of seeking representation on government committees, lobbying parliament, and so on. In the UK we have these as well, in the shape of the Co-operative Union's Parliamentary Committee (mainly representing the

consumer interest) the UK Co-operative Council (representing all co-operative sectors), and all-party groups of MPs who are interested in the different co-operative sectors. It would be interesting to receive articles from researchers both inside and outside the UK, commenting on the relative merits of these approaches. However, these are sensitive times for those trying to influence a very busy Labour government, and on some issues we may have to wait until 'the dust settles'. We intend, when the time is right, to publish an update on the new Co-operatives Bill.

Also in this issue, we publish an article by a leading Australian co-operator, Race Matthews, on the need for a 'new mutualism' in Australia. His examples, ranging from housing co-ops and the Desjardins credit movement in Canada to the Mondragon co-operative system, are of great importance not just to Australian credit unions but to co-ops and mutuals around the world. Basil Loveridge draws on a lifetime's experience to argue for a broad, adult-education based view of co-operative education, which should provoke replies from proponents of a narrower, 'member-relations' based approach. There is no room in this issue for our longer, refereed section, because we publish the Proceedings of the Annual Conference of the UK Society for Co-operative Studies. These do not contain all that 'proceeded' - one of the speakers, Peter Couchman, has already published in the September issue - but Simon Blackley provides a worker co-operative perspective on the concept of stakeholding, and argues that the opportunities opened up by the new Labour government should allow worker co-ops to make a significant contribution to local economic development. Roger Spear provides a summary of a research proposal for the study of the 'Co-operative Difference' which was tested out among Society members at the Conference. This research project will form a major part of the work of the Society over the next few years, and it was very helpful to have the views of the members before work begins. Finally, we publish an update of the Journal index, produced by our deputy editor, Gillian Lonergan. We have decided to publish it as an integral part of the Journal rather than in loose leaf form, so that researchers can find it more easily when they need it.

# The Co-op and a Labour Government

**Peter Clarke**

After eighteen years of patient and painstaking work, the UK Co-operative sector is rewarded with a Labour Government. This is a time of exciting opportunity for the Co-op. Already Labour has done more than most expected, but it has disappointed some, who are now criticising the Government. In this article I will look at three such opportunities, but there are many more.

## **Co-operative legislation**

The key opportunity is to put a new Co-operatives Act on to the Statute Book, an act which will modernise the Co-op, improve our access to capital and strengthen democracy. This must be an Act which projects the Co-operative Principles into the twenty first century; "New Labour - New Co-op" has resonance. The heart of the Act must enshrine the best of Co-op values and virtues. These are the qualities which must be at the heart of British society if it is to be based on economic prosperity, social justice, and peace. The Co-operative Principles offer this chance for all. They are a part of the fabric of life, as valid as the principles underlying the public and private sectors.

It is pleasing therefore that New Labour is promoting a mixed economy so vigorously. It is to be welcomed that the old Labour public sector stereotypes have been swept away. The new Labour Party 'Clause Four' talks of the Principles of Partnership and Co-operation. New Labour has done much already to promote the principles of Partnership - partnership with the private sector, in particular in the fields of education, the health service and public transport. The Private Finance Initiative is seen as a key tool for expanding public sector provision using private sector finance. The sector has been quick to meet Ministers, quick to strike a positive note showing how business, in partnership with Government, can help deliver the agenda of New Labour. There is scope, too, for partnership with the co-operative sector, but it can only be on the same terms as existing or currently projected private-public sector partnerships.

How many in Government understand the power of the

Co-operative Principles to deliver Labour's agenda? I know that Lord Graham of Edmonton, as Chairman of the UK Co-operative Council (UKCC), can be relied upon to project this strongly (*editor's note - Lord Graham is also contributing to this issue*). The key people in the major Societies ought to use their contacts to reinforce this case. These meetings could be similar to the series of meetings arranged by the Co-operative Parliamentary Group in the run ups to the 1992 and 1997 General Elections. We know that we can rely upon Ted Graham to deal with the important technical issues surrounding the draft Co-operatives Bill. These were raised with UKCC representatives when they met Treasury officials in the summer, immediately after the General Election. Ted's case must be reinforced strongly by all Co-operative leaders.

Co-operation is part of the fabric of life, it is a key vehicle to helping New Labour deliver its agenda, it is vibrant and ready to adapt to the new challenge of the Millennium. But we cannot assume that the Government knows this; it may do in its heart, but the message needs to be put into the new context and reinforced strongly.

Government attitudes towards the mutuals - notably the building societies - is key. The Economic Secretary to the Treasury, Helen Liddell, is the central player. Unfortunately, she has also been given responsibility for sorting out a major scandal of recent years - the mis-selling of personal pensions (insurance companies, including some mutuals, persuaded around a million people to switch from company to personal pensions, in the process incurring losses which the Government insists now have to be made up by the companies). Here she has pilloried the industry whether mutual or not. The argument is about the service provided to the customers; if mutuals "care" the Economic Secretary wants them to show it by sorting out the cases of pensioners to whom they have mis-sold pensions. Yes, of course, it was the Thatcher Government which encouraged the irresponsibility of tempting people to leave their company schemes, but it is now time to put that right. The Co-operative Insurance Society (a major player in the UK insurance field) is doing its level best to act, and it has a better record than most in this field, but I see Government attitudes to mutuality being fixed by the mutuals' response to this issue.

Over the summer Government Ministers were taking a hard line over the issue of building society demutualisation. They were not prepared to go along with the building societies' simplistic case for putting up barriers to "carpetbaggers" (individuals who have been swamping the societies with applications to become members, in the hope of benefiting from demutualisation payouts). In the Commons, Helen Liddell said, (on 30 July) that this was because societies "could frustrate the will of the members or significantly reduce the board's accountability to them." Lord McIntosh of Haringey said in the Lords on the following day, "We would like proposals from the building societies which will protect mutuality without reducing the rights of members." However, in a very significant speech in November, Helen Liddell had softened this message. Her theme was that mutuality was worth saving, but the real threat was from inside (from managers who decided it was in a society's interest to convert) rather than from carpetbaggers. She argued that it was essential that societies:

get out from behind the barricades and start promoting mutuality... the more people who know and understand the benefits of mutuality, the less likely they are to be seduced by the arguments for conversion or take-over ... mutuality has a future, if you have the commitment to give it one.

Another legislative issue is changes in Financial Regulation, notably the establishment of a Financial Services Authority; this will mean big changes in the approach to the registration and regulation of co-operatives. It is too early to describe the detail (in any case the Treasury is consulting on key issues including consumer and practitioner involvement) but two things are clear. Firstly, self regulation is out. And secondly, the Government wants to unite all regulatory mechanisms within the new Financial Services Authority. This must mean they will look not only at registration but also at the Co-operative Deposit Protection Scheme, and the regulation of banks and insurance companies. This new framework is due to come into play during 1999. It is an opportunity, not a threat, to the Co-op. If regulation is to be put on to a level playing field, so too must our legislation be on a par with that of the Companies Acts.

Another boost to the Co-ops case comes from the Government's decision to launch 'Individual Savings Accounts' and to allow supermarkets to sell such accounts. This concept goes right to the providential roots of the Co-op. Individual Savings Accounts are set to replace existing tax-exempt savings schemes (TESSAs and PEPs) during 1999. The Government's explicit intention is to make them available to the less well off. For this reason, one point of sale will be the supermarket checkout. Tesco and Sainsbury's are going to join in (and their shares have risen as a result, according to the Financial Times) but Safeway have said that they don't think that the checkout is an appropriate place for financial advice. The Co-op has always been a friend of the small saver, so this should be a golden key opportunity to advance our cause. When PEPs and TESSAs were introduced, the Co-op Group in Parliament, with John McFall in the lead, promoted a Commons debate on the inclusion of Co-op investments in the scheme. It is good news that that case has now been accepted and these investments are now included.

### **The Food Standards Agency**

The consumer co-operative sector in the UK has always been at the leading edge of initiatives to deliver the highest standards in food and information on healthy diets; others followed but the Co-op initiated. Strategies such as Responsible Retailing and Plate of the Nation have projected that work forward, as too has the recent initiative on food labelling. The Co-op was quick to respond to the dangers of BSE (the cattle disease which has now been shown to cause human CJD) and has always put the health and safety of its own customers before profit. In like manner 'Co-op Brand' was brave to pioneer the introduction of folic acid in some breads as well as in corn flakes. Civil Servants muttered that its labelling was illegal but why shouldn't the Co-op tell the truth, promoted by official Government reports, that folic acid was of benefit to women who might get pregnant? It was not surprising, therefore, that Professor Philip James, of the Rowett Institute in Aberdeen, when asked in spring 1997 to report on the proposal for a Food Standards Agency, should place so much weight on the Co-op submission.

New Labour's intention was that the report would come out

in the summer and be enacted immediately, but that was then. Now, after six months intense lobbying about the scope and structure of the Agency there is a crucial need for the Co-op to reinforce the case it made in the spring. Our objective must be to get a representative on the Board of the Agency (Bill Shannon is one possible Co-op candidate. His credentials are impeccable, both within the industry and with the public interest food NGOs. Only two years ago he carried off a coveted Caroline Walker Trust award). This is no time for "wait and see"; the Co-op's competitors, Sainsbury's, and Tesco, have lost no time in getting their point of view across. Agriculture has taken the lead. Whilst this is contrary to the Co-op point of view as expressed at the 1996 Labour Party conference, it has had some useful consequences. The Co-operative Wholesale Society (CWS) is, after all, the UK's largest farmer, and the biggest member of the National Farmers' Union.

Within Government, Ministers such as Jack Cunningham and Frank Dobson understand the Co-op point of view: the door is open, but the moment has to be seized now. One key issue is how the Agency is to act independently of the food industry, when the Board of the Agency is dominated by industry appointees. Another is that the responsibility for nutrition and a healthy diet must be placed firmly within the Agency's remit.

## **Retail planning**

The Deputy Prime Minister is leading a crusade to increase the use of public transport and reduce the use of cars and lorries. Already road building has been curtailed, and a positive Green Paper An Integrated Transport Policy has been issued. One of the detailed questions asked in the Paper was how we can reduce people's need to travel. In the retailing sphere the answer is smaller, community-based shops; it must be made possible for people to be able to shop locally. No doubt the Co-op submission to the Department of the Environment, Transport and the Regions has articulated this point. Here, again, the submission should be followed up with a meeting. It is pleasing that health ministers and the Scottish Office have shown an interest in promoting small shops. Their interest is prompted by their desire to see that a healthy diet is available in the inner



Cities (and rural areas in the case of the Scottish Office). Upon looking at the matter, ministers discovered that there were "Food Deserts" in the inner cities; areas where all the small shops have closed. The Government's concern is that if there are no shops selling fresh food such as fruit and vegetables, meat, and fish, for miles around how can people be encouraged to eat a healthy diet?

It appears that health ministers accept the argument that superstores just cannot serve the whole population. Those without cars, such as the elderly, find it difficult to use a superstore. But do they also recognise that when a superstore opens it tends to devastate shopping provision in high streets, town centres and neighbourhoods? The rebirth of the small shop is said to be the answer! If this is the case then it is essential that the Government talk to the Co-op about the practical benefits of "Community retailing". Health Ministers have already consulted Lord David Sainsbury. I am not against this, after all he has just been ennobled by Labour, but I think that it is high time that some balance be introduced into this discussion; in this case the 'poacher' is turning 'gamekeeper'. If health ministers are serious, they will have to enter into a dialogue with their colleagues at the Department of Environment, Transport, and the Regions. During the 1980s planning policies were relaxed to such an extent that we now have shops on by-passes, motorway junctions, and on industrial estates. Of course, lip service was paid to high streets, neighbourhoods, and small shops, but the impact of competition from a superstore was simply not a factor which local councillors could take into account. Even if a local authority planning committee had good grounds for refusal, they knew that the Department of Environment would likely back the developer at appeal.

The Co-op case must be pushed vigorously not only at the Department of the Environment, but also at the Welsh, Scottish and Northern Ireland Offices (this last particularly, as the big chains are only now judging it safe to move in on Northern Ireland. The Co-op has always been there and must get the credit for providing a service throughout the troubles!). The Scottish Office has led the way. In August they published a study (Retailing and small shops) which, in their words showed that "small shops not only have a vital role in some areas, but also give colour and character to Scottish retailing and act as seed-

beds for entrepreneurs." The report also advised on "safeguards which might be adopted by the planning system to protect small shops." Malcolm Chisholm, the Scottish Office Minister responsible has made plain that the report will inform work on revised planning guidance on retailing.

### **More, much more**

There are more issues where the Co-op can help New Labour deliver its agenda. The White Paper *Eliminating World Poverty* from the Department of International Development spells out a role in overseas development. I know that the Plunkett Foundation have been active in promoting their case to the minister, George Foulkes. So too has the International Co-operative Alliance. George, who has the skills almost to calm volcanoes, can be relied upon to do his very best to achieve the White Paper's ambitious objectives

The White Paper *Building Partnerships for Prosperity* on the new regional development agencies spells out more opportunities, especially as it commits the Government to draw the membership of these agencies from, amongst others, "Co-operatives and community enterprise bodies". There are examples everywhere you look in Government: for example, Alun Michael at the Home Office is working to build partnerships with the voluntary sector; the Department of Trade and Industry is looking at the National Minimum Wage and a new Competition policy; the Scottish Office is keen on the community ownership of land; the Department of Education and Employment is developing partnerships to deliver new opportunities for young people in employment and in education. In each of these examples the door is open because the groundwork was done over the years of opposition. Now is the time for more effort, not less.

Two words of caution. First, we have to stick to the positive agenda; it is not a good idea to mix a positive approach in one area with a negative approach in another. The Co-op must decide on its priorities, and the Co-operatives Act must be the top priority. Consequently, it cannot afford to upset the Prime Minister on any issue. For instance, being too waspish about the case for a Northern Regional Assembly could be doing major

damage to the case for a Co-ops Act in Downing Street. If the Co-op is seen to be negative across a wide range of policies, it will be ignored. Second, we must not seek representation on quangos, in the European Parliament, the Scottish Parliament, and the Welsh Assembly, for their own sake; Co-op representatives must be heard promoting a coherent and distinct policy, based on the Co-operative Principles. Representation cannot be pursued for its own sake; representatives will be chosen on merit, for what they have to say, and for what they have to offer in terms of delivering the Government's agenda.

I know that Co-operators can get there on merit. They have something to offer which will enrich our national life. All the ground work is done. I envy those who now have the chance of shooting at an open goal.

**Dr Peter Clarke was until recently General Secretary of the British Co-operative Party and is a member of the Executive Committee of the UK Society for Co-operative Studies.**

# The Survival of the Mutual and Co-operative Sectors: forewarned is forearmed

Lord Graham of Edmonton

## **Editor's Introduction:**

*In this article, Ted Graham, who is close to the centre of both the Labour Government and the Co-operative Movement in the UK, reflects on the recent demutualisation of a large part of the building society sector, an attempted takeover of the Co-operative Wholesale Society, and changes to the law which both co-operators and Labour politicians are promoting to make such moves more difficult. Though the building society sector has shrunk to around 30 per cent of its former size, there are still 71 societies left as mutuals. While only three societies, Nationwide, Bradford and Bingley, and Britannia, have assets of over £10 billion, 16 have assets of between £1 billion and £10 billion, and the rest are very small, with assets of under £1 billion. However, the sector is still very large, and very much worth fighting/or. Despite gloomy predictions that mutuality is 'dead', the mutuals are themselves rediscovering their roots and, as previous articles in the Journal have reported, are using their difference from shareholder companies to market their services to customer-members.*

Whether we can move as fast as is required - or even in the right direction - there is clear warning that a situation is now upon us that will require the utmost good sense and leadership if we are to avoid losses of untold size in the years that lie ahead - just a few years ahead. There is nothing less at stake than the retention of a movement or a spirit which we have thought was sacrosanct; not only the predator inclinations of groups and individuals, but the clear signs that given the opportunity, individuals will seize any chance to enhance their own financial interests. Where we go back to in order to see how it all started is a moot point, but I think it can be pinpointed more or less precisely with the passing of the Building Societies Act in 1986. A move designed to promote and protect one group, in my opinion, has been used to advance the interest of a wholly different group of people. To be forewarned is to be forearmed.

