

A Single National Federation?

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Now that Congress has agreed to the setting up of a Special Committee to look at the possibility of a merger of the C.W.S. and the Co-operative Union, I hope that a free ranging and completely open discussion will take place within the Movement concerning the merits and demerits of the proposition.

First of all, let me say that I greet with a great deal of scepticism the point that is sometimes made that any new federal organisation will be very different from both our present federal bodies. I take the view that in any merger (and I think experience bears this out) the larger financially stronger organisation is bound to predominate. This may not always be a bad thing, but to ignore this fact is to deceive ourselves.

Again, I would not deny that many elements in the Movement are not completely satisfied with the role of the C.W.S. as basic supplier and now also in many instances trading adviser to retail societies. However, in my opinion, nothing in the remit to the Special Committee (and consequently in any report they may bring forward) is in any way likely to alter the very considerable handicaps from which as a Movement we suffer. These handicaps were well illustrated by Lord Jacques in an article he wrote for the Co-operative News in March 1971 and nothing that has happened since has fundamentally altered that situation.

In that article Lord Jacques dealt with our outmoded capital structure, and particularly with the need

to concentrate our major resources and energy on retail development. He emphasised our hopelessly fragmented trading set up, as compared to our major competitors and proposed a possible solution to that problem. As I see it, nothing in the proposals before the Special Committee are likely, in any meaningful way, to deal with what are our real problems.

Examine the Supporting Arguments -

It is extremely easy to say, for example, that at the present time, no one organisation can speak authoritatively for the Movement, and claim that this puts us at a disadvantage with our main competitors. When one really analyses a statement like this, given that every retail society is in law a completely independent legal entity, and nothing in the present remit is basically going to alter that situation, one realises how little the statement means in fact.

In the same way much is sometimes made of the situation that having two national federations involved in policy making can delay decisions. On the other hand, most of the policy making has long term implications, and here speed of decision far from being an advantage, could be positively harmful.

There is, in addition to these arguments, the uncomfortable fact that in many instances the C.W.S. has a particular vested interest, and therefore must find it very difficult to be completely objective on some issues. This is, with the best will in the world, bound on occasion to affect the kind of advice given. Again, in my opinion we deceive ourselves if we do not face up to this fact.

When one looks at the structure of the Co-operative Movement outside the United Kingdom, one is forced to

the conclusion that Co-operative overall penetration has very little to do with one kind of national organisation or another, but everything to do with successful retailing. If Co-operative penetration, as a proportion of the national trade were taken as the main test, the Finnish Movement would probably come out at the top of the league. In Finland there are of course two national Movements, each with its own particular structure.

The Scandinavian countries, and Germany, have a Co-operative structure where one national organisation is the general pattern, but the differences in performance are immense. On top of this, the general trend in the Scandinavian countries is definitely towards a national society, even if it is encountering some resistance. It always amazes me how certain proponents of one national federation are prepared to quote examples of Continental Movements which suit their case, and ignore every other trend which does not fit in with their particular preconception. The sad experience of the Dutch Movement is, of course, in this context seldom mentioned.

A more or less common feature of all the Continental Movements, which is usually ignored, is their official stance of political neutrality. This is, of course, a very different position from the official stance of the British Movement. Here, it is likely that to get round this problem some form of separate organisation may be proposed. A somewhat similar situation can arise regarding the Co-operative Employers' Association, better known as the National Wages Board. Here too, some kind of compromise organisation will probably be suggested. However, one can perhaps reach the point, that if because of practical, historical or other reasons, this or that large section can not in any fundamental way be changed, what is the point of the general exercise?

Another argument that is frequently put is that there is a considerable degree of overlapping and duplication as between the various services provided by the C.W.S. and the Co-operative Union. Having looked into this in some depth, I question the basic validity of this argument, and certainly the implication that in this field considerable overall savings can be made.

As I have said before, one would be naive indeed to suppose that by merging the two federations the cost of operating the various services which are provided would be substantially reduced. On the contrary, these costs could well be increased because they would be hidden in the figures of a very large trading organisation. Being hidden they may well be under less firm control, certainly as far as such control lies effectively in the hands of the member societies on whom the cost ultimately falls. The example of the now much maligned reform of local government certainly does not give one much encouragement in this regard.

- And the Survival of Democracy?

Up to the moment, I have said nothing of the problems of democratic control as organisations get larger, and policy making falls into fewer hands. Again we deceive ourselves, if we ignore the fact that one national federal organisation if it is to be the streamlined, policy-making organisation proposed by some, will inevitably mean less meaningful involvement for others. Here we have perhaps the classic Co-operative dichotomy, of on the one hand, the present magic words "greater participation", and on the other the equally magic words "greater efficiency, etc."

Whatever the defects of the present set up, and particularly so far as the Union is concerned, it has the considerable merit of broad involvement, at local level, regional level and national level. These

qualities are well worth preserving, as they perhaps more than any other particular features, give us the right to speak of a Movement. Attending a recent Summer School where this broad question was discussed, one delegate referred to the Co-operative Union as the real conscience of the British Co-operative Movement, and suggested that without the Union the British Movement would more quickly become "just another business".

