

A Single National Federation?

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The decision of Congress to authorise the Central Executive to establish a Special Committee to "consider and report to the 1976 Congress on the advisability and if found to be desirable on ways and means by which a single national federation could be created to replace the Co-operative Union Ltd. and the Co-operative Wholesale Society Ltd.", has probably raised the most controversial topic the Movement has known since the Independent Commission's Report of 1958.

An issue of such magnitude (which, in the event of the Movement deciding on a single national federation must inevitably have repercussions on every facet of the Movement's activities) cannot fail to raise doubts in the minds of many as to the wisdom or even the desirability of such a federation. The authorisation seeks to strike at the established structure of the Movement which has served us well for over 100 years.

The Recent Decisions

Historically, however, there is no doubt in the mind of the Movement on the desirability of a single national federation. In 1964 the Report to Congress of the National Federation Negotiating Committee on the case for fusion of the C.W.S. - S.C.W.S. and the Union was accepted by 12,183 votes to 1,113. Again in 1969 discussions between the National Federations and the Central Executive on the subject of integration were reported to Congress, the outcome of which was, that the Central Executive was instructed by 11,257

votes to 1,523 to "pursue the discussions with continuing urgency". In 1970 an Integration Committee recommended to the Central Executive that, despite the unwillingness of the S.C.W.S. to participate, there should be a merger of the C.W.S. and the Co-operative Union. This recommendation was not accepted by the Central Executive who in turn made alternative proposals for the transference of responsibility for certain services from the Union to the C.W.S. and a revision of the constitution of the Central Executive. The new constitution entitled the C.W.S. and the S.C.W.S. to appointment to ten seats on the Central Executive compared with nine seats for election by and from retail societies.

In 1972 the Central Executive again reported to Congress the outcome of discussions on merger between the three parties. The report indicated that there was "clearly all round appreciation that if the C.W.S. and the S.C.W.S. could find a basis for merger it would be logical to merge the Co-operative Union into one all purposes National Federation of Great Britain"

The foregoing brief historical facts on the Movement's attitude to merger when posed against the proposal carried at Congress 1975 raises two questions, viz.:-

- (1) Has there been any material change of circumstances since 1972 that might lead us away from the desirability and logic of a single national federal organisation? and/or
- (2) Has there been any material change since 1972 that might indicate that the case for merger is stronger today than it was then?

Personally I cannot find any reasons why the Movement should not pursue the logic of merger. I believe that material changes have taken place both within the Movement and outwith the Movement that make the merger of the C.W.S. and the Co-operative Union a matter of considerable urgency, particularly as the merging of the two Wholesale societies has removed the main impediment to the formation of a single national federal organisation.

For years it has become increasingly obvious that the traditional divisions between policy formation and advisory service (i.e., the accepted function of the Co-operative Union) and the production and wholesaling function (i.e., the C.W.S.) are far from practical or satisfactory in meeting the challenge of the competitive contemporary environment much less the future. In circumstances which continuously call for clearly defined, democratically formulated national policies and programmes, purposefully advocated and implemented, the roles of the separate national organisations are becoming increasingly confused.

For decades the Movement has made continuous attempts to resolve this confusion but always by expedient or compromise, by the forming of new committees, never by a completely new appraisal of our current and future requirements from the "grass roots" up to the national level and building around these requirements a committee structure that will function effectively.