Under the 1986 Building Societies Act societies were allowed to extend significantly their range of permitted activities. A large

number of societies have decided that their future trading prospects will be enhanced by the abandonment of mutuality, thereby acquiring a greater freedom of action to compete in the market as banks. At the same time, a significant number of building societies have themselves been taken over, mainly again by banks. We don't have to look very far to see how the trend began and then developed. In 1989 the Abbey National was demutualised, and the first bank takeover was that of the Cheltenham and Gloucester by Lloyds TSB in 1995, followed a year later in 1996 when the National and Provincial was taken over by the now Abbey National plc. A veritable avalanche followed. The Alliance and Leicester, the Halifax, the Woolwich and then Northern Rock have all followed the demutualisation trail. On the bank front there has also been much activity. The Bank of Ireland has taken over the Bristol and West and we await the conclusion of the takeover by the Royal Bank of Scotland of the Birmingham Midshires. All these takeovers or demutualisations have been accompanied by substantial cash payouts to the members of the societies concerned as the capital values of the societies, generated by the activities of past generations of savers and borrowers were unlocked for the benefit of the fortunate few, and (in some cases) undeserving present generation members. The greed of 'carpetbaggers' has been such that many have not been content to passively deposit their cash with mutual societies in the hope that the society itself may decide on the demutualisation route. More ruthless groupings of 'carpetbaggers' have proposed votes within societies by which they have tried to force the 'demutualisation'. This bribery stinks to high heaven.

The 1986 Building Societies Act has been augmented by the Building Societies Act 1997 which has created the conditions or powers designed to provide greater accountability which in turn affects the arguments for conversion. These are:

- The ability of the pie to issue shares in order to acquire institutions.
- Five-year protection from takeover - a very defensive reason.
- The members would like to get money for nothing.

A key weakness for building societies is that membership is acquired for nothing but is worth a great deal. The case for a strong and vigorous mutual sector is clear:

- It gives the consumer choice and a better deal.
- It provides an element of diversity not available in the competition between heavily advertising, overcharging monoliths.
- Bluntly, we have too many banks already. What we need is institutions dedicated to serving and supporting their members and concentrating on the job they are good at.

To this readership there is no need to rehearse the trauma which jumped into our Co-operative world with the activities of Andrew Regan early in 1997. His scheme in its application was ludicrous to those of us who know and understand our structure but it served as a warning that late in the day we really have to examine whether we have our structures right - especially in the light of what I have pointed out earlier is a sea-change in the culture emerging today and which affects institutions like building societies, the whole of the Mutual Sector - and especially our Co-operative Movement. What has to be done? What are we doing?

During the past twelve months a considerable amount of activity has taken place not least within the Building Societies Association (BSA), its members and others. The United Kingdom Co-operative Council collaborated with both the BSA and the Association of Friendly Societies to stage a useful Conference in September, where speakers from various quarters demonstrated that - hopefully not too late - a fightback of sorts is taking place. What is it we are fighting back against, and what is it that we are fighting for - and to retain?

Helen Liddell, the Economic Secretary to the Treasury, has criticised the management of building societies for not championing and promoting the case for mutuality more effectively, and has attributed to this much of the reason for the success of conversion and takeovers. I will return to the manner in which 'management' has become involved, but sadly a major

factor must be the declining public interest in mutuals which in turn reflects the decline in the self-help mentality and in particular the non-conformist/dissenting work ethic. There is little doubt in my mind that as the route to what I would call 'ruin' started in Parliament we have to look towards legislative changes if we are to save what is left of the once dominant mutuality sphere.

Academically it is hard to find arguments against the principles of mutuality. It is the principle on which the building society movement and many insurance companies (including the Co-operative Insurance Society) were built. It works well, enlists local and family loyalty, and has encouraged generations of thrift and involvement. Mutual societies offer lower mortgage rates and higher savings rates than their conglomerate competitors. A recent issue of *What Mortgage* found that out of 72 lenders the top 25 offering the best value were mutuals. *Money Facts* found that 8 out of the top 10 Tessa providers were too. *Money Management* found that the average return with profit endowment policies was better for mutual life insurance and friendly societies than their pie competitors. I can see a powerful reason for the above. Non-mutuals have to push up profits and charge more to provide dividends to shareholders. I am tempted to say it is as simple as that - but life is not so simple. Mutuals not only do not have to ape their non-mutual competitors but can raise money from devoted savers more cheaply than on the money markets. They can also think long-term rather than the short-term obsession of the pie resulting from its need to maintain share prices on the markets. The mutuals think mainly of their customers because they are their members.

We must not forget the background against which some building societies converted. The financial services market is going through a radical change - I would call it a revolution in which the following things have happened: -

- The range of institutions offering services is widening. The nature of the product on offer is changing - there is wider choice and products are more complex.
- Delivery processes are different - branches are being supplemented by ATMs, PCs the post, telephone, and intermediaries.

- Consumer attitudes are changing; there is a growing number of very sophisticated consumers accompanied by a growing proportion of those buying many financial services for the first time.
- The nature of regulation is changing.

Both the Co-operative Union and the Co-operative Wholesale Society (CWS) have risen to the challenges posed by the current situation in their different ways, whilst the United Kingdom Co-operative Council (UKCC) has produced the Co-operatives Bill and is actively engaged with the Treasury to ultimately place it on the Statute Book. That journey has begun with no guarantee as to when the Bill will become an Act. After almost 130 years of being governed by the Industrial and Provident Societies Acts we are keen to have an Act of Parliament especially tailored to meet the needs of modern-day Co-operative Institutions - not least because of the happenings of the last few years.

In essence, the Co-operatives Bill seeks to achieve the following: -

- To promote the special identity of Co-ops.
- To give co-ops a "level playing field" with companies.
- To protect Mutual Democracy.
- To ensure that the law keeps up to date.

Perhaps the greatest significance can be attached to that of protecting democracy. It will prevent a minority of members from voting to end the societies' Co-operative status. Conversion into a company would need a majority of all members as well as a special majority of those voting.

Where have we got to? We have a Legal Working Party of the UKCC led by Ian Snaith which is regularly engaged with a team of officials from the Treasury in teasing out matters in our submission which require adjustment. This seems to be working well and hopefully before the end of 1997 we will hear that there is accord on the content of the Co-operative Bill. At the political level we have the enormous advantage of having a Labour Government. To begin with, Helen Liddell is a Co-operator and sympathetic to the desires of the Co-operative Movement to attain the ultimate passing of the Bill. However,



all is not plain sailing. Given that there is accord on the content of the Bill our biggest stumbling block is the legislative time-table. It does not need state secrets to reveal that in this first Parliament there are a host of priorities, and we have to accept that the Treasury is keen to make changes in other fields which make a Co-operatives Act someway down that list of priorities. What we can do - and are doing - is to keep up the pressure for our solution to some of the problems outlined above to be given as high a priority as possible.

In the meantime, Mutuality - and Co-operatives - remain in the front line. It was announced recently that those who sought to get the Nationwide Building Society converted to a pie (and got a bloody nose for their troubles) are back at it again. Greed and avarice stalk the land. How long Co-operatives can hold out against it is an interesting question.

**Lord Graham of Edmonton is Chair of the Labour Peers' Group in the UK Parliament's House of Lords, and Chair of the UK Co-operative Council.**

# **Governments and Co-operatives in Canada**

**Alain Roy**

Co-operatives have existed in Canada since the mid 1800s. The earliest began with the formation of a farmers' mutual fire insurance company. Later co-operatives were involved in the processing of cream, grading of eggs and marketing of grain. Agricultural supply and marketing co-operatives formed the base from which subsequent Canadian co-operative activities developed. The credit union/ caisses populaires movement, a major part of the Canadian financial system, had its roots in Quebec, with the founding of La Caisse populaire de Levis by Alphonse Desjardins in 1900.

Co-operatives are very important to the economy:

- There are 10,000 co-operatives in Canada providing jobs for 136,000 people.
- They have a membership of 14.5 million, representing around 35 per cent of all Canadians - In Quebec and Saskatchewan 66 per cent of the population are members of a co-op.
- 70,000 volunteers contribute to the success of co-operative businesses as members of boards of directors, and they gain leadership and management skills.
- 17 co-operative businesses are listed in the top 500 companies in Canada.
- Canada's co-operatives represent Can\$157 billion in assets and the non- financial co-operatives have annual revenues of Can\$24.8 billion.
- Co-operatives market 59 per cent of all the grains and oilseeds, 57 per cent of all milk, and 47 per cent of all poultry produced in Canada.

- There are 3,000 localities in Canada serviced by credit unions and caisses populaires. 900 of these have no banks or other financial institutions in the locality.
- The assets of financial co-operatives amount to 14 per cent of the assets of all major financial institutions in Canada.

Co-operatives service many needs through a wide spectrum of types, from daycare co-ops to agricultural and funeral service co-ops.

### **Governments and co-operatives**

The subject of the relations between the governments and the co-operative sector has to be examined in the context of the division of powers between the different levels of government in Canada. The federal government and the provincial governments have their areas of exclusive jurisdictions and areas when both governments share jurisdictions defined by the Constitution. Canada is a federation of ten provinces and two territories with a rich history of support for co-operatives.

In the first part of Canadian history, the federal government was promoting co-operatives in order to sustain the expansion and the occupation of the territories west of Ontario. Soon the need to monitor the development of co-operatives appeared and the federal government started the collection of key statistics on co-operatives and credit unions; a function that is still performed by the Co-operatives Secretariat. Early in this century, one after the other, the provinces established legislation on co-operatives and credit unions to provide them with the legitimate corporate status they needed to evolve and grow. We cannot understate the importance of the role of provincial governments regarding co-operatives. Their approach varies between provinces; some confining their role and efforts strictly to regulation while others offer more active support measures in developing the co-operative sector, including the provision of personnel and financial aid to co-operative development.

In 1952, the federal government adopted its first co-operative legislation to provide the credit unions with a national structure. In 1970, federal legislation on co-operatives was enacted to respond to the need of other types of co-op with interprovincial activities. After 27 years of this Act, a new federal co-operative

act is currently being introduced. Today, nearly all Canadian co-operatives are incorporated under provincial authority. A few co-operatives that operate in more than one province were set up under the act for Private Business Corporations, or under special acts, during the years before the federal co-operative legislation was passed. Some of these have since been reincorporated under the Canada Business Corporations Act, but most (and these include some of the larger co-operatives in Canada) continued under the federal legislation for co-operatives. There are ordinances governing the organisation of co-operatives in the Yukon and Northwest Territories.

There is more supervision of credit unions and caisses populaires. In all provinces, there is a continuous monitoring function to ensure that credit unions are complying with the applicable acts and by-laws. Monitoring also includes management practices and other elements that could risk the financial soundness of the business. This monitoring process is done in partnership between government and the credit unions and caisses populaires themselves. The process is not unlike what would be undertaken in other financial institutions to protect the deposits of the public. Canadian co-operatives are generally subject to the same taxes as other business corporations. They are recognised under the Income Tax Act as a distinct form of business, however the rules applied to patronage dividends paid are also applicable to other business firms which may, subject to certain restrictions, deduct it in computing income for tax purposes.

The federal government and its agencies provide support to co-operatives as well as the private sector in areas such as production assistance, economic development, export sales, international development aid, etc. However, most government aid to co-operatives is equally available to other private sector organisations. The only three notable exceptions are the support provided to agricultural marketing co-operatives, housing co-operatives and northern native co-operatives during the 1970s and 1980s.

An ongoing area of partnership is the international development assistance programme where the co-operatives work closely with the Canadian International Development Agency (CIDA) to deliver development assistance directly to the needy population of developing countries. Funds are provided to the Canadian Co-operative Association (CCA), Développement International

Desjardins (DID) and the Société Coopérative de Développement International (SOCODEVI).

### **The Co-operatives Secretariat.**

In 1984, the co-operative sector submitted to the federal government the National Task Force Report on Co-operative Development which led to the establishment of closer relationship and ultimately, in 1987, to the creation of the Co-operatives Secretariat. The Secretariat, created from the Co-operatives Section of Agriculture Canada, is headed by an Executive Director seconded from the co-operative system. The Executive Director works closely with the Minister responsible for liaison with co-operatives. The Secretariat is dedicated to the promotion of a better understanding of co-operatives' needs within the federal apparatus, and to help in finding partnership opportunities and in solving problems. Also in 1987, an Interdepartmental Committee on Co-operatives was created, and the Minister Responsible for Co-operatives named an Advisory Committee composed of people knowledgeable of the co-operative sector. The Co-operatives Secretariat was established ten years ago (1987) with a mission of the economic growth and social development of Canadian society through co-operative enterprise. The Minister of Agriculture and Agri-Food Canada (AAFC) is the Minister Responsible for Co-operatives. The Co-operatives Secretariat supports the Minister in this responsibility by working with many federal departments which have policies or legislation that affect co-operatives. Specifically, the Secretariat's role is to raise awareness of and to promote the co-operative model through all federal departments and agencies. The mandate of the Co-operatives Secretariat is to help the federal government respond more effectively to the needs and concerns of Canadian co-operatives. The Co-operatives Secretariat will:

- 1) ensure that the needs of the co-operative sector are taken into account by the federal government, especially in the development of policies and programmes.
- 2) inform the Federal Government's key players about the role and the potential of co-operatives in the development of Canadian society and its economy.
- 3) foster a beneficial exchange of views among the federal, provincial, and territorial governments, co-operatives, academics, and other stakeholders engaged in the

development of co-operatives.

- 4) facilitate co-operatives' interaction with the Federal Government; and
- 5) provide governments, key economic stakeholders and the general public with information that presents co-operatives in their true dimension.

The Co-operatives Secretariat has established a number of operating principles to help focus on meeting these challenges. They are essentially based on an intervention as early as possible to ensure that the co-operative sector interests are understood and taken into account when programmes and policies are developed. The second most important element is the communication with all stakeholders with an emphasis on government officials to ensure that they are fully aware of co-operatives and their role in Canadian society and its economy. Mentality and perception have to be changed.

### **The Interdepartmental Committee on Co-operatives**

The Interdepartments Committee on Co-operatives is a policy-oriented coordinating group of senior designated officials from relevant federal departments and agencies. The individual members are the contact point within their department and are responsible for ensuring the two-way flow of information and for providing resources to initiate sub-committees to prepare studies on specific problems. They represent the main governmental response to ensuring that co-operatives receive equitable treatment with other forms of business. The functions of the Committee are to:

- 1) discuss and make recommendations on federal policies and strategies related to the economic, social, and cultural role of co-operatives in Canada.
- 2) coordinate matters related to the co-operative sector within the context of overall government policies and strategies.
- 3) provide, as individual members, information on their policy decisions and strategies which may affect relations with co-operatives.

- 4) share information to ensure concerns of Canada's co-operatives are addressed expeditiously and in a coherent manner; and
- 5) share information to ensure that co-operatives receive consistent treatment among departments, and within departments.

The committee is made up of (one or more) officials representing some 17 departments or agencies whose policies, programmes or strategies affect co-operatives either on a recurring or an occasional basis. Representatives of the other departments are asked to participate as topics warrant.

### **The Advisory Committee on Co-operatives**

Appointed by the Minister Responsible for Co-operatives, the Advisory Committee on Co-operatives is comprised of senior officials from the co-operative sector representing sectoral and regional interests. Its functions are to:

- 1) evaluate, and advise the Minister concerning policies, programmes and strategies initiated by the federal government which impact on the economic, social, and cultural role of co-operatives in Canada.
- 2) assess, and advise the Minister concerning policies and strategies initiated by the co-operative sector which will request/require action on the part of the federal government.
- 3) suggest, and provide advice, on the initiatives to be taken by the Co-operatives Secretariat in its role of coordinator of government/ co-operative sector interaction.

