

# Individual Problems Have Collective Solutions<sup>1</sup>: Looking Back Towards a Welsh Co-operative Future?

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A Welsh Co-operative and Mutuals Commission was announced by the Welsh Government in July 2012 to make recommendations on how to grow and develop the co-operative and mutual economy in Wales “in order to create jobs and wealth”. Its terms of reference includes considering the evidence for supporting the co-operative and mutual sector and identifying specific areas that might be targeted for additional support. The Commission is charged with setting out a vision for the co-operative and mutual economy in Wales, and taking into account best practice and evaluations of previous activity.

In developing its vision, and determining how to achieve it, the Commission needs to consider the rich co-operative tradition in Wales, and the factors that helped shape it, to see what can be learned. In developing a report for the twenty first century, whilst it is important that the Commission draws on experiences from around the world, as the Wales TUC did in looking at Mondragon in the Basque Country before establishing the Wales Co-operative Centre in 1982, it also needs to look close to home to understand the historical context in which co-operatives have thrived and when they have struggled, to ascertain what has and has not worked in Wales.

The most recent high profile independent co-operative in Wales was the workers’ buy out of Tower Colliery, in 1995, which in 2002 was reported to have a turnover of £28m and employed 300 men. (Scott Cato, 2004) Although it was in production as a deep mine for only 13 years, until its coal stocks became unworkable, Tower has demonstrated that a co-operative business model can be equally apt in an industry that had previously been run as a private and nationalised industry. Good management and good markets provided essential elements for Tower Colliery to become an economic and social success and show that a form of co-operative organisation can be as suited to conditions at the beginning of the twenty first century as it had been at the end of the nineteenth century.

That Tower was able to function successfully was also based in the specific nature of the industry and the workers role within it. In mining there had traditionally been high levels of solidarity, and working underground had, over generations, developed a mutual trust and dependency. Miners agreeing to invest (ie risk) their redundancy payments was a natural continuation of their working environment and culture in the colliery where men would risk their lives for one another when necessary.

Tower also indicates the necessity to understand the history, context and dynamics of an environment — what makes it ‘tick’. It is not necessarily possible to transfer a co-operative model (mechanistically) from one place to another. Although something works in one place, or part of the world, it cannot be assumed that it will operate in the same way elsewhere. For although co-operation is global co-operatives are culturally specific. While universal principles apply, it is also necessary to understand the local context in determining what is needed for success. The Commission therefore needs to consider the cultural specifics of Wales — the context within which the co-operative movement operates. To adapt a Sandinista expression from Nicaragua, we should analyse Wales from a co-operative perspective and analyse co-operatives from a Welsh perspective.

Independent co-operatives have existed in Wales for 150 years and have delivered almost every sort of service and business, so provide ample opportunities for study.

Broadly there are three types of co-operative:

- 1) Consumer/retail.

2) Agricultural.

3) Producer/worker.

These co-operatives have been established with different motivations and have addressed the needs of different groups of people.

- Retail co-operatives exist to provide goods and services to consumer members.
- Producer co-operatives provide employment for their worker members.
- Agricultural co-operatives offer shared services to their farmer members.

## **Consumer/retail**

The first successful co-operatives in Wales were Cwmbach and Blaina consumer co-operatives which, in the nineteenth century, stood out amongst dozens of retail societies as having the qualities of leadership, management and trust from members (allied no doubt with good fortune) to thrive in the difficult early years of the movement. Unlike many others, they overcame difficulties of finance, poor management and amateurish leadership to establish societies that were able to successfully adapt to changing circumstances. In north Wales, the Brymbo Society was operational from 1872. Unlike some other parts of Britain, retail co-operation developed late in Wales, and did not reach maturity until the twentieth century.