Present Confusions and Difficulties

At the present time there are six national bodies which are concerned (in varying degrees) with either the formulation and/or implementation of national policy for the Movement, viz.:-

- (1) Central Executive
- (2) C.W.S. Board
- (3) Wholesale/Retail Liaison Committee
- (4) Parliamentary Committee
- (5) Co-operative Party
- (6) Education Executive

The roles of the members on these various committees are by no means certain. For example, the C.W.S. appoint eight members to the Central Executive but never within my personal experience have they been mandated to adopt any particular stance on matters dealt with by the Central Executive. The functions of the various committees are not clearly defined and it is often a matter of chance whether the Co-operative viewpoint on policy issues is expressed by the Central Executive or any one of the other committees. The overlapping and confusion which is most apparent in matters of role and function is further aggravated by the practice of appointing "ad hoc" committees, e.g., Capital Resources Committee, Consumer Protection Committee, etc. Whilst the transfer of certain of the advisory services from the Union to the C.W.S. tended to (or at least it was intended to) reduce duplication, there is still considerable overlapping and duplication in most important phases of Co-operative activity, notably in education and management training. This has had to be "resolved" by the creation of another committee, namely, the Training Executive, to co-ordinate the activities of the C.W.S. and the Co-operative College, which in practice must inhibit both parties concerned.

Functions that are essential to the planned use of available resources, e.g., statistics, economic planning and research, still remain effectively divided between the C.W.S. and the Union. Regrettably the Union does not - and cannot - deploy the resources, either financial or human, on a scale that is necessary, and will become increasingly necessary to service

present and future needs of the Movement having regard to the increasing pressures of the competitive environment.

The complicated committee structure of the Union and the Movement generally is due to the fact that all past attempts to create a representative structure is based on the concept of two national organisations.

The future financial position of the Co-operative Union cannot be ignored and will inevitably have to receive a high priority in the deliberations of the Special Committee. The Union is largely dependent on subscription income from retail societies. Already there is some economic evidence that the profitability of retail societies will be severely curtailed. If the Union is to continue as an independent unit in its present form, then to maintain its present services to societies, much less expand them, will require increased contributions from retail societies. In the fiercely competitive conditions of today one must feel some trepidation on the likely reaction of societies to such a request, particularly when it can be proved beyond reasonable doubt that we are not making the most economic use of our joint existing resources.

The committee must also consider the future effect in the event of the implementation of existing merger policies of the Movement, e.g., Regional Plan II. The objective of the Regional Plan is to reduce the number of retail societies to 25/26. Should the objective be achieved will these giant societies need the services provided by the Union? This question must raise considerable doubts, for experience to date indicates that the large societies do not call upon the Union's services to any substantial degree, certainly not to the extent that their subscriptions would justify. This is particularly so when one considers that only five of the largest members of the Union subscribe 35% of the total subscription income of the Union.

From the foregoing there appears to be a case for a detailed investigation to ascertain the advisability of a merger of the C.W.S. and the Co-operative Union accompanied by a review of our present structures at regional, sectional and national levels. Consideration of the advisability of a merger must also include scrutiny of the dimension and effectiveness of the C.W.S. Board which could prove to be equally in need of modification and adjustment.

Democracy in a New Federation?

In my view a merger is advisable and desirable in so far that it would permit a streamlining of our democratic procedures which in turn would enable decisions to be taken more rapidly and more positively. We should at long last be able to speak for the whole Movement with one voice, we should be better able to make the most efficient use of human resources both in representative democracy and in management. We should avoid costly overlapping and duplication both in finance and manpower and above all it would enable us, in the terms of the N.F.N.C. to gain "the achievement of unity in the national structure of the Movement, which will engender a sense of common purpose and a new dynamic in meeting the challenge of the future".

It is appreciated that not everyone will view the problem of merger as I do. Few of us welcome change particularly if we personally are likely to be affected and it would be quite unrealistic not to appreciate that change raises fears in people, both real and imaginary. Nonetheless it should be possible to fashion the new structure so that fears are overcome. It must be further appreciated that unless the fear and trepidation of people are overcome there will be no merger except and until economic forces compel.

The principal obstacle to be overcome will be not only to maintain democratic participation and control but to increase the opportunity for such democratic control and participation. To do this it will be necessary for the basic structural control of both the C.W.S. and the Co-operative Union as we now know it to undergo complete change.

By what other means can convincing evidence be produced to allay the fears held by many that we are moving and have been moving over the past years to a chain store operation?

A single national federal organisation must