The members were named to the Committee to provide personal views and opinions on issues, not as the spokespersons for the organisations of which they are members. All deliberations are confidential to encourage open discussion and the expression of personal views and opinions.

## **Main priorities**

The main priorities of the Co-operatives Secretariat are to increase government awareness of co-operatives. A study completed in 1993 highlighted the lack of understanding of co-operatives by senior government officials. Despite goodwill, they have some difficulty identifying the impact of co-operatives on their work and, more important, in what way their work impacts on co-operatives. The adoption of a new federal co-operative act is also a priority, and this work should be completed early in the new year. The development of a Federal Policy on Co-operatives is also seen as an important element that is currently missing. This would help to ensure policies and programmes of government deal with co-operatives equitably and encourage their development in a more concerted manner.

## **The co-operative sector's main concerns**

The co-operative movement has identified a number of areas where the government should make adjustments to its policies and programmes. Several studies point to the lack of capital as the most important issue for Small and Medium Size Enterprises (SMEs). The co-operative movement strongly believes that, in most instances, the critical issue is more the need for technical support to entrepreneurs in their business planning, and in the follow up to this at the early stages of the SME. Also lacking are worthwhile projects; good, viable ideas are in short supply. In the view of the co-operative sector, certain government agencies are also seen as competitors to co-operatives; some of these agencies have been directed by government to be more self-sustaining, and this has led them to seek to engage in more lucrative business activities. From the perspective of co-operatives, the service activities of government agencies or their delivery mechanisms should be complementary, rather than competitive, to prospective partners in the private and non-governmental sectors. Co-operators say that it is the responsibility of government to ensure a level playing field, so that co-operatives have the same access to government programmes and are given due profile when government is providing information about setting up businesses. Also, they feel that government spending in development programmes should aim at providing assistance to co-operatives proportionally to their socio-economic impact. They argue that the



co-operative sector promotes multi-stakeholder partnerships, and that the co-operative model can contribute to the overall government objectives of jobs and community development. It is from this viewpoint that they argue that the government should introduce specific measures to assist co-operatives in their development programmes.

**Alain Roy is Manager of Co-operative Sector Relations of the Co-operatives Secretariat of the Government of Canada.**

# Credit Unions and the New Mutualism

## Race Matthews

How relevant is the mutualist philosophy to our times? There is a need for a New Mutualism which brings back together that great family of organisations which are heirs to Australia's enduring tradition and history of mutualist self-help. There is a need for innovatory methods of applying a mutualist approach and outlook in the difficult and turbulent years which are ahead of us. Australia's most distinguished political journalist - Paul Kelly - has called his most recent book *The End of Certainty*<sup>1</sup>. As a recent seminal study by Hugh Mackay points out, "Whether we realise it or not, all Australians are becoming New Australian as we struggle partly to adapt to the changes going on around us, and partly to shape them to our liking"<sup>2</sup>. It may well be that the acid test for mutualism in the times to come is whether - and, if so, to what extent - it enables us to shape changes to our liking. The most effective way for us to restore certainty to our lives is to take back control of them to the greatest possible extent for ourselves.

Australia stands today at an historic watershed in our national affairs. It is plain now as never before in our postwar experience that neither the welfare state as we know it today nor the unfettered market economy are capable of meeting the expectations which many have invested in them. The lessons and consequences of the "greed is good" eighties are far too recent and painful to require significant or extensive reiteration. Unemployment levels are higher than ever before in our postwar experience. So too are levels of long-term unemployment. The capacity of even an otherwise healthy economy to provide work for all who seek it is - at the least - in serious doubt.

The gap between the rich and the poor has at the same time become greater than at any earlier postwar stage. The Mackay study reminds us that:

In just sixteen years (1976-92), the proportion of Australian households with an income of more than \$72,000 (based on constant 1991-92 values) rose from 15 per cent to 30 per cent. At the same time, the proportion of households with an income

of less than \$22,000 rose from 20 per cent to 30 per cent ... If we define the economic middle class as being households with incomes between \$22,000 and \$72,000 (in 1991-92 terms), then the middle class has shrunk from 65 per cent of households in 1976 to 40 per cent of households in 1992.<sup>3</sup>

We have moved within the space of two decades from being one of the most egalitarian nations on earth to one which is characterised instead by profoundly anti-egalitarian attitudes and practices. The rebound from welfare at the same time threatens to become a wholesale retreat as governments everywhere scramble to re-balance their budgets and extricate themselves from financial commitments which are seen to be unsustainable. The safety-net on which many have relied for support in times of adversity is seen increasingly to be ungenerous and inadequate.

The upshot has been the emergence for the first time of an Australian underclass, similar in most respects to those which have also emerged in the United States of Ronald Reagan and George Bush and the Britain of Margaret Thatcher. Failing a new approach, hundreds of thousands of Australians will in future experience lifelong unemployment. Far from either the public or private sectors responding adequately to these great structural problems, both are seen widely as compounding them. Where jobs should be created they are instead being destroyed. The New Poverty and the New Inequality cry out for remedies and solutions which so far have not figured on the agendas of either government or opposition parties. The differences between the 1890s and the 1990s in these respects are less striking than their similarities.

## **Mutualism**

Our forefathers in nineteenth century Britain faced problems of endemic unemployment, underemployment, poverty, and inequality which - in kind if not in degree - strikingly resemble those of today. Then too governments could offer no effective alternative. The times gave rise instead to the philosophy of mutualism which now brings this convention together. Great mutualist movements emerged, with a shared, unshakeable belief

in "Each for all and all for each". Mutualism should be understood as acting in co-operation with one another to achieve objectives which are unachievable for us as individuals. Successful mutualist movements are almost always a response to genuine and specific needs. The Rochdale Pioneers, for example, established their co-operative store in Toad Lane in response to a pressing social need for affordable access to such household requisites as food, fuel, light and clothing.

Credit co-operatives were a response to the need for affordable carry-on loans for smallholder farmers and later for affordable consumer finance. Friendly societies were initially a response to the need for burial benefits, and, later, unemployment benefits, sickness benefits and medical care. Access to affordable life assurance was offered by mutual societies, as was access to affordable home loans by building societies. Processing and marketing co-operatives met a pressing social need on the part of farmers to capture value added to their produce beyond the farm gate. Worker co-operatives were a response to the need for labour to hire capital rather than capital labour and so for workers to be the owners of their jobs. Trade unions were originally mutualist bodies or co-operatives formed by employees in response to the pressing social need to obtain a just price for their labour.

The usefulness of all these institutions, and the validity of their mutualist principles, is evidenced by their survival. They have endured - and skilfully adapted themselves to new needs and challenges - in the face often of hostility on the part of the professions, the indifference and incomprehension of governments and the short memories of many who in the past figured among their most notable beneficiaries. For example, Australia's credit unions now have more than three million members - one in every six of our population - and assets totalling around \$18 billion. The membership of credit co-operatives affiliated with the World Council of Credit Unions is in excess of 44 million. The 1992 Friendly Societies' National Report lists no fewer than 21 major areas of activity in which friendly societies are currently engaged.

The success of the Victorian Friendly Societies Pharmacy Co-operative - established as recently as 1982 - clearly exemplifies what can be achieved from small beginnings. The pharmacy

co-operative now operates two dispensaries of its own and provides management services for a further twelve dispensaries. The financial strength of the venture totals in excess of \$5.5 million. The current assets of friendly societies all told are in excess of \$9 billion. Co-operatives affiliated with the International Co-operative Alliance - the world umbrella body for the co-operative movement - currently total more than 650 million members. Taking into account the worldwide membership of friendly societies and building societies, mutualism is a movement numbering more than a billion people. Add to this the policy holders of the great mutual assurance societies who are also - if not for much longer - members of those societies, and the number becomes still more impressive. Mutualism rivals in its following many of the world's major religions.

It is appropriate at this time to ask whether a New Mutualism - intellectually revitalised, its sense of purpose renewed, restated in contemporary terms and able to build on solid and longstanding foundations - may not remain at least as relevant to our current situation as it was to those whose demands mutualism has met so triumphantly in the past. There are some outstanding examples of the success of mutualism in enabling ordinary people to house themselves, to bring about the economic development of the communities of which they are a part and to provide themselves with jobs. I refer in particular to the great common equity rental housing co-operatives of Ontario in Canada, to the Desjardins credit co-operatives in Québec in Canada, and to the great industrial co-operatives at Mondragon in Spain. There is no doubt that the need for jobs, local economic development and affordable rental accommodation will be as real and urgent in the years immediately ahead of us as was the need for affordable food and clothing in eighteenth and nineteenth century Britain, or for affordable consumer finance in Australia in the nineteen-fifties and nineteen-sixties.

## **Rental housing co-operatives**

Housing co-operatives which I visited in Toronto in Canada, in 1989, prided themselves on having eliminated what they saw as being "the high price of individual home ownership and the unpredictable rent increases, insecurity and anonymity that come with living in rental housing". Unlike rents, they argue, the

monthly housing charge in a co-op rises only with increases in operating and mortgage servicing costs. There are no profits or re-financing costs to be paid for. In most areas, over time, the co-op housing charges will fall below the rents charged for private rental accommodation of the same quality. Co-op housing, in the view of the co-ops, gives residents an equal voice in the decisions affecting their homes. There is no landlord. Co-op housing, it is argued, provides a unique opportunity for people to build a community and to share and assist each other in ways beyond meeting their housing needs. Democratic control, it is said finally, guarantees that money budgeted for maintenance is spent on maintenance, and not skimmed off for extra profit while the property deteriorates.

All these Canadian housing co-operatives were independent, self-directing, incorporated organisations. The people living in the co-operative apartments, town houses or free-standing homes made up their memberships. Each resident member had one vote in the affairs of the co-operative. Every year, the members elected from among themselves a board of directors to manage the co-operative. The monthly charges paid by members represented the cost to the co-operative of its mortgage, property taxes, reserves for future repairs and other operating costs. Since the members themselves owned the property, there was no requirement for a profit margin. Members made a small down-payment for shares or a membership fee - together with a maintenance guarantee and their first and last month's housing charges - when they took up residence. Government assistance was provided in the form of interest-free loans and mortgage guarantees under Federal and Federal-Provincial Housing Programs as it was also through interest-free loans for up to 35 per cent of capital costs under a Provincial housing programme. The government required in return that at least 25 per cent of each co-operative's members should be eligible by income for welfare rental subsidies. The Woodsworth Co-operative - where much of my visit was spent, and to which I have since returned - was in compliance with this requirement, and 44 per cent of the residents of the nearby Windmill Line Co-operative were subsidy recipients.

A recent social audit of the Woodsworth Co-operative established that 19 per cent of its members had annual incomes

under \$10,000; as did 12 per cent incomes between \$10,000 and \$19,900; 27 per cent incomes between \$20,000 and \$29,900; 19 per cent incomes between \$30,000 and \$39,900 and 17 per cent incomes in excess of \$40,000, including some in excess of \$100,000. Seventeen per cent of the Woodworth residents were aged between 19 and 29, as were 38 per cent between 30 and 39; 26 per cent between 40 and 49; 10 per cent between 50 and 59; and 9 per cent over 60. In the view of 84 per cent of the Woodworth residents, the co-operative had "a good mix of members from different ethnic, cultural and national backgrounds", and the co-operative was currently considering a recommendation from its Social Audit Committee that a unit should be set aside for a refugee family.

Eighty-five per cent of the members felt that their housing charges were "just right". The quality of the accommodation was rated as good or excellent by 88 per cent of the residents, as was the maintenance service by 73 per cent of the residents. Good neighbourhood was a reason for living in the co-operative mentioned by 85 per cent of the residents; as was low-cost housing by 78 per cent; inability to own private housing by 69 per cent; and security of tenure by 66 per cent. Seventy-four per cent of all parents reported that the co-operative was a good place to bring up children, as did 82 per cent of single parents that it was a good place to be a single parent and 95 per cent of senior citizens that it was a good place for them. Forty per cent of the members had run for office within the co-operative, although the 31 per cent of households with incomes under \$20,000 accounted for only 11 per cent of current and former officeholders. It is at least open to question whether any survey of Australian housing - public or private - would disclose comparable causes for satisfaction. The reality of our situation is that a significant switch of resources from public to co-operative housing would be highly cost-effective. Social dysfunction would be massively reduced. Rental housing in Australia currently is crying out for the mutualist approach.

## **The Desjardins Credit Co-operatives**

The Movement Des Caisses Desjardins began in Levis in Québec in 1900, at the instigation of Alphonse Desjardins. Desjardins

was a *Hansard* reporter for the Québec provincial parliament, and later a Clerk reporting of the Canadian parliament in Toronto. His conscience was aroused by the poverty and unemployment which were driving away large numbers of his fellow citizens to the United States in search of work. He was appalled also by the inability of working people and farmers to borrow at interest rates which were within their means. His original *caisse* or credit union - La Caisse Populaire De Levis - was seen by him as "putting the savings of the people at the service of the people". As in all credit unions, members pooled their savings and took turns for affordable loans. The first transactions were conducted on 23 January 1901, at Desjardins' home, which remained the nerve-centre of the movement until his death in 1920 and is now preserved in his memory as a museum by La Société Historique Alphonse-Desjardins. *Caisse* members, Desjardins believed, would be encouraged to practice thrift and financial responsibility. Christian and humane values would be fostered. Usury would be discouraged. In time, *caisses* would form federations, and a great movement would emerge.

Desjardins' dream is now a reality. The Movement des Caisses Desjardins consists today of *caisses* populaires or community credit unions, and *caisses* d'économie or industrial credit unions. Individual *caisses* populaires within Québec are grouped regionally in 10 federations. There is a separate federation for the *caisses* d'économie, and three auxiliary federations for *caisses* populaires outside Quebec. The functions of the federations are to promote the effectiveness, growth, and development of their affiliated *caisses*, and provide joint services such as communications, technical support, training and human resources management. The federations comprise in turn La Confédération Des Caisses Populaires et D'Économie Du Québec.

The Confederation sets objectives for the movement as a whole, after extensive consultation with the *caisses* and their members. It is also a service provider for the *caisses* and federations, in part through wholly owned subsidiary companies. Direct clearing within the Canadian payment system and at the Bank of Canada is made available through La Caisse Centrale Desjardins du Québec. A security, liquidity and mutual aid fund is operated through La Corporation De Fonds De Sécurité De la Confédération Desjardins. Majority interests are held on behalf



of the Confédération by La Société De Services Des Caisses Desjardins in four companies providing respectively security services, plastic card services, information technology services and an automated system of authorisation and payment for pharmaceutical services, and by La Société Financière Des Caisses Desjardins in four intermediary companies with subsidiaries offering general insurance, life assurance, trust and investment management services and corporate financing services.

To this point, nothing about the Desjardins caisses has differed significantly from credit unions as they operate currently in Australia. What is novel in Australian terms is the adoption by the caisses of economic development and job creation as key aspects of their services to their members, through subsidiary companies established for the purpose by the confederation. Investissement Desjardins is a wholly owned holding company through which the Confederation backs the development of industrial and commercial enterprises and participates actively in Quebec's economic growth. Three subsidiary bodies invest on the company's behalf.

The objectives of the first subsidiaries - Tremplin Desjardins - are set out as:

- to support the development of Regional Investment Funds;
- to support high-tech businesses, in industries such as communications, electronics, health care and the environment;
- to assist businesses associated with the Desjardins movement in gaining access to international markets; and
- to act as a consultant for regional federations on investment in corporations within their regions.

It is hoped that, within five years, there will be ten Regional Investment Funds, with assets of the order of \$100 million. Tremplin Desjardins is to invest in the Funds in conjunction with three financial partners, namely:

- La Caisse de Depot et Placement du Québec (a semi-public corporation managing funds for the Québec Pension Plan);
- Le Fonds de Solidarité des Travailleurs du Québec (a trade unions investment fund) and
- The National Bank of Canada.