Now I am well aware that it is impossible to be satisfied with the Movement's present performance, and in these circumstances any advocacy of change is sure to get a hearing, almost irrespective of whether the proposals are relevant to our real problems.

Retail Development the Key

As I have indicated before, I have many reservations on this score. I take the general view that unless and until regionalisation has developed very much further than is the case at present, further large scale constitutional reform will achieve little or nothing. It is my contention that our Movement's future will in the main be decided by such things as the calibre of retail management, along with the amount of capital we are prepared to invest in retail development. I have for many years felt that we tend to look for magic cures to our problems, in this, that or the other constitutional change at national level, perhaps because of our difficulties and frustrations at retail level - as witness the Regional Plan and the lack of real progress in its implementation.

This preoccupation with constitutional reorganisation can all too often end up as a form of escapism, or a substitute for the retail action which, whether we accept it or not, is the real key to whether we progress or not.

We are of course all products of our environment and my basic Co-operative environment is Scotland. From my observations and contacts, there is in Scotland, at least, no enthusiasm for one national federation. This perhaps arises from the present position of relative remoteness following the passing of the S.C.W.S. The attitude of the C.W.S. to the continuation of the Scottish Trade Associations has unfortunately tended to confirm a feeling in Scotland that conformity overall is the order of the day.

Having set down some of my doubts and reservations, and also having agreed that no one can be very satisfied with our present position does, I agree, leave me in a rather invidious position. However, constitutional change, just for its own sake, apart from the question of greater power in fewer hands, is not a very satisfactory position either.

One strand in the case for one national federal organisation is concerned almost solely with the need as some see it, for gaining greater retail control over our present national federal trading organisation. In practice, what is often meant, is complete disclosure of trading terms, preferential treatment of one kind and another, with the largest societies having by far the greatest say. Short of a national society, which in my opinion is not a practicable proposition at the moment, the relationship between the C.W.S. and its largest retail societies, will always present considerable problems and difficulties.

Let me return to where I started, that basically our problems are retail problems, and it is as true today as when the Independent Commission said it, "That if the general standard of Co-operative performance was as good as the performance of the best societies we would have many fewer problems." As I

have indicated, my basic criticism of the Congress resolution and remit to the Special Committee is that it is largely irrelevant to our present problems. It will do nothing to help, let alone solve our present capital situation, or deal with our major retail problems.

There are of course no easy solutions, particularly for a Movement which claims democratic control as one of its main tenets. It seems to me that the case has been anything but proven, that one national federal organisation will or can do anything to improve our overall trading performance or our Movement's democratic content.

Improving the Existing Federations

This does not mean that I am satisfied that our present federal organisations or their structures are necessarily the best that can be devised. I share a view, often expressed to me, that retail society control of the national federations is more apparent than real. So far as the C.W.S. is concerned, this is perhaps inevitable given the sheer size and complexity of the organisation. The same was generally true of the S.C.W.S. and is probably the case with the large Continental organisations. The Board of the C.W.S. is, due to its size, more in the nature of a Supervisory Council than a Board of Directors.

Here of course we run up against our democratic content with its need for involving as large a number of participants as possible, with some form of effective control. Perhaps we can learn something from our Continental friends here, and devise some kind of two tier structure with a supervisory council, and a smaller board. However, I appreciate that once a structure is set up and operating, it is never easy to change.

So far as the Co-operative Union is concerned, its main problem, in a period of wild inflation, is very largely a question of finance. In this climate many retail societies may well feel that they cannot afford to pay the kind of subscription needed, if the Union is to provide the kind of services the Movement desires. This attitude if it were general, would of itself bring about the end of the Co-operative Union. What tends to be forgotten, in this context, is that whoever provides or however the services are provided, they will be paid for by retail societies in one way or another.

It is my opinion that over the years the Union, in its various fields, has provided a first class service to societies, particularly when one considers its relatively meagre resources. In addition, the Union advice to societies has always had the great merit of complete objectivity. This does not mean that it has never made mistakes, but by and large its advice has been sound, and it is a pity that on too many occasions it has not been accepted and carried out.

We live in a world where organisations, be they state or corporate, get larger and larger. Where the average man or woman feels more and more at the mercy of one bureaucracy or another. Where basic decisions affecting people's lives are taken by fewer and fewer people, and the opportunity for meaningful participation seems to get less and less. It therefore seems to me that concentrating power and control in fewer hands will inevitably lead to greater bureaucracy and less participation.

I might more readily be prepared to accept some measure of concentration of control were I convinced that it would be likely to improve our trading and financial prospects. As I have tried to indicate, I

feel, however, since the proposals are unlikely to do anything where the need is vital, at retail level, that the exercise is scarcely worth while. As with the reform of local government, I am unhappy with the remit, which in that case should have considered how it was to be financed, and then looked at the structure.

I appreciate the difficulties facing the Special Committee, not least the time table they must try to work towards. I wish them well in their deliberations, but as I have indicated, given their remit, I am very sceptical as to the likelihood of this report putting us on the right rails, any more than have the many reports on national constitutional changes over the years.