Co-operative retail societies were in existence for 60 years before they became an intrinsic part of South Wales valleys society, which occurred as a direct result of the challenges and difficulties that the population experienced through bitter industrial conflict and the Depression that ravaged the inter-war coal industry. (Burge, unpublished) While they had success in some individual villages and towns before that, from 1921 the relationship between societies and members was transformed across the valleys as retail co-operatives became an essential part of the lives of the people in difficult times. In following decades, by directly meeting consumers' needs, many societies established in villages like Pontycymmer and Ynysybwl, grew to have large businesses with many outlets and multimillion pound turnovers. Members commitment was, perhaps, best displayed by Welsh speakers who referred to their society not as 'the co-op' but as *siop ni* ('our shop').<sup>2</sup> For decades co-operatives were a key feature of Welsh society.

There was a co-operative culture with libraries; publications; theatre groups, children's choirs and a strong educational ethos. Extensive educational programmes existed for both members and staff. The co-operative movement believed in self-reliance, without dependency on the state or others. There was a devolved organisational structure within which individual societies defended their independence, although there was a strong strand of solidarity within the movement which saw much mutual support within co-operation, particularly in times of economic hardship. Paradoxically some societies in the valleys could be parochial, which they could not overcome even when facing shared difficult circumstances with their neighbours.

Typically societies diversified from selling food and clothing and other goods to develop laundries; travel bureaux; chemists; building, painting and decorating; electrical; cinema, funeral services and car hire. Societies built houses for their members, such as the 50 homes built in Co-operative Street, Ton Pentre by the Ton Society. Societies invested their surpluses to develop new products and services, and often combined with other societies to create new federated co-operatives to take forward new initiatives, such as Mid Glamorgan Co-operative Bakeries. Through the national Co-operative Wholesale Society, local societies had shares in, and sold the products of, flour mills and factories as well as plantations overseas that produced food, clothing, furniture and other goods. In Cardiff there were CWS run shirt and biscuit factories. All were viewed as building towards a 'Co-operative Commonwealth', which would gradually take over the economy locally, nationally and internationally.<sup>3</sup>

By 1960, consumer co-operatives in Wales had over 400,000 members and sales of

approximately £40 million. (Co-operative Union, 1961) Aberdare Co-operative Society had the longest duration as an independent consumer society, running for nearly 120 years. In 1985, it had over 16,000 members, a turnover of £8m and considerable assets — its buildings alone were worth more than £1m at 1985 values. However, Aberdare and other societies were not sufficiently innovative in their organisational and retail responses and so, from the 1960s, the retail co-operative movement grappled with its own relevance. While societies had in place many of the elements needed for a sustained future, they failed to come to terms with a rapidly changing, consumer driven, world. Aberdare merged with the national Co-operative Retail Services in the late 1980s, by which time the independent co-operative retail sector in Wales had, in essence, disappeared, with much of its business transferred to national co-operative societies.

## **Agricultural**

Co-operative agriculture started in Wales as a result of a visit to Ireland by farmers from Carmarthen, Cardigan and Pembrokeshire in 1902. (Jones-Davies, 1942) The information brought back was considered to so meet the needs of farmers that, by 1914, there were 23 agricultural co-operatives in West Wales with over 4,000 members. In that first decade, the numbers of agricultural societies, membership and turnover in West Wales had grown to almost equal retail co-operation in that region, which had been operating for over 50 years longer. (Warren, 1914) In 1942, it was estimated that two-thirds of farmers in Carmarthenshire were members of co-operative societies. (Jones-Davies, 1942) Most of the largest independent co-operatives in Wales now are agricultural co-operatives, such as Clynderwen and Cardiganshire Farmers and South Caernarvon Creameries, each of which has a turnover of over £30m, and Carmarthen and Pumpsaint Farmers, which has a turnover in excess of £20m. Some of these had their roots in the Irish study trip of 110 years ago. (Co-operatives UK, 2012)

## **Producer/worker co-operatives**

Producer or worker co-operatives also have considerable history in Wales and their activities have been wide-ranging. For example, the Cambria Co-operative & Industrial Iron & Tin Plate Manufacturing Society of Pontardulais, had 158 members in 1878, and advertised itself as the only co-operative tin plate manufacturing society in the United Kingdom.<sup>4</sup> Merthyr Transport Co-operative operated in the 1920s and there was also a Cardiff Tram co-operative. Swansea printers co-operative was long-lasting and had 123 members in 1937. Cardiff printers co-operative ran for over 50 years until 1973. The nature of co-operatives being formed reflect market needs and opportunities. In mid Wales, Dulas was established in 2003 to provide renewable energy services. By 2010, it had 80 employees in Machynlleth, and a turnover of £22m.