The second subsidiary - Capital Desjardins - seeks out entrepreneurs who have proven capacities for making their businesses grow and become profitable, and who need additional strategic and financial support for acquisition, expansion, or diversification projects. The third - Gestion Desjardins - acquires or maintains majority or preponderant shareholdings in large companies which are actual or potential leaders in their sectors and should be owned in Québec. A further holding company - La Société Immobilière Des Caisses Desjardins Inc. - will ultimately systematise investment by the Confederation in real estate. Caisse capital is supplemented for Investissement Desjardins through overseas initiatives. The organisation's president, Raymond Gagne, sees its international thrust as having three objectives: "to find foreign investors to become partners in Quebec businesses, open foreign doors to Québec businesses and stimulate foreign investment in Québec".

The movement also participates vigorously in international aid and development projects through the Société De Développement International Desjardins, and within Québec fosters education, culture, social action, and the development of the co-operative ideal through the Foundation Desjardins and the Centre de Formation Desjardins. So successful - and so popular have the caisses become that in 70 per cent of the communities which make up Québec they have no competitors. The Movement Des Caisses Desjardins now comprises 1,329 caisses populaires and caisses d'économie, with 4.9 million members and assets totalling \$42.6 billion. In Australia as in Québec, the cry of local communities is for the means to bring about local economic development and put back to work the unemployed.

### **The Mondragon Co-operative Corporation**

The essentials of the Mondragon story are simple. From a standing start in 1956 the Mondragon co-operatives - now the Mondragon Co-operative Corporation (MCC) - have grown to the point where they are now the largest business group in the Basque region of Spain, the fifteenth largest business group in Spain and a major competitor in European and global marketplaces. What began forty years ago as a handful of workers in a disused factory, using hand

tools and sheet to make oil- fired heaters and cookers, has now become a massive conglomerate of some 160 manufacturing, retail, financial, agricultural and support co-operatives. Annual sales are now approaching - and will shortly exceed - \$US6 billion. The MCC report for 1996 shows that sales of manufactured goods were up on 1995 by 15.9 per cent, assets by 20.5 per cent and profits by 33.1 per cent. All told, the MCC provides jobs for roughly 6 per cent of the Basque region's, 1,000,000 workers. While the region has lost 150,000 jobs since 1975, and the level of unemployment is currently around 25 per cent, employment in the co-operatives increased in 1996 by a further, 2,684, from 27,950 to 30,364. Fewer than 10 per cent of the co-operatives have failed to become going concerns, as opposed to the 92 per cent of all new businesses which currently last under ten years.

Export sales of MCC products in 1996 were up on 1995 by 18.4 per cent and grew from 39 per cent to 44 per cent<sup>4</sup> of total sales. The MCC is Spain's largest exporter of machine tools and the largest manufacturer of white goods such as refrigerators, stoves, washing machines and dishwashers. It is also the third largest supplier of automotive components in Europe - designed by General Motors in as "European Corporation of the Year" - and a leading supplier of components for domestic appliances. Whole factories are designed to fabricate to order in Mondragon, for buyers overseas. Subsidiaries operated by the MCC in conjunction with overseas partners manufacture semi-conductors in Thailand, white goods components in Mexico, refrigerators in Morocco and luxury motor coach bodies in China.

MCC construction co-operatives carry out major civil engineering and building projects at home and abroad, the building of key facilities for events such as the Barcelona Olympic Games. The steel structure for the new Guggenheim Museum in Bilbao - a building comparable in stature to the Sydney Opera House - was fabricated by a Mondragon co-operative. The MCC also includes Spain's largest and fastest-growing retail chain - Eroski - which currently operates 37 Eroski and Maxi hypermarkets, 211 Consum supermarkets, 419 self-service and franchise stores and 333 travel agency branches. The MCC financial co-operatives - the Caja Laboral credit union and the Lagun-Aro social insurance co-operative - are among Spain's largest financial intermediaries.

To what causes are these great achievements attributable? The answer can be summed up as the adherence by the co-operatives to mutualist principles. The success of the MCC stems in the first instance from the fact that every worker is an equal co-owner of the co-operative where he or she is employed with an equal say on a one-member-one-vote basis in the governance of the co-operative and an equal share - proportionate to salary - in its profits or, on occasion, losses. Secondly the manufacturing or primary co-operatives are serviced on a mutualist basis by a unique system of secondary support co-operatives. The aim of the secondary support co-operatives is to make the MCC self sufficient in regard to key requirements such as capital, education and training and research and development. Pursuant to mutualist principles, the secondary support co-operatives are owned and governed jointly by their workers and the primary co-operatives which source services from them. Profits distributed to workers in the secondary support co-operatives are linked to those of the manufacturing co-operatives. Thirdly, Mondragon can be understood in a key sense as being about credit union driven regional economic development. The Mondragon credit co-operative was largely responsible for mobilising the local and regional capital for the development of the co-operatives, and through its Entrepreneurial Division provided them with financial services and management support. Tested against the principles of co-operation - democracy, voluntarism, autonomy, equity, mutuality, universality, and the capacity to evolve - Mondragon emerges with flying colours. Clearly somebody is doing something spectacularly right.

### **Re-inventing credit unionism**

Are there then lessons for credit unions and mutualist bodies more generally in Australia in the Ontario, Desjardins, and Mondragon experiences? Five lessons in particular spring *to* mind. The first lesson is that mutualist bodies no less than bodies in the public and private sectors must be prepared today to constantly re-invent themselves in the face of changing circumstances. In particular, mutualist bodies must be prepared to re-position themselves in the face of changes in the pressing social needs to

To which they are a response. There is no point in continuing to cater for a need which no longer exists or is being met as well or better from another source. The most useful way of thinking of mutualist bodies may well be as accumulations of scarce social capital whose use changes over time with changing circumstances and priorities.

I am reminded in this respect of a co-operative I visited recently in Detroit. The co-operative in question was formed in the nineteen-thirties in response to a pressing social need for affordable, hygienic household milk delivery services. When the corporate dairies moved in with comparable services at a comparable price, the co-operative re-invented and re-positioned itself so that the social capital it had accumulated was applied to meeting a pressing social need for affordable optometrical testing and the supply of spectacles. When this function in turn was taken up by the optometrical corporations, a further re-invention of the co-operative took place. The co-operative at this point re-tasked itself to meet a pressing social need for accommodation and support services for older people. It now operates condominiums - large apartment blocks - for older people across America. Each condominium is now a free-standing, self-governing co-operative in its own right, within the over-arching co-operative structure.

What is important here is that a growing body of social capital has been kept intact over more than half a century. The pressing social needs of today are being met by the co-operative as effectively as were the very different needs which were responsible originally for its inception. The lesson for Australia's credit unions is plain. The pressing social need for affordable consumer finance which brought about the establishment of credit unions in the nineteen-fifties and nineteen-sixties is today being catered for no less effectively by banks and other financial intermediaries. As has been seen, the pressing social need our members are experiencing currently is for regional economic development and jobs. What the Desjardins and Mondragon experiences exemplify with triumphant success is credit union driven mobilisation of local and regional capital for local and regional economic growth. Not the least exciting advantage for credit unions from the adoption by the Australian government of the recommendations of the Wallis committee is the extent to

which the way is now clear for us to follow more closely the example of our Desjardins and Mondragon counterparts.

### **Entrenching mutualism**

The second lesson follows from the first. It is that accumulations of social capital such as have been created in credit unions and other mutualist bodies are far too scarce and precious for us to allow them to be dissipated. It is vital that mutualist bodies should now entrench their mutualist character and principles so that the accumulations of social capital created by successive generations of their members should not now be pillaged as we have seen happen in the case of great mutual assurance bodies such as National Mutual and the AMP and was only so narrowly averted in the case of the NRMA. The situation is the same irrespective of whether the threat is from an external corporate raider such as the one who recently - and thankfully unsuccessfully - attempted to take over part of the great consumer co-operative movement in Britain, or from a greedy management intent on bribing members into a shameful betrayal of their obligation to hold in trust the assets they have inherited from their predecessors and should in turn pass on to those who come after them.

The looting of the mutual assurance societies is an act of larceny on a scale so vast as to dwarf those of the Bonds and Skases of the nineteen-eighties. We should not fail to take warning from the mutual assurance debacle. Credit unions are now in many instances so large, their assets so considerable and their memberships so passive as to present a serious temptation to managers who have not necessarily grown up in the movement or been sufficiently exposed to its mutualist principles. Who but a saint would not be tempted by the example of the Managing Director of the AMP, Mr George Trumbull, in standing to enrich himself to the tune of \$10 million from the abrogation of the mutualist principles he was employed to uphold?<sup>5</sup>

All of us who have at heart the well-being of credit unions and credit unionism should therefore be deeply - even desperately- concerned that the in many respects excellent Wallis Reports Issues Paper No. 2 released by the Credit Union Services Corporation recently under the title "Capital and Mutuality"

recommends at page eight that members, as owners, must have the right to decide to de-mutualise their credit unions if they so choose.<sup>6</sup> The proposed deterrent - that a demutualised credit union should no longer be allowed to call itself a credit union - is totally inadequate. The issues paper in this respect gravely misunderstands or misrepresents the relationship between credit unions and their members. We are the trustees for assets which others before us created, to which we therefore have no moral entitlement and from which others after us are entitled to benefit no less than ourselves. In a nutshell, credit unions and other mutualist bodies are trustees in regard to their assets not for the living alone, but also for the dead and the unborn. To again adapt a phrase from a wholly different context, "People who genuinely have at heart the well-being of credit unionism will not want to abrogate the duty of trust they owe to their credit unions. Others must not". In the event that a credit union or other mutualist body has to be wound up, it should be axiomatic that the assets are transferred to another mutualist body where their purpose as social capital can be properly protected and preserved.

### **Mutualist unity**

Thirdly, the unity and identity of mutualism as a movement needs desperately to be restored. The high price of fragmentation and disunity is nowhere better exemplified than in the aftermath of the collapse of the Pyramid building society. The response of building societies, friendly societies and credit unions was then less effective by far for being largely un-co-ordinated. There was no tradition of co-operation between mutualist bodies on which those directly in the firing line could draw for support. By and large, those mutualist bodies not directly threatened - namely the general co-operatives and mutual assurance societies - sat on their hands. "Each for all and all for each" should apply to the mutualist sector as a whole, as well as to its component parts and individual members. Our actions as a movement should not be seen to contradict our principles.

Fourthly, mutualism needs a higher public profile. The public are mostly unaware of the existence of mutualism, the principles for which we stand, or what mutualism can offer them. The

major political parties fail consistently to sufficiently understand or value mutualism. The Labor Party in this respect has been no less culpable than the conservative. I remain to this day appalled and saddened that the reaction to the Pyramid Affair by the then Labor Attorney-General of Victoria, the Honourable Jim Kennan, QC - was to solicit recommendations for the regulation of building societies, friendly societies-and credit unions from a firm of chartered accountants who knew nothing about mutualism and cared less. The recommendations of the accountants were then accepted uncritically, despite the fact that they would have had the effect ultimately of destroying the bodies whose solvency and liquidity they purported to protect. It remains a major source of satisfaction to me that the Caucus Co-operatives Committee of which I was at the time a member was successful in staving off the consequent legislation. A Christmas parliamentary recess intervened, and wiser counsels prevailed. The Act which found its way eventually on to the Statute Book was less destructive by far - and also less patronising and paternalistic - than otherwise inevitably would have been the case. It is appropriate at this point to acknowledge the enormous debt which all of us in this respect now owe to the Credit Union Services Corporation for its success in the context of the Wallis Inquiry in gaining for credit unions what is perhaps their greatest measure of independence from government since regulation was first introduced. We should now look to the Credit Union Services Corporation- the leading entity within Australia's leading mutualist movement - to take the initiative with measures to bring back together all Australia's mutualist bodies. There should be - at the least - a standing consultative committee of mutualist bodies which ensures that mutualism is thoroughly understood, highly valued and - above all - acknowledged to be independent of government both by all our political parties and by the wider community.

## **New opportunities**

The fifth and final lesson is that as old doors close - as old opportunities vanish - new ones are constantly becoming available. This is nowhere more true than in the establishing of strategic alliances. Credit Care is a case in point. Thanks to the



three-way Credit Care partnership between the Credit Union Services Corporation, the Australian Government and the Government of NSW, credit unions have had significant success in filling the vacuum which has been left behind by the closing of banks in regional and country centres. In the process, links have been formed with local councils and communities which may in the future become the basis for the major involvement by credit unions in regional economic development which so high a proportion of our members so plainly require of us.

In a wholly different sphere, I was struck in Britain recently by the interest which Tony Blair's new Labour Party government there is taking in the use of mutualist bodies such as friendly societies to deliver a second-tier system of compulsory contributory retirement pensions. Given the involvement of Australian credit unions in the delivery of superannuation products, there is no reason why we should be any less qualified than friendly societies for delivering such second-tier pension arrangements as Australian governments may in time come to favour. In Mondragon I saw related arrangements in operation. The Mondragon social security secondary support co-operative - Lagun-Aro - delivers core social security benefits on behalf of the Spanish government to members of its affiliated co-operatives, which it then tops up on a generous scale with benefits from its own resources. (It may well be that the notably prescient 1984 study of friendly societies by David Green and Lawrence Cromwell - *Mutual Aid or Welfare State: Australia's Friendly Societies* - should now be required reading for all those of us who would like to see credit unions retain their current position as Australia's pre-eminent mutualist bodies.<sup>7)</sup>

## **Conclusion**

Standing by the grave of the father of the co-operative movement and father of mutualism, Robert Owen, as I did in the northern summer of 1989, it seemed to me that nothing about mutualism as we know it today would in any way have been unfamiliar or unacceptable to Owen. I was then as now reminded that we in the mutualism movement - be it through credit unions, building societies, friendly societies, general co-operatives, or mutual assurance societies - are the custodians of perhaps the most

powerful idea ever to have been given rise in human history. I was reminded also of Victor Hugo's prophetic observation that nothing is so powerful as an idea whose time has come.

At a time when the advocates of the statutory corporation school of state socialism, and their "greed is good" counterparts in the corporate sphere, have simultaneously, permanently, and irrevocably discredited themselves, the way is open for mutualism in all its forms to assume the larger role - locally, nationally, regionally and on a worldwide basis - to which its merits so plainly entitle it. What has been identified mistakenly by some as marking an end to history marks potentially the birth of new opportunities and applications for mutualism. My subject today - credit unions and the New Mutualism for which our troubled times cry out - is one aspect of the on-going effort which our movement now requires of us, so that the dream of Robert Owen can, at long last, be brought finally to fruition. The events of recent years, and the problems which the world now finds confronting it, have opened up for us, as a movement, a window of opportunity such as we have not previously experienced - and which, if it is not grasped now, may never be seen again.

**The Honourable Race Matthews has recently retired from the positions of Senior Research Fellow in the Graduate School of Government at Monash University and Board Member and Chairman of the Waverley Credit Union Co-operative Ltd. He was previously a Victorian government minister, a federal MP, and a municipal councillor.**

## Notes

- <sup>1</sup> Kelly P. *The End of Certainty: The Story of the 1980s*, 1992, Allen & Unwin, Sydney.
- <sup>2</sup> Mackay H. *Reinventing Australia: The Mind and Mood of Australia in the 90s*, 1993, Angus and Robertson, Sydney. p.6.
- <sup>3</sup> Ibid, p.138.
- <sup>4</sup> Mondragon Corporación Cooperativa 1996. *Annual Report*. Mondragon. The MCC Corporate Centre. pp.5-7, 16, 38-41.
- <sup>5</sup> Hyland A. 1997. "Trumbull Set to Earn Huge Money as Chief". Melbourne. The Age. 8 October 1997. p.B1.

- <sup>6</sup> Credit Union Services Corporation. *Capital and Mutuality*. 1997. Sydney. Wallis Report Issues Paper No. 2. p.8.
- <sup>7</sup> Green D. and Cromwell L. *Mutual Aid or Welfare State: Australia's Friendly Societies*. 1984. Sydney. George Allen & Unwin.

# Education for Co-operators

## Basil Loveridge

Johnston Birchall wrote in the September issue 1997, in his article on 'Co-operative Values and Principles':

There is an even larger conception of Co-operative Education. Many of the early promoters were also keen on adult education, seeing each as a condition for the other, and both as a precondition for one of the classic liberal values, individual liberty as self development.

This touches the nub of the British Consumer Co-operative Movement's failure with education; we have talked about "Co-operative Education" when we should have been planning "education for Co-operators". Co-operative education provides only a small part of the task of preparing people for "Liberty as self development" and the failure to see the difference between the two has been largely responsible for there being so few education programmes in British co-operatives in the past 75 years.

The government's Adult Education Report of 1918 said of Co-operative Education:

Its influence may be judged by considering the loss which would have been suffered by education if it had not existed ... there would, but for Co-operation, have been far less continued education, especially in the North of England, and far fewer facilities for culture.

There might have been, as far as can be judged, no University Extension Movement ... The Worker's Educational Association which was derived in part from the educational tradition of the Co-operative Movement, would probably not have been founded. Co-operatives were in fact, the only working-class body which continuously, and persistently stood for a humane education as an essential element in the social aims of democracy.

This report acknowledged that "education for co-operators" continued up to the First World War. It was not the growth of public provision for adult education that made inroads into Co-operative Education, it was the political climate of the thirties and the Co-op's association with the Labour Party. This red herring about public provision appeared again in 1945, when public provision was much better and more sophisticated. And for me it appeared again in 1960. The reader is invited to study any local programme of adult education and judge whether the study of subjects and problems in which we are interested are being addressed. There are classes in pottery, woodwork, rural life, and the modern novel but very seldom the study of the social, economic, and political issues of our day.

Increasingly co-operative education in the thirties, and post 1945, was used in support of the Labour Party and the return of a left-wing government. The Co-operative Party compounded the problem. The British Co-operative Movement had decided that it was the only co-operative movement in the world that needed to be represented in Parliament to protect its interests. Others found better ways. Anybody who lived through the 1930s, particularly the early part of the decade, can appreciate the urgency with which the working class pressed its political demands. Like the century before with the Chartists, there were very good reasons for thinking that power in the House of Commons was the urgent need of the day. It was much easier to see in the short-term glittering prize of political power a greater hope for the future. By comparison, the quiet, unspectacular, slow progress of co-operative education may have appeared to many as inadequate for the crisis of the times. Since 1920 co-operative committees have employed the organising techniques of the politicians - conferences, film shows, weekend schools, public meetings - and sometimes they have gone hunting for things to do which should never have concerned an education committee: travel and summer holidays. They have supported brass bands and choral festivals which had popular interest but little educational or cultural value. Committee Secretaries and their committees were ill-equipped for a role in education. Many of the more capable education secretaries saw their job as a stepping stone to Parliament, and education committees supported them by not asking questions when they were absent

from the office nursing their constituency. Committees felt they were indirectly supporting the Labour Movement. Too often the members of education committees did not have the right experience and preparation for service on an education committee. That preparation should have been in education work, preferably as a student in serious class work. Too often service in a social or political organisation, or one of the Guilds, was thought appropriate for a place on the education committee. The Women's Guild did a wonderful job and the few who had experience of serious study were the salt of the earth. But service in the Guild was not enough for sound education committee service.

There were three things which led to the failure of co-operative education:

- local activity programmes which had little educational content and were politically motivated;
- lack of understanding of the difference between co-operative education and education for co-operators;
- education secretaries who were more interested in politics than education and education committees that were not equipped for the job.

All of these resulted in the diminishing value of local co-operative education programmes.

To approach a co-operative education programme with the aim of educating people primarily in co-operative principles, practices and philosophy is to embark on a strictly limited educational exercise. It never has attracted many and there is no reason why it should. They will be interested and enriched by a study of the problems, disciplines and ideas of our heritage and culture. In these we try to place the value of our co-operative experience and tradition.

Since the 1920s, there have been only two societies which have understood "education for co-operators" and developed sound education programmes and policy. They are the South Suburban and the Royal Arsenal (RACS) societies in the 1930s and the Royal Arsenal Society 1945/47. These Societies were

following a policy of education for co-operators. The RACS Education Prospectus for 1946/47 stated:

We seek to encourage and organise studies in the social subjects. Co-operation does not live in a world of its own. It is part of a wider whole and can only be understood in any of its own several aspects if studied in relation to the other social studies of economics, history, and social institutions.

An education programme of this character demands its own special approach and techniques. In May 1945, in the RACS, there was a very poor rump of the old adult class work of prewar days. Six years of war had badly depleted the programme. But by 1947, in just two years, it could report the following:

#### Other Classes

Other classes have been organised in conjunction with the L.C.C., Kent Education Committee, Surrey Education Committee, and the Workers' Educational Association. The R.A.C.S. Education Committee has been directly responsible for others.

L.C.C.	44	R.A.C.S.	16
S.E.C.	12	W.E.A.	7
K&C.	9		
University Classes		3	

Subjects for all classes during the session were as follows: -

1. Economics	2	12. Local Government	1
2. International Affairs	12	13. History of Working Class Organisations	1
3. Modern, Social and Economic Problems	7	14. Development of British Democracy	1
4. Current Affairs	3	15. Problems of the Peace	1
5. Citizenship	6	16. Literature	2
6. Next Steps in Co-operative Advance	5	17. Appreciation of Music	1
7. Psychology	5	18. Choral Music ..	7
8. Child Psychology	1	19. Orchestral Music	3
9. History of the Common Man	1	20. Elements of Socialism	1
10. Local Government & Public Speaking	2	21. Drama	10
11. China and Japan	1	22. British Economic Problems	1
		23. Esperanto	3
		24. Arts and Crafts	14

The courses, "Next Steps in Co-operative Advance" were study groups organised in conjunction with the senior members of R.A.C.S. Youth Clubs and were precursors of an examination in the same subject for those seeking a scholarship award to a Co-operative Youth Summer School. Each course consisted of seven weekly meetings of 1½ hours each.

Unsuccessful attempts were made to form additional classes in Balham, Peckham, Surbiton, Belvedere, New Eltham, Plumstead, Blackfen, and Well Hall.

### CLASSES AND COURSES - COMPARATIVE SUMMARY

	1944-45		1945-46		1946-47	
	<i>Classes</i>	<i>Students</i>	<i>Classes</i>	<i>Students</i>	<i>Classes</i>	<i>Students</i>
University Tutorial 3 year Courses					2	31
University Sessional Classes (20-24 meetings)	2	31	2	38		26
One-year Courses (20-24 meetings)	26	495	37	767	*59	1324
Terminal Courses (12 meetings)	5	100	8	117	17	243
Short Terminal Courses (6 meetings)			11	99	12	133
Employee Classes			5	81	Now undertaken by Staff Training Council	
	33	626	63	1102	91	1757
Lecture Courses with Women's Guilds (6 meetings)			83	1994	78	1906

\*27 continued for the summer term 1947 of 12 extra meetings.



**CLASSES - SESSION 1946-47**

	<i>Authority</i>	<i>No. of Meetings</i>	<i>R.A.C.S. Members</i>	<i>Non-Members</i>	<i>Male</i>	<i>Female</i>	<i>Average Attendance</i>
<b>UNIVERSITY CLASSES</b>							
Tutorial Classes (3-year courses) University of London							
<b>WOOLWICH</b>							
<b>ECONOMICS</b>							
Co-operative Institute, S.E. 18 .. ..	L.U.	24	13	6	10	9	14
Tutor: Mr. W. Bruce, M.A.							
University of Oxford In conjunction with Kent W.E.A.							
<b>BEXLEYHEATH</b>							
<b>THE DEVELOPMENT OF BRITISH DEMOCRACY</b>							
Girls' Secondary School, Upton Road ..	O.U.	24	11	1	6	6	11
Tutor: Miss N. Nicholson, B.A.							
Sessional Class 20-24 meetings. University of London							
<b>MORDEN</b>							
<b>PSYCHOLOGY</b>							
R.A.C.S. Branch Room, Morden .. ..	L.U.	24	20	6	11	15	20
Tutor: Miss A. Frankenstein, B.A.							
<b>LOCAL EDUCATION AUTHORITIES AND WORKERS' EDUCATIONAL ASSOCIATION</b>							
<b>ABBEY WOOD</b>							
<b>APPRECIATION OF MUSIC</b>							
"Shornells," Bostall Heath .. ..	L.C.C. Eltham	35	60	10	18	52	28
Tutor: Mr. T.G. Eastop, F.R.C.O.							
<b>SOCIAL PSYCHOLOGY</b>							
"Shornells," Bostall Heath .. ..	L.C.C. Eltham	34	26	-	-	26	16
Tutor: Dr. R.S. Birch							
<b>CITIZENSHIP</b>							
R.A.C.S. Hall, Federation Road .. ..	L.C.C. Eltham	24	19	-	-	19	11
Tutor: Dr. R.S. Birch							
<b>INTERNATIONAL AFFAIRS</b>							
"Shornells," Bostall Heath .. ..	L.C.C. Eltham	32	13	7	4	16	10
Tutor: Dr. R.S. Birch							
<b>CURRENT AFFAIRS</b>							
The Hutment, McLeod Road .. ..	L.C.C. Eltham	36	22	2	13	11	13
Tutor: Mr. J. Hargreaves, B.LITT.							
<b>CHORAL MUSIC</b>							
"Shornells," Bostall Heath .. ..	L.C.C. Eltham	36	25	8	12	21	18
Tutor: Mr. D. Williams, A.R.C.M.							
<b>BALHAM</b>							
<b>INTERNATIONAL AFFAIRS</b>							
R.A.C.S. Branch Room .. ..	L.C.C. Clapham	24	15	-	10	5	8
Tutor: Mr. R. Pugh, B.A.							
<b>BEXLEYHEATH</b>							
<b>CURRENT AFFAIRS</b>							
R.A.C.S. Hall, Pickford Lane .. ..	K.E.C. Bexleyheath	23	30	-	20	10	17
Tutor: Mr. A. Eden-Green, Dip., Econ.							
<b>BRITISH ECONOMIC PROBLEMS</b>							
(Single Lectures)							
Broadway R.A.C.S. Hall .. ..	W.E.A. Kent	7	12	2	7	7	11
Tutor: Mr. H. G. Seivers							

By 1947 there was a panel of 150 tutors available for duty. They were all interviewed and clearly understood that the role of co-operatives would appear in all our work. The classes were organised in association with the three London County Council (LCC) Literary Institutes in south London, the Workers' Educational Association (WEA) and the University of London. We were represented on the University Extension Committee. They all understood our role and supported us strongly. In the LCC Literary Institutes the RACS provided the majority of their social study classes. The syllabuses of all classes were checked and supervised for co-operative content. Frequent visits were made *to* the classes. Copies of weekly and monthly co-operative papers and journals, including the International Co-operative Review, were provided to all tutors. The annual weekend school for tutors attracted about 40 persons and Will Watkins and Bob Marshall were among the lecturers<sup>1</sup>. Music, drama, and literature were not neglected. Here the emphasis was also on education for co-operators. How could these studies enrich the lives of members? The Shornells Music Appreciation group wanted to study some piano music in depth and for two weeks they were provided with a grand piano.

After July 1947 when a new Education Secretary took over this education programme it steadily declined. Once again it was claimed that the local authorities had taken over the work. That was not the view of the Senior Education Secretary who in frustration tried unsuccessfully to move to Stanford Hall and on 1st October 1947 wrote to me "At the moment I feel I would weep to see how your work is being destroyed", and proceeded to explain how it was being done. Over a ten-year period, the adult education programme of RACS declined until in 1958 the Education Secretary resigned saying there was no future for adult education in the Co-operative Movement. He had proved it so and moved over to concentrate on staff training. I accepted the challenge and returned *to* the RACS as Education Secretary in January 1959 resolved to prove that "Education for Co-operators" was still a worthwhile policy. The following reveals our measure of success. It was reasonable but limited, mainly because I now had the administration of the whole department to cover, including youth work, Guilds, accounting, and office organisation. In the earlier period I had been responsible for Adult Education only:

# Classes and Courses 1959/60

## Comparative Summary of Classes and Courses 1959/60

### A. Arranged with L.E.A.s, W.E.A. and Universities

	1958-59		1959-60	
	Classes	Students	Classes	Students
<b>University Courses:</b>				
University Tutorial Classes - 3 years	2	36	2	30
University Sessional Classes - 20-24 meetings				16
University Extension Lecture Courses - 6 meetings				39
	2	36	4	85
<b>Other Courses:</b>				
CO-OPERATIVE, SOCIAL AND ECONOMIC SUBJECTS:				
One Year Classes - 20-24 meetings	5	97	6	97
Terminal Classes - 12 meetings			3	37
Short Term Classes - 6-12 meetings			4	55
	5	97	13	189
CONSUMER EDUCATION				
Terminal Classes - 12 meetings			2	23
LITERATURE, MUSIC AND FILM APPRECIATION:				
One Year Classes - 20-24 meetings	5	127	4	86
Terminal Classes - 12 meetings				10
	5	127	5	96
<b>All Classes - Social and Liberal Education - TOTAL</b>				
	12	260	24	393
LECTURE COURSES - 6 meetings - fortnightly - W.E.A. (Social Studies)				
			24	599*
Choral, Drama and Orchestral Classes				
	17	344	15	343
Arts and Crafts, Keep Fit				
	16	280	15	243
	33	624	30	586
GRAND TOTAL - all classes (not including Lecture Courses*)				
	45	884	54	979

(In 1957 there were 1,049 students in 53 classes.)

## B. Not Qualifying for Ministry of Education Support

	1958-59 Classes	1959-60 Classes
Writers' Circle - One Year..	1	1
Lecture Courses (Co-operative and Social Studies) (6 meetings) - weekly (independent)	1	
Lecture Courses (Co-operative and Social Studies) (6 meetings) - fortnightly (independent)	6	
Lecture Courses (Co-operative and Social Studies) (6 meetings) - monthly (independent)	39	32
Discussion Group Meetings (part of Guild programmes) monthly (independent)	30	
Discussion Group Leaders' Training Course (6 one-day conferences)		1
	77	34

### Subjects 1959/60 (Classes only)

Economics of Retail Distribution	2
Social History	2
Background to British Politics ..	2
Political Theories ..	1
Consumer Protection and Research	1
Contemporary Social and Economic Problems	3
Current Affairs ..	3
English Literature ..	3
Design in Our Homes..	2
Writers' Circle	1
Film Appreciation	1
Appreciation of Music	2
Art of Speaking ..	1
Russian	1
Choral Music	7
Orchestral Music ..	1
Drama	7
Arts and Crafts ..	13
Keep Fit	2

### Drama and Music

ALL CLASSES IN drama and music have been provided with the support of the appropriate local education authority. This year the Education Committee has not been responsible for the teacher's fee in any class and hopes to continue to implement this practice. A notable change occurred with the Westwood Co-operative Drama Players who had been maintained by the R.A.C.S. for several years and who this year successfully proved their claim as an adult class under the Kent Education Committee. Two R.A.C.S. members attended the Southern Sectional Week-end School on Drama at "Shornells" in November.