## **Some Issues: It is Not Just What Co-operatives Do, but Also the Way That They Do It**

When looking at the past 150 years, there are some constant characteristics that still apply today.

- a) Co-operatives have an ethical basis. The earliest co-operatives in Wales were created for the sale of unadulterated goods at reasonable prices. Ethical standards have also extended beyond the immediate environment to consider wider business issues. For example, in 1925, co-operative members in Wales questioned the labour conditions in tea plantations of Ceylon and India from which their supplies came, including hours of labour, wage levels for men, women and children, and age limits for children leaving education to work. The recent work of The Co-operative and the Wales Co-operative Centre on fair trade continues this tradition.
- b) There should be a strong mutuality of interest. Initially, in retail co-operatives, that was

based on geography, with consumers at village level organising themselves. In agriculture it is based on farmers' shared needs, while at Tower it was decades of working together in one colliery and a desire to maintain jobs.

- c) Risk, where people (members) commit and risk — and sometimes lose — their own money has underpinned co-operative activity over 160 years, as has a commitment to collective self-help.
- d) The system of governance, with democratic accountability at its heart, has been essential in keeping confidence in co-operative enterprises. The democratic nature of early consumer societies was an essential feature of their operation. Reports and statements of account of some societies, which were presented to the quarterly membership meetings, recorded the attendance of individual committee members on their front pages. A major reason for people's preparedness to commit to co-operation was due to its system of governance ie the way in which locally owned societies were democratically organised and governed and were transparent: the quality of an individual's character associated with a co-operative venture in a village or small town would be well known. Considering the large number of societies that failed in South Wales, particularly during the period of 1860-1900, the preparedness of people to risk investing their savings in them was both an act of determination and of faith, which relied, in part, upon the trust they had in the leaders, and their accountability over them.<sup>5</sup> That still applies today. Tower was successful not just because it had competent management and trusted leadership but because there was a long history of miners holding their leadership (who led the buy-out) to account.

The rich and enduring co-operative tradition in Wales, which has been present since 1860, has had different strengths and emphases at different times, depending on prevailing circumstances and challenges. However, there is always a need to think of the changing contexts within which co-operatives operate. The economic, social and political situation where people initially organised co-operatives to collectively protect themselves in, or against, a system that did not address their needs but which sought to exploit them as individuals, continues to change. The nature of co-operatives must change with them in order to remain sustainable.

Co-operatives will, in future, continue to be formed to respond to market need or opportunity. Some may pose challenges which require considerable reflection. For example:

- Should all areas of activity be considered appropriate for co-operative activity?
- Should all areas of activity be considered suitable for the market?
- What should be the relationship between co-operative ideals and other ideologies, such as that underpinning the state provision of services?

## **A Difficult Future Challenge**

An example of a continuing future challenge for the movement is likely to be how to respond to structural changes in the delivery of state services, including the health service. Deciding how best to respond may prove to be an area which is fraught with moral issues for the co-operative movement in which close analysis of context is essential. It is also indicative of the need for detailed consideration of potential new areas of work that may emerge in coming years.

When speaking in March 2012 to the National Assembly for Wales, Rowan Williams the Archbishop of Canterbury, said that there needed to be a move away from an assumption that "all problems are to be solved top down from the State". He said there was certainly a problem in seeing "centralised state provision as the solution to everything" and that the challenge is "to find the right kind of balance between statutory provision and local initiative". Williams highlighted the ideal of the co-operative movement and the co-operative tradition in Wales as challenging orthodoxies and implicitly identified it as an alternative form of service delivery. At

a UK level the ways that some public and social services are to be delivered are being 'opened up' to organisations outside of the state, for the first time since 1945.