To help with the staffing problem, an approach was made to the University of London Extra Mural Committee and the WEA. After months of slow and careful negotiations, a package was agreed where the University and the WEA, jointly with RACS, would appoint three Tutor Organisers to work with the RACS Education Committee in the three areas of south London covered by the RACS. The committee was kept informed and in early April 1961 they voted on the proposals. There were seven for and six against. It was a matter of great importance and this decision was a fudge, so they agreed to come to the next meeting in two weeks having reflected on the matter carefully and to take a vote at the beginning of the meeting without further discussion. They did and the verdict was unanimous, 13 against. Finally, and completely the last bastion of Education for Co-operators surrendered to the forces of so-called popular education. Like Joe Reeves before me I had to learn that ill-equipped committee members can make bad decisions, and I left to rejoin the United Nations. Perhaps the Committee later regretted their error. The official history of Co-operative Education the RACS published in the 1970s contains no mention of the work done in 45/46 and 59/61.

Addressing the Education Committees of the London area soon after the war Will Watkins said:

It is personal qualities and capabilities which are the concern of education, not acceptance of this or that Co-operative doctrine. The educationist is concerned with individual men and women, their faculties and powers - not with "instilling" a doctrine, but with developing by the right exercise and discipline the capacity of individuals to find facts, weigh evidence and reach education is to provide the right social milieu in which original thought, keen but just criticism, good fellowship, a willingness to bear a fair share of all common tasks and a pride in combined achievement rather than individual prowess are encouraged and cultivated - to promote the kind of intercourse which leads people to recognise from actual experience that it is only in fellowship that they can make the most and the best of themselves and most effectively apply their talents to the tasks of social construction.

Will Watkins understood and supported "Education for Co-operators". The RACS was proud to have him as one of its lecturers in 1945-46. It is not only co-operatives which have been diminished by the failure to pursue an education programme. Adult Education and the nation are both the poorer. Examine any local adult education programme and there is little contribution to the social aims of democracy. And we had so much to give.

**Basil Loveridge spent 20 years working in co-operative education in the UK followed by 25 years with the United Nations and co-operatives in Asia, Africa, and the Caribbean.**

### **Notes**

- 1 Will Watkins later became Director of the International Co-operative Alliance. Bob Marshall was Principal of the UK Co-operative College (and editor of this Journal).

# **Proceedings of the UK Society for Co-operative Studies Annual Conference, September 1997**

## **Re-asserting the Co-operative Advantage**

**Society of Co-op Studies Research and Development Project  
Report on conference meeting by Roger Spear**

Many co-operators will be all too familiar with the factors prompting this project. The well publicised but equally well thwarted Lanica bid for CWS, the demutualisation of building societies (including the more recent hostile attempts on Nationwide) and the gradual conversion or decline of co-ops, for example conversions in the farming sector. However, at the same time, these problems represent an enormous opportunity to respond positively and vigorously. There are numerous examples of co-operative innovation and good practice, and there is a mood for reassessing features of co-operation that "make the difference" - in business terms and ethically. Indeed, there is a strong sense that good business and high standards can be a winning combination. But something needs to be done fast to help tackle the problem and to capture the spirit of re-asserting co-operative advantage.

The Society for Co-operative Studies (SCS) responded to this challenge, through an early initiative by Rita Rhodes, followed by discussions at Congress between Peter Davis, Rita, and Roger Spear. A research proposal was then put to an executive committee meeting. The resulting paper was then presented to the SCS annual meeting at the Co-op College by Roger Spear. He began by reminding co-operators of all the theoretical advantages that co-operatives may lay claim to, and then provided some evidence, through examples, of where this advantage has been developed into practice. The proposal for the research project was then presented and was followed by a lively and incisive debate. This led the project partners - the Open University, Co-operative College, and Leicester University - to widen the approach to include co-op board members and active members, and place greater emphasis on the development phase of the project. The project proposal is still developing

based on conference and subsequent discussions, in conjunction with the three partners and potential sponsors. So, watch this space in subsequent issues of the Journal.

## **Proposal for a project on Re-asserting the Co-operative Advantage**

It is proposed to conduct a study with the **aim** of involving managers in the identification and evaluation of innovative and best practice for re-asserting co-operative advantage.

It will involve the following activities:

- identifying innovative/good practice and evaluating it;
- examining key business issues;
- evaluating competitive strategies and good management practice;
- defining success in co-operative terms (values and value for money);
- developing models of best practice.

## **Approach**

The overall approach will be to identify innovative and best practice so that case studies can be undertaken evaluating that practice. It is the intention to cover most areas of business/co-operative activity. Thus Oxford, Swindon and Gloucester Co-operative Society might be a good case study for evaluating the effectiveness of an innovative approach to improving member relations. Similar cases will be identified for other areas (governance, marketing, etc). The study will have a number of phases which would constitute research, but it will also aim to achieve a substantial degree of mutual learning about good practice. It will also be developmental in achieving the reassertion of co-operative advantage.

**Phase one** will be to identify the levers for change and the barriers to change. It will also involve examining key business issues and selecting cases of effective strategies and good co-operative business practice. This will involve interviews with senior managers and board members. Clearly the support of top managers will be essential, and researching their views on good



practice crucial, but their support and involvement in the design of the process for subsequent phases will also be a key part of this phase. It may also be appropriate to target other groups such as influential buying groups lower down the hierarchy.

**Phase two** will research the selected sites of good innovative practice by gathering evidence and views through interviewing and working with focus groups of managers; similar sessions will be held with other stakeholders such as active and board members (and consumers where relevant). In some cases, choice of good practice sites will be designed to throw up different or contrasting approaches to similar problems in order to stimulate creative responses to local differences.

**The third** developmental phase will be firmly oriented towards stimulating change both in terms of the adoption of best practice where relevant, and in terms of regenerating a stronger understanding of what is distinctive about co-ops and reasserting a belief in the co-operative advantage amongst members, the board, and managers. The sector of most interest would seem to be the consumer sector, but there may be scope for extending the study to include the financial services sector (banking and insurance).

## **Project organisation**

It is envisaged that the project will be co-directed by Roger Spear, Co-operatives Research Unit, Open University, who is also Chair of the ICA Research Committee and has extensive research experience, Peter Davis of Leicester Business School, who has pioneered a distance learning course for member organisations, and Alan Wilkins of the Co-operative College, who has been leading a series of workshops on co-operative values and competitive advantage. The work of the project will be shared equally between these three (and their fellow researchers). A managing committee comprising members of SCS, and the funders will be set up to advise and oversee the project.

The project will commence as soon as funding is secured and will be completed within a year. The dissemination phase could begin after some case studies have been completed (i.e. after the first 6 months) and it could then run in parallel with the main study.

## **Outcomes**

The outcomes should not be backward looking, but new, positive, and compelling - demonstrating the payoffs of good practice, and stimulating a will for implementation.

A publishable report will provide:

- Analysis of key business issues and evaluation of options available;
- Identification of defensive measures;
- Identification of best practice;
- Provision of arguments and evidence supporting the co-operative advantage.

The Report on best practice will be disseminated widely within the co-op movement. It will inform the actions of managers, boards, and members. It will have the additional advantage that focus groups will have prepared the ground for change and generated a positive climate for re-asserting co-operative advantage.

## **Potential sponsors**

It is envisaged that various parts of the consumer co-operative movement might be interested in funding this research, for example CIS, The Co-operative Bank, CWS; alternatively, a consortium of societies might be willing to contribute. The involvement or support of other influential players such as the Institute for Public Policy Research would also be sought. It might be possible to make the developmental phase a separately sponsored phase in order to extend its work if demand is there. Whatever finance is raised might be complemented through application for European Union funds. Some local authorities might also be prepared to contribute.

An alternative approach to funding would be by setting up a "Fighting Fund for Co-operation and Mutuality" - this fund would aim to fund research for the practical benefit of co-operatives and mutuals, and practical outcomes would be key to every project with integral developmental phases in all projects. The SCS and its presidents could play a vital role in establishing such a fund and guiding its first project.

## **Development phase**

This phase will be carried out through the Co-op College, with Alan Wilkins playing the lead role. The aim will be to work in parallel with the research phase developing key players in the co-op movement and ensuring that the findings of the research phase are seriously addressed by those in a position to make changes - managers, the board, and members. This is not seen as a phase where findings are blindly implemented, but a much more interactive phase where debate, selection, and adaptation are crucial to developing changes appropriate to widely differing contexts.

The format will be one already tried and proven at the Co-op College - a workshop programme for promoting change using focus groups and involving experts or participants from "best practice" cases. The people involved will be managers primarily but also other stakeholders - such as boards, and active members.

## **Promotional phase**

It is anticipated that one outcome of the research will be arguments, stories, quotes which vividly illuminate the value of co-operative business. These could provide the basis for individual society promotional campaigns, or a movement wide promotion. Such benefits will not be limited to publications arising from the study, since extracts could be used for advertising, promotion, and news communication both within and outside the co-operative movement.

**Dr Roger Spear lectures at the Co-operatives Research Unit of the Open University and Chairs the Research Committee of the International Co-operative Alliance.**

# How can the Co-operative Sector Contribute to the Development of a Stakeholder Economy?

**Simon Blackley**

I intend to argue that the co-operative sector now has the potential and the opportunity to make a significant and unique contribution to the formation and delivery of economic development policy in the United Kingdom. As part of the wider business sector, co-operatives can and do contribute directly to economic development and economic regeneration in our cities, towns, and rural communities. Indeed, I will argue that their contribution, although relatively small, is particularly valuable because it is both *local* and *long-term* in nature. But the sector also has the potential to contribute indirectly - not only through its members' activities as successful businesses, but through the percolation of their co-operative *values*, and of the particular business *practices* which flow from those values. Taken together, these two elements of the co-operative contribution offer the opportunity to ground fine words about the creation of a stakeholder economy in the realities of actual needs, actual capacities, actual problems, and actual opportunities - to inject a much-needed 'bottom-up' approach to the implementation of stakeholding, based on existing achievements.

What I plan to do is to review examples of co-operative practice in three areas, and to build my case from these. I cannot claim that the examples I will use are representative. You are probably aware of others, from other parts of the UK, and from different parts of the co-operative movement, which may support my argument - or may qualify or counter it.

My examples are drawn from three areas:

- a) co-operation between co-operatives at local level
- b) conversion to employee ownership as a promising alternative to the erosion of jobs, working conditions, union membership and service quality in situations of privatisation, contractualisation or failed business succession

- c) the political lobbying of the sector in the context of a Labour Government receptive to the recognition of other stakeholders - in businesses and in society - besides those who own the capital

Perhaps, before turning to my examples, I should quickly review the concept of stakeholding itself. By a stakeholder we simply mean someone who stands to gain or lose as a result of an organisation's action or inaction. Terry Thomas, the hugely successful retiring Managing Director of The Co-operative Bank, has identified seven groups of stakeholders in the Bank's case:

- shareholders
- employees
- customers
- suppliers
- the local community
- society at large
- past and future generations

A fundamental problem with the UK economy remains that it is run almost entirely by and on behalf of just one group of stakeholders - the investors. Consequently, most business strategies are aimed at maximising benefits to shareholders, while other stakeholders - such as employees and customers - must rely on statutory protection of their interests through employment legislation, regulatory agencies such as Ofwat and Ofgas, the Monopolies and Mergers Commission, and so on.

This situation is reflected in company law, where those who risk their capital assume control. Votes in a conventional limited company are proportional to shareholdings. But it is not only investors who stand to lose in the event of non-performance by a business. Employees stand to lose their livelihoods, suppliers can face insolvency if bills are not paid on time, customers' lives may be seriously disrupted if goods or services provided are sub-standard, and whole communities can be impoverished when a major employer moves away in search of cheaper operating costs. Yet company law does not recognise the validity of any form of stakeholding other than investment of capital. Conventional business accounting practices treat employees as just another cost - on a par with the cost of energy, raw materials,

or advertising.

We are just beginning to emerge from a period in which the primacy of shareholders' interests had become a central tenet not just of business strategy and economic policy, but of Government policy for health, education, transport, and housing too. In the course of the 1980s, the stock market acquired the power to determine priorities not just in the areas of manufacture and trade, but for society as a whole. What Margaret Thatcher meant when she said that there is no such thing as society was that there was no area in which maximising the return to capital should not guide policy. The case is now being widely made that market forces alone are not even sufficient to deliver universally the highest possible quality at the lowest possible price. That debate is beyond the scope of this article. But I would certainly contend that 'shareholder value' has signally failed to deliver a socially, environmentally, and financially sustainable economy. In order to achieve a more balanced economy, businesses must begin to benefit other stakeholder groups as well as investors, and co-operatives surely offer an ideal model for such enterprises. They are inherently geared towards the interests of other stakeholders - tenants in a housing co-operative, customers in a consumer co-operative, employees in a worker co-operative, and savers and borrowers in a credit union.

The past two decades have - despite fiercely competitive markets, and an unsympathetic or antagonistic policy environment - seen a spectacular growth in innovative applications of basic co-operative principles. The dragon of demutualisation is not yet slain. But mutuality is beginning to acquire supporters among the public, the press, and policy-makers. Both by operating successful businesses, and by demonstrating that they can do so without placing all the control - and all the rewards - in the hands of investors, co-operatives have much to contribute to the economic, social, and intellectual fabric of a stakeholder society.

### **Co-operation between co-operatives**

In the 1970s and 1980s, rapid growth in the number of worker co-operatives was supported by specialist development agencies (CDAs) funded predominantly by Labour-controlled Local

Authorities, as a job creation strategy. At their peak in the late 1980s, there were over 100 CDAs. The job creation caravan has since moved on, and only 30 remain, but in their own areas these continue to provide a largely free business development service for co-operatives, financed by a mix of local authority grants and contracts with Training and Enterprise Councils, Business Links and European Union funding programmes. As we shall see, the Industrial Common Ownership Movement (ICOM) is lobbying hard for the extension of this service to cover all UK regions. But my first example is taken from one of the four or five local groups of worker co-operatives in the UK which, faced with the partial withdrawal of their local service, have taken the responsibility for co-operative development into their own hands - and are starting to achieve the 'critical mass' of co-operation between co-operatives which is at the heart of Europe's most successful co-operative movements, in Italy, the Basque region of Spain, and France.

The activities of a local co-operative network can include:

- mutual support
- close supplier chain relationships
- the spread of management good practice through co-consultancy
- shared-cost training
- joint purchasing of goods and business services.

The Southampton Co-operative Network is a dynamic grouping of successful young businesses from a number of sectors, but with a high proportion involved in professional services - graphic design, computer consultancy and corporate marketing. In the short time since it was formalised, the Network has:

- launched a regular newsletter as a promotional tool for the network and its member businesses, which is mailed direct to key local individuals and others around the country and in Europe
- established an annual survey of the local co-operative sector, to provide a clear and detailed analysis of its place in Southampton's economy
- made a successful £50,000 funding bid to the Department of

Trade and Industry for specialised training for network members, in part delivered by network members

- hosted a number of local events aimed at bringing together local worker co-operatives, in order to create an environment in which to develop joint initiatives
- established an up-to-date database of local, regional, and national Social Economy contacts for use by the network and its members
- launched an email listserver as a forum for discussion and inter-trading between co-operatives, and a pilot World Wide Web site to promote network members - these two initiatives have already brought benefits in terms of new trading and partnership opportunities.

The network's plans for the future include:

- media profile-raising, to achieve wider public recognition of the co-operative sector
- involvement with the local Single Regeneration Budget programme
- contribution to local education, by promoting the values and principles of co-operation in partnership with schools, colleges, and Chambers of Commerce
- bringing the wider co-operative movement together, by creating opportunities for real linkage between the local consumer movement and the growing number of housing co-ops, credit unions and employee-owned co-operative businesses in the area

What the Southampton Co-operative Network shares with similar local groupings in Essex, Northumberland, central Scotland and perhaps elsewhere - and what distinguishes it from conventional local business networks - is its concern with development. This concern is not only directed at the members of the network itself. It is applied to the co-operative sector, and to the local community, *as a whole*. The potential for interchange and collaboration between the consumer and worker co-operative sectors is especially exciting.