There is an irony here for much of what is now the current welfare state was, until the Second World War, delivered or underpinned by co-operatives, or co-operatives in all but name. For example, in the South Wales valleys the system of health provision, including some hospitals, was operated by Medical Aid Societies (in effect health co-operatives) along with 'rest' homes which delivered recuperative care. Even the co-operative dividend ('the divi') was used in pre-welfare state days in times of sickness or to see families through rainy days. Indeed, people in the co-operative movement in the early post-war years criticised the 'welfare state' for being too paternal, saying that it undermined an individual's duty of responsibility and argued for greater individual discipline in the welfare state (issues that were revisited by Rowan Williams in 2012). (Burge, 2012a; Williams, 2012)

When the state took over these areas, there was a considerable reduction in voluntary effort and local democratic accountability, which was lamented in the co-operative movement. However, although state intervention displaced voluntary activity, and undermined people's capacity and desire to do things for themselves, it cannot (nor perhaps should not?) be assumed that the process can be easily reversed. After 65 years, people's expectations that the state 'will deliver' public services is deeply ingrained. It is not axiomatic that withdrawing state delivery from an area of service will result in voluntary effort moving in to replace the vacuum left by it, particularly in a coherent way which provides some (e)quality of provision.

After many decades when improving standards of living and quality of life have been underpinned by state delivered welfare and health services, there are strong and legitimate arguments for continued state provision. This is not to say that there are no areas where co-operatives could not make a valuable contribution to delivering services. Careful consideration is needed on what in the best interests of co-operatives, consumers and broader society. An analysis of the context and content is necessary both from a co-operative perspective, and from a wider one which locates co-operation into the social, political and economic 'realities' of early 21st century Wales.

## **Towards Conclusions**

The Commission is convening against a societal background which has become steadily less collective over the last 70 years. Recent decades have seen a rise in individualism. However, recent crises in parts of the private sector have once more flagged up ethical issues, and the attractions of mutuality, rather than profit making at whatever cost, as a key part of business. Also, there are people in the rising generation who see ethical practice (for example embraced by The Co-operative) as an appealing contrast to the less attractive characteristics of some parts of private enterprise.

In 1950, William Hazell, the President of the Ynysybwl Co-operative Society, drew attention to Lord Beveridge, who a few years earlier had been one of the main architects of the welfare state, but who had recently published a book called *Voluntary Action*. Hazell referred to Beveridge in showing that 'fields still lie open, outside the realm of compulsory State acts, for associations of voluntary, non-conscripted ... [co-operative] men and women! Hazell continued "The greatest mistake any State can make is to ignore or neglect the possibilities and potentialities of Consumers and Producers Co-operation" (to which he also could have added agricultural).

It is good that the Welsh Government has made clear that it does not intend to ignore or neglect the co-operative and mutual sector. Now the challenge is for the Commission to identify how and where, in early twenty first century Wales, future opportunities exist and what is the most appropriate means to take them forward. In other words, to determine what is the best way to support collective solutions of individual problems.

## The Author

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## Notes

- 1 This slogan was painted onto the wall of INSSBI, the Institute of Social Welfare in Esteli, Nicaragua, circa 1985-6.
- 2 This comment was made at the Llafur event to mark the 150th Anniversary of Cwmbach Co-operative Society, held in Cwmdare, on 3 July 2010. Such community-based parochialism bred strong local identities that could be a strength but, as was later shown when many resisted necessary amalgamation with neighbours, could also be a weakness.
- 3 The Co-operative Movement had a commitment to develop a 'Co-operative Commonwealth' through trade, education and culture. This could be seen, in some ways, as equivalent to the Mondragon producer co-operatives in the Basque Country. For Mondragon see *Leading the Dragon*, IWA, 2012.
- 4 Poster held in South Wales Miners' Library.
- 5 For a general overview of consumer co-operation in South Wales see Burge, 2007 and for an in depth study of one valley see Burge, 2012b.