## Conversion to employee ownership

The second set of examples is the phenomenon of conversion to employee ownership. Of the 1500 or so surviving worker co-operatives created 'since records began' in 1973 - around the time at which the sector's national bodies, ICOM and Industrial Common Ownership Finance (ICOF), were formed - the vast majority were created as new-start enterprises. Many of them are now, of course, substantial, and well-established businesses. In recent years, however, attention has increasingly turned to the conversion to employee ownership of existing, conventionally structured businesses. The spectacular success of some of the largest conversions has finally given the worker co-operative sector positive examples with which to chase away the spectre of Triumph Meriden and the other failed 'phoenix' initiatives of the 1970s - though that spectre still lingers, apparently, in the corridors of Westminster and of Trade Union Congress House. The rescue of failing companies apart - and inevitably, this will always be incredibly hard to sustain - conversion to employee ownership is increasingly recognised as a real option in situations of privatisation, contractualisation and divestment. The co-operative movement still has much to do to promote the option to local authorities, trade unions, owner-managers, solicitors, accountants, and other business advisers, and to workers themselves. Even in recent years there have been mistakes and setbacks. The bus industry has seen a number of examples where employee ownership was not sufficiently entrenched to resist the predatory advances of competitors, which offered workers significant cash payments to 'demutualise' the company assets. But the success stories are stacking up - and the big ones are regularly featured in the business pages, so the issues, and the potential, are increasingly well understood, by policymakers, employers, and trade unions.

- Tullis Russell, a Scottish specialist paper manufacturer employing 1,200 people and owned by a family which wished to disinvest, made use of tax reliefs available on certain types of conversion to employee ownership to maximise the tax benefits to owners and employees. The nature of these tax reliefs means that Tullis Russell has had to adopt an intermediary structure as an 'employee share ownership plan'

or ESOP - but progress towards its goal of 100 per cent employee ownership is on target.

- In 1993 the seven swimming pools and leisure centres in the London Borough of Greenwich were privatised as a 'not-for-profit' worker co-operative, with 80 per cent of workers taking up membership of the co-operative as an alternative to closures and redundancies, following budget cuts. A highly visible model of successful employee-owned enterprise has been created, producing efficiency gains which have preserved jobs and services, as well as saving the Local Authority money.
- Tower Colliery, in South Wales, was closed as being 'uneconomic' while in the public sector but was subsequently bought by the miners and is now making substantial profits as a co-operative. Much of its coal is exported, although the original reason given for closing the mine was the competition from imported coal.
- Shropshire Social Services has since 1991 helped to establish five care co-operatives, which today deliver some 40 per cent of the total social services domiciliary care hours in the county and together represent its largest independent provider. In addition, the co-ops supply an increasing volume of care services purchased not through Social Services but directly by clients, using the benefits system. Despite particular problems associated with servicing a predominantly rural area with a widely dispersed population, the co-operatives have repaid their start-up loans and achieved sustainable trading surpluses within 4-5 years. They now offer training, qualification, and paid employment to over 300 carers, many of whom were previously unqualified informal carers. There are now 49 care co-operatives across the country, delivering domiciliary, respite and residential care to the elderly, to children, and to people with disabilities.

I have offered four examples, representative of the four most significant types of conversion to employee ownership - disinvestment by private owners, municipal privatisation, national privatisation and contractualisation. What all four contribute to economic development - in marked contrast to the commoner alternatives of management buy out or business sale - is *sustainable local* employment and wealth creation. Many

corporate and small business owners realise profits by selling their companies, or by breaking them up in order to dispose of valuable components. The business is viewed primarily as an asset, to be sold without reference to the employment consequences. Workforces are seen as incidental to profit maximisation and are happily discarded or passed on to new owners, who may dispense with their services at a later date. The profits of a co-operative business are not exported to distant shareholders - they are re-invested in the area. And because continuity of employment is a central goal of the co-operators who own the business, investment in its long-term future is far more certain than if it were run on behalf of shareholders. Co-operatives are inherently more responsive to the communities from which they draw their members.

## **Political lobbying**

Lastly, I would like to give you an overview of the political lobbying work undertaken in the past year or so by ICOM and ICOF, in anticipation of a change of government in May, and in response to the new opportunities which have emerged since the election. I believe that this work is producing results which show that the sector now has both the opportunity and the ability to contribute to economic development at policy level.

A major change in the political environment has of course taken place with the election of the first Labour government for nearly 20 years. Given the historic links between the Labour and Co-operative Parties, and the election of a record number of Co-operative Party-sponsored MPs, we were surely right to anticipate a more constructive attitude from central government towards the co-operative sector. As a starting-point, a special joint committee, after extensive consultation with the sector, drew up in 1996 an 8-point proposal for policies to encourage the growth of co-operative enterprises - 'Towards a Stakeholder Economy'. In summary, the eight proposals were for:

### **1. Recognition**

Co-operatives currently adopt various different forms of legal status. This makes it extremely difficult to identify, support or measure the performance of the co-operative sector. A

Co-operatives Act which is 'friendly' towards all forms of co-operative would help to resolve this difficulty. What we need is a statutory basis, of equal status to the Companies Act, for championing and protecting the primacy of other stakeholder groups where this is appropriate. The current legislative and fiscal environment is far from supportive. And sadly, the choice of a co-operative structure imposes additional financial and tax costs on a new business, which makes it difficult to promote this option to anyone who is not ideologically committed to the principle in the first place. The Legal Working Group of the cross-sectoral United Kingdom Co-operative Council, including strong representation from ICOM, has now prepared a draft Bill for a new Co-operatives Act. This draft has been presented to the Treasury and is now under discussion with civil servants. We are moving closer to the creation of a level playing-field for co-operation.

## **2. Entrenchment of common ownership**

The principle of collective ownership of co-operative assets - as opposed to individual shareholding - is well established in other countries. Common ownership prevents the reserves built up by one generation of members from being stripped by their successors. But although the principle is also accepted by a majority of the UK's worker co-operatives, its basis in British law is weak. We hope to see the full entrenchment of common ownership made possible both within the new Co-operatives Act and by amendment to the Companies Acts.

## **3. Investment**

If the sector is going to grow at any speed, investment capital must be available, tailored to its needs. We would like ICOF to be refinanced with public money in order to build on its twenty-three years' experience of supporting co-operative enterprises. We propose that consideration should be given to a UK equivalent of the Italian Marcora law, where the capitalisation of future unemployment benefit payments has helped numerous failing private enterprises to be transformed into successful co-operative enterprises. We also propose the creation of a special fund to provide rapid loan finance to employees considering a worker buyout, such loans to be repayable only if the enterprise succeeds.

#### **4. Taxation: general**

Worker co-operatives should not be taxed more heavily than other forms of small business. There should also be special tax reliefs available to common ownership co-operatives which plough profits back into indivisible reserves, thus enhancing and safeguarding future employment potential.

#### **5. Taxation: investment Incentives**

Investment incentives should be at least as readily available to co-operatives as to other forms of business. In particular, the tax reliefs afforded to ESOPs and to owners transferring their enterprises into ESOPs should also be available to other, more democratic forms of employee-owned enterprise. (If these reliefs had been available, the employee-owned bus companies might have chosen structures which enabled them to resist subsequent acquisition by large private sector competitors.) Tax reliefs on investments in employee-owned businesses should be made available to collective funds such as pensions. Institutional investors should be encouraged to adopt a long-term view, and to invest in the future jobs of their contributing members.

#### **6. Pension funds**

The fiduciary duty of pension fund trustees should be redefined to allow them to take account of potential benefits other than dividends and capital gains.

#### **7. Externalisation of public services**

Preference should be given to employee-owned co-operatives in cases of privatisation or contracting out, to protect levels and standards of service, as well as working conditions.

#### **8. A national co-operative development strategy**

Local authorities should be empowered and encouraged to provide increased resources to local co-operative development agencies, within a national strategy which ensures that all areas of the country have access to professional support for co-operative businesses. ICOM - which has been entirely self-financing for the past fifteen years - should be provided with development capital to enable it to increase the range and quality of the services it can offer. TECs and LECs, Business Links, and the new Regional

Development Agencies should be required to demonstrate a proactive policy on support for co-operatives.

Apart from the preparation of the Co-operatives Bill, it is the last of these eight points, concerning the implementation of a national co-operative development strategy, which has taken up most of our energies, and our extremely limited budget, during the past year. We have further developed coherent and realistic proposals for central government core funding of ICOM and ICOF as national support organisations for the worker co-operative sector and are engaged in a programme of lobbying meetings with Ministers and MPs in support of these plans. More specifically, we have focused on attempting to secure recognition and support for co-operative development by the new Regional Development Agencies and have submitted our response to the government's consultation document at national and at regional levels. I want to emphasise that although these proposals primarily concern the worker co-operative sector, their importance has been widely recognised by our colleagues in other parts of the co-operative movement, and in particular by the consumer sector. The UKCC has publicly and wholeheartedly endorsed the plans. The Co-operative Party has offered invaluable advice and practical help. And, with co-ordination from the UKCC, cross-sectoral co-operative representation has been organised in each region, in order to bring together consumer, worker and other co-operative sectors to address the Regional Development Agencies with a single voice. We are hopeful that the successful promotion of these plans in the coming years will bring about significant expansion of the co-operative sector and take us some way further down the road towards a true stakeholder economy.

## **Conclusion**

Let me summarise the points which I have tried to make:

- Co-operatives contribute to economic development locally by operating successful businesses, responsive to the long-term needs of their employees, their host communities, and their customers. They can do so more effectively when they co-operate with one another.

- The co-operative business form constitutes the ideal vehicle for local economic development in situations in which viable private or public concerns are threatened with closure or sale to distant corporate interests. The involvement of local stakeholders, whether employees, consumers, or service users, maximises the long-term benefits to the local economy.
- The co-operative sector at national and regional levels can make a positive contribution to economic development policy. By securing a level playing-field for co-operation, and by seeking opportunities for co-operatives to contribute to local economic development, the sector can 'export' co-operative values and practices to the wider business and political community. Again, maximum impact can be achieved through co-operation between co-operative sectors.

I started by quoting Terry Thomas's definition of the Co-op Bank's stakeholders. I can think of no more heartening way of bringing to a close a consideration of the co-operative sector's contribution to the development of a stakeholder economy than to quote from last Thursday's Financial Times. The paper was commenting on the last set of results presented by Terry before his retirement - results which showed a 32 per cent rise in pre-tax profits.

"Co-op Bank's post-tax return on equity of 24 per cent would be respectable even by the demanding standards now set for more ruthlessly capitalist banks. Mr Thomas says the bank has succeeded because it returned to its roots, and it appears unarguable that some, at least, of its growth in market share is linked to its 'ethical' positioning. That sort of corporate identity would be difficult to emulate for the bigger commercial banks from which Co-op has been winning professional-class customers, but it might provide an outline of the business model the rest of the co-operative movement has been looking for."

(Financial Times, September 11, 1997)

# Record Progress made by Movement's Think Tank

The SCS held its Annual Conference and AGM at the Co-operative College on 20/21 September 1997.

## News in Brief

The Weekend proved to be a highly successful event for the Society. Issues covered and information furnished included a record increase in membership; the consideration of key issues such as "Stakeholding" which has attracted speakers of the highest quality; the development of a Research Project on the theme of Mutuality entitled "Reasserting the Co-operative Advantage"; a new logo and promotional material; Successful Fringe Meeting and arrangements already made for 1998 Fringe Meeting in Lincoln; the high standard of the Journal and improved layout and content and the Election of two new Presidents of the Society.

## Annual Conference

The 1997 Conference theme was "Towards a Stakeholder Economy" and the two principal speakers were -

**Simon Blackley**, Management Consultant and Member of the General Council of ICOM who spoke on "How the Co-op Sector can contribute to the development of a Stakeholder Economy", and

**Peter Couchman**, Member and Public Relations Manager of the Oxford, Swindon & Gloucester Co-operative Society who spoke on "What does stakeholding mean for a Co-operative Society" (Co-op News reported Peter's contribution in the issue dated September 23, 1997).

Following each presentation members divided into 'buzz' groups to consider the subject matter in greater detail and then Peter and Simon responded to a range of questions and general observations. The two excellent presentations were praised by members who also expressed considerable satisfaction in the



new Conference structure which allowed the membership greater opportunity in the 'buzz' groups and workshops sessions to contribute to a topical issue that needed to be addressed by a much wider audience.

The text of Simon's presentation appears in this issue. An article by Peter has already been published in the last issue.

On the Sunday morning the Conference received a presentation from the Society's newly established Research Sub-Group. Roger Spear a member of the Sub-Group presented proposals for a research project on the theme of "Mutuality" entitled "Reasserting the Co-operative Advantage". He indicated that there were numerous examples of co-operative innovation and good practice, and there was a mood for reasserting features of co-operation that "makes the difference" - in business terms and ethically. Good business and high standards could be a winning combination. But something needed to be done fast to help tackle the problem and to capture the spirit of reasserting the co-operative advantage.

Following the presentation members divided into groups to discuss the proposals outlined. A high level of support was expressed by members for the research proposals and a number of suggestions made by members would be addressed by the Research Sub-Group at their next scheduled meeting in October. Roger Spear was praised for his highly effective presentation.

The AGM of the Society took place on Sunday 21 September at the conclusion of the Annual Conference. The retiring Chairman Len Burch reported on a busy year for the Society. He stressed the importance of the development of the Society's research project, and the greater efforts which had gone into promoting the Society and the results of this work were evident in the excellent increase in membership and distribution of the Journal. He concluded by praising the contributions all the officers and committee members were making on behalf of the Society.

The Secretary, John Butler, indicated that it had been a year of consolidation for the Society with the committee working well as a team. Specific reference was made to the Society's growing links with other Co-operative organisations such as the UKCC, Plunkett Foundation, Co-operative College, and Open University - Co-op Research Unit. The Society had also during the year

developed a new logo and greater efforts were being made to promote the Society more widely. Dr Butler highlighted the successful fringe meeting that had been held at the Cardiff Congress and revealed that the Lincoln Congress Fringe Meeting would be held at the Turk's Head pub on Sunday 24 May 1998, and it was anticipated that a leading Co-operative personality would be the keynote speaker.

Frank Dent the Treasurer & Membership Secretary was delighted to be able to record encouraging increases in subscription income. Membership of the Society had increased by nearly 30 per cent over the year from 251 to 323.

The Journal Editor, Johnston Birchall reported on his second full year as Journal Editor. Members acknowledged the high standard of articles that had appeared in the Journal over the past 12 months and the improved layout and content were appreciated. Members were encouraged to contact the Editor with their views on the Journal it being noted that the Editor greatly valued the opinions of readers.

The following officers and committee members were appointed to serve for the year 1997/98.

Chair	Peter Davis
Vice-Chairs	Rowland Dale Jim Craigen
Secretary	John Butler
Journal Editor	Johnston Birchall
Treasurer & Membership Secretary	Frank Dent
Additional committee members -	Martin Stears Peter Clarke James Bell Rita Rhodes
Immediate past Chair	Len Burch
Auditor	Peter Roscoe

In recognition of their excellent contribution to the development of the Co-operative ideal members unanimously

supported the election of two new Presidents of the Society - Mr Terry Thomas, retiring Managing Director of The Co-operative Bank plc and Mr A Sneddon the recently retired General Manager of the Co-operative Insurance Society Ltd.

It was agreed that the 1998 Conference and Annual General Meeting of the Society would be held at the Co-operative College, Stanford Hall, during the weekend 26/27 September 1998.

The meeting concluded with a vote of thanks to Len Burch for his second year as Chairman and the way he had conducted the weekend Conference and Annual General Meeting.

# Index of Authors

*Journal 80 (May 1994) to Journal 90 (September 1997)*

*References are to Journal number followed by page numbers*

## A

Anderson, John

the prior problems for consumer co-operatives, 80pp20-22; single national society, 83pp6-9; UK consumer co-operative trade 1995, 86pp36-40

## B

Bell, James

annual reports and the member, 80pp23-28

Birchall, Dr R J

SCS conference 1995, 85pp68-75; co-operative values and principles, 90pp42-69

Bottomley, T N

review of principles, 83pp41-43

Brace, Denise

SCWG and the People's Story Museum, 80pp60-62

Branton, Professor Noel

co-operative trade 1993 - 80pp17-19; death of co-op exaggerated, 81pp16-18; UK consumer co-operative trade 1995, 86pp34-35; impact of information technology on retail trade, 87pp7-9

Briscoe, Professor R

fifty years of UK Co-operative College, 85pp62-67

Brown, Edward Rainy

agricultural co-operatives, 83pp59-61

Burch, Len

fifty years of UK Co-operative College, 85pp20-42

Burlton, RH

review of the Co-operative Union, 89pp2-10

Burton, Alan

Co-operative Culture and the Politics of Consumption in England 1870-1930 review, 89pp90-92

Butler, Dr J H

report of AGM 1995, 85 supplementpp1-4; SCS annual report, 87pp72-80; SCS conference 1996 report, 88pp106-109

## C

Campbell, H,

quangos, 82pp30-32

- Carbery, Professor Thomas F  
 querying the quangos, 80pp42-47; zero factor, 81pp31-33; coward?  
 traitor?, 82pp27-29; United Nations, 83pp51-53
- Carter, Lord  
 United Kingdom Co-operative Council, 80pp68-72, 83pp66-69
- Cattell, Charlie  
 worker co-operatives (with Seymour), 80pp65-67; worker co-operatives,  
 83pp63-66; towards a stakeholder economy, 90pp3-9
- Clarke, Dr Peter  
 the role of the Party, 82pp37-41
- Coles, Adrian  
 SCS conference 1996, 88pp83-92
- Connor, Bill  
 single national society, 83pp10-12
- Cook, AL  
 reflections on co-operative trade figures 1993 - 80pp11-16
- Corina, Professor J G  
 consumer co-operation in the UK, 80pp4-7; retail co-operation in 1830,  
 81pp4-6; 1931 co-operative examination, 83p83; Loughborough and  
 Lady Byron, 86pp12-22; Producer Co-operatives and Labour-Managed  
 Systems review, 86pp112-114
- Couchman, Peter  
 co-operative membership and the stakeholder economy, 90pp10-14
- Craigien, J  
 reflections of a non-executive co-operator, 80pp29-32; role of  
 Co-operative Party, 82pp42-47
- Cunningham, W R F  
 co-operatives in Africa, 83pp80-82

## D

- Davies, Gary  
 UK consumer co-operative trade 1995, 86pp30-34
- Davis, Dr Peter  
 records and research for co-operation, 82pp54-66; co-operative identity  
 and co-operative management, 84pp22-28; towards a value-based  
 management culture, 86pp93-111; management development,  
 88pp53-68; book reviews, 89pp78-87, 90pp95-98

## E

- Ewing, Lindsay  
 management code of practice, 82pp33-36

## F

Fabretti, Guiseppe  
single national society, 83pp30-35

## G

Graham, Lord (of Edmonton)  
single national society, 83pp13-16; fifty years of UK Co-operative  
College, 85pp49-53

Gregory, Gerald  
SCS conference 1996, 88pp93-101

## H

Harvey, Professor Brian  
corporate governance, 81pp43-47

Heskin, Allan and Richman, Neal  
California Mutual Housing Association, 86pp23-29

Holtham, Gerald  
water industry, mutual society model, 88pp3-8

Hopwood, Desmond  
CRS and CWS merger, 81pp19-21, 82pp23-26

Houlton, Dr R  
a management code of practice, 80pp33-37

Howe, Lily  
Ted Stephenson, an appreciation, 87pp24-27; John Morley, an  
appreciation, 88pp15-17

Hubert, Dr J Z  
conditions for co-operation, 81pp59-63

Hutton, David  
records and research, 83pp76-77

## I

Ireland, Philip  
future of mutuality, 87pp16-23

## J

Jacques, Lord (of Portsea Island)  
corporate governance, 81pp48-50

Johnstad, Tom  
co-operatives and federations, 89pp48-60

## K

- Kay, John  
regulating private utilities, 87pp28-46

## L

- Llewellyn, David T  
mutuality v conversion debate, 87pp57-71  
Loveridge, Basil  
review of principles, 83pp43-44

## M

- Marshall, Dr R L  
review of principles, 82pp20-22; who was J T W Mitchell, 83pp54-55;  
fifty years of UK Co-operative College, 85pp3-19; Lord Jacques of  
Portsea Island, and appreciation, 86pp41-43  
Mavrogiannis, Professor D  
ICA centenary, 84pp48-53  
Melmoth, Graham  
review of principles, 82pp10-14; who was J T W Mitchell, 83pp56-58;  
ICA centenary, 84pp18-21  
Meteyard, Martin  
review of principles, 82pp15-19; ICA centenary, 84pp43-47  
Middleton, Alan  
governance of co-operative societies, 80pp38-41; single national society,  
83pp17-19; records and research, 83p77  
Mills, Cliff and Snaith, Ian  
governance of consumer co-operatives, 90pp70-94  
Moore, Harry  
a single society, 81pp7-10  
Morsink, Karl-Heinz  
executive tools in modern retailing, 80pp48-59  
Munkner, Hans-H  
co-operative legislation, 87pp47-56

## N

- Neal, Rusty  
women's participation in co-operatives, 89pp22-47  
Newell, Fran  
co-operative housing, 83pp70-75

## O

Owen, J B  
ICA centenary, 84pp37-42

## P

Pahl, Walter  
housing co-op rescue of public housing in Germany, 90pp28-41  
Peddie, Ian  
Keith Brading, an appreciation, 86pp44-47  
Pratt, G V J  
report of AGM, 82pp67-72  
Prichard, Jack  
records and research, 83pp78-79

## R

Rhodes, Dr Rita  
review of principles, 83pp44-46; ICA centenary, 84pp28-33; co-operation  
in Mongolia, 88pp9-14; SCS conference 1996, 88pp69-82  
Richman, Neal and Heskin, Allan  
California Mutual Housing Association, 86pp23-29  
Rodgers, David  
housing the nation, 90pp15-27  
Rogers, Elizabeth  
consumer co-operatives 1945-93, 80pp9-11

## S

Saxena, Dr S K  
ICA centenary, 84pp54-59  
Seymour, Helen and Cattell  
worker co-operatives, 80pp65-67  
Skinner, David  
consumer co-operatives, 81pp11-15  
Snaith, Ian  
co-operative principles and UK co-operative law reform, 86pp48-64;  
governance of consumer co-operatives (with Cliff Mills), 90pp70-94  
Sparks, Professor Leigh  
"unholy alliance" of multiples?, 80pp7-9  
Spear, Roger  
consumer co-operatives, 81pp22-25  
Stephenson, T E  
power in governance, 81pp51-54; single national society, 83pp20-23  
Stuttard, Roy  
More Than Just a Shop review, 89pp88-89



Svensson, Roland  
single national society, 83pp36-38

## T

Thomas, Terry  
inclusive partnership, 89pp11-21  
Thordarson, Bruce  
ICA centenary, 84pp6-15  
Thornley, Jenny  
review of principles, 83pp46-47  
Todner, Hughie  
fifty years of UK Co-operative College, 85pp54-56  
Townsend, Brian  
corporate governance, 81pp55-58  
Tseo, George  
employee stock ownership firms, 86pp65-92  
Turnbull, Shann  
stakeholder co-operation, 88pp18-52

## U

Ullrich, Gabriele  
international organisations and structures, 89pp61-77

## V

Vijayaratna, Nimal  
fifty years of UK Co-operative College, 85pp57-61

## W

Walker, Peter  
SCS conference 1996, 88pp102-105  
Webb, Tom  
marketing the co-operative advantage, 87pp10-15  
Williamson, Iain  
consumer co-operatives, 80pp63-64, 83pp61-63; ICA centenary,  
84pp34-36  
Wilson, Dr A  
review of principles, 83pp47-48  
Wilson, Mervyn  
fifty years of the UK Co-operative College, 85pp43-48; future of  
co-operative education, 86pp3-11  
Wood, James  
single national society, 83pp24-29

Worthington, Steve

consumer co-operatives, 81pp26-30; the smart card and the concept of mutuality, 87pp3-6

## Y

Yeo, Peter

review of principles, 83pp48-50

# Index of Subjects

*Journal 80 (May 1994) to Journal 90 (September 1997)*

*References are to Journal number followed by page numbers*

## A

Africa

- co-operatives, 83pp80-82
- agricultural co-operation
- reports, 83pp59-61

## B

- building societies (see also mutuality)
- SCS conference 1996, 88pp69-101

## C

Canada

- marketing the co-operative advantage, 87pp10-15; women's participation, 89pp22-47
- consumer co-operatives in UK
- reports, 80pp4-7, 80pp9-10, 80pp63-64, 81pp7-30, 83pp61-63
- consumer co-operatives in UK: history
- illustration, 81pp4-6; examination, 83p83; Loughborough and Lady Byron, 86pp12-22; More Than Just a Shop, 89pp88-89; Co-operative Culture and the Politics of Consumption in England 1870-1930, 89pp90-92
- consumer co-operatives in UK: membership and democracy
- corporate governance, 81pp34-58; 90pp70-94
- consumer co-operatives in UK: national organisation
- single national society, 83pp4-38
- consumer co-operatives in UK: trade development
- 1995, 86pp30-40
- co-operation between co-operatives
- co-operatives and federations, 89pp48-60; international organisations, 89pp61-77
- co-operation in 'non-co-operative' institutions
- regulating private utilities, 87pp24-46; water industry, 88pp3-8
- co-operation internationally (see also International Co-operative Alliance and individual countries)
- international association of consumer co-operatives, 84pp37-42;
- international organisations and structures, 89pp61-77
- Co-operative College (see also co-operative education in UK)
- fifty years, 85pp3-67

co-operative difference  
marketing the co-operative advantage, 87pp10-15

co-operative education in UK (see also Co-operative College)  
future, 86pp3-11

co-operative enterprise  
World of Co-operative Enterprise review, 89pp86-87

co-operative legislation  
UK co-operative law reform, 86pp48-52; co-operative legislation,  
87pp47-56

Co-operative Party  
role, 82pp37-47

co-operative principles (see also consumer co-operatives in UK; co-operation  
between co-operatives)  
ICA review, 82pp4-22, 83pp39-50, 84pp16-28; UK co-operative law  
reform, 86pp48-52; values, 90pp42-69; Co-operatives Co-operative  
Markets Co-operative Principles review, 90pp95-98

Co-operative Retail Services Ltd  
CRS/CWS, 82pp23-26

Co-operative Union in UK  
review, 89pp2-10

co-operative values (see also consumer co-operatives in UK; co-operation  
between co-operatives; co-operative principles)  
a synergetic approach, 81pp59-63

Co-operative Wholesale Society  
CRS/CWS, 82pp23-26

Co-operative Women's Guild  
Canada, 89pp22-47

corporate governance, 81pp34-58, 90pp70-94

## D

developing countries: aspects of co-operation  
ICA, 84pp54-59; co-operative colleges, 85pp57-61

## E

ESOPS  
employee stock ownership firms, 86pp65-92; Producer Co-operatives  
and Labour-Managed Firms review, 86pp112-114

Europe  
ICA in Eastern and Central Europe, 84pp48-53

## F

financial reporting  
annual reports and the member, 80pp23-28

## G

### Germany

housing co-operation, 90pp28-41

### governance of consumer co-operatives

problems, 80pp20-22; annual reports, 80pp23-28; reflections of a non-executive co-operator, 80pp29-32; management code of practice, 80pp33-37; changes needed, 80pp38-41

## H

### historical records

UK co-operation, 69pp52-56; research register, 72pp48-49, 73p63, 77pp48-50, 82pp54-66; historical documentation, 76pp65-68; present and future research, 82pp48-53; reports from researchers, 83pp76-79

### history

consumer co-operatives, 81pp4-6; examinations, 83p83; Loughborough and Lady Byron, 86pp12-22

### housing co-operatives (see also housing associations)

future forms, 30pp57-67; review and new approaches 52pp32-43; how successful? 53pp51-57; management by general meeting? 53pp58-61; report of research seminar, 58pp67-70; who lives in housing co-ops? 59pp41-44; movement, 62pp38-41; Housing Corporation, 62pp54-55; movement, 68pp45-48, 70pp36-39; crisis, 75pp11-16; Merseyside, 77pp43-47; present and future, 83pp70-75; California Mutual Housing Association, 86pp23-29; housing the nation, 90pp15-27; Germany, 90pp28-41

## I

### information technology

smart cards and mutuality, 86pp3-6; retail trade, 86pp7-9

### International Co-operative Alliance

review of principles, 82pp4-22, 83pp39-50, 84pp16-28; centenary, 84pp1-59; book reviews, 89pp78-81

## L

### legislation

UK co-operative law reform, 86pp48-52; co-operative legislation, 87pp47-56

## M

### management in consumer co-operatives

controlling, planning and cash management, 80pp48-59

management in co-operatives  
management code of practice, 82pp33-36; co-operative principles,  
84pp22-28; value-based management culture, 86pp93-111; development,  
88pp53-68  
Mitchell, J T W  
who was J T W Mitchell debate, 83pp54-58  
Mondragon  
employee stock ownership firms, 86pp65-92  
Mongolia  
co-operation, 88pp9-14  
mutuality  
smart cards, 87pp3-6; marketing the co-operative advantage, 87pp10-15;  
future, 86pp16-23; mutuality v conversion, 87pp57-71; water industry,  
88pp3-8; SCS conference 1996, 88pp69-101

## N

national co-operative society?  
challenge and responses, 80pp4-7  
national services for retail societies  
co-operatives and federations, 89pp48-60

## O

obituaries  
Lord Jacques, 86pp41-43; Keith Brading, 86pp44-47; Ted Stephenson,  
87pp24--27; John Morley, 88pp15-17

## P

producer co-operation (see also worker co-operatives)  
employee stock ownership firms; 86pp65-92; Producer co-operatives  
and Labour-Managed Systems review, 86pp112-114

## Q

quangos  
a radical rethink, 82pp30-32

## R

research into co-operation (see also universities/colleges)  
Scottish Co-operative Women's Guild, 80pp60-62; present and future  
research, 82pp48-53; reports from researchers, 83pp76-79

## S

- Society for Co-operative Studies: annual reports  
1993/4, 81pp64-71; 1995/6, 87pp72-80; 1996/7, 90pp99-108
- Society for Co-operative Studies: reports of annual meetings and conferences  
reports, 82pp67-72; 1995, 85pp68-80, 85supplementpp1-4; 1996,  
88pp69-109
- South Pacific  
co-operative college, 85pp62-67
- Spain  
employee stock ownership firms, 86pp65-92
- stakeholder co-operation  
relationships with stakeholders, 88pp18-52; inclusive partnership,  
89pp11-21; towards a stakeholder economy, 90pp3-9; co-operative  
membership, 90pp10-14
- statistics  
zero factor, 81pp31-33

## T

- trade  
co-operative, 80pp7-9
- trade figures for co-operatives  
1993, 80pp11-19; 1994, 83supplement; 1995, 86pp30-40
- transport  
public transport, 82pp27-29

## U

- United Kingdom Co-operative Council (UKCC)  
reports, 80pp68-72, 83pp66-69; work, 88pp102-105
- United Nations  
Carbery column, 83pp51-53
- USA  
California Mutual Housing Association, 86pp23-29; Co-operation Works  
review, 89pp84-85

## V

- values of co-operation (see also consumer co-operatives in UK; co-operation  
between co-operatives; co-operative principles)  
a synergetic approach, 81pp59-63

## W

water industry

mutual society model, 88pp3-8

women and co-operative movement

Scottish Co-operative Women's Guild, 80pp60-62; Canada, 89pp22-47

worker co-operatives

reports, 80pp65-67, 83pp63-66; ICA, 84pp43-47; co-operative ways of working, 89pp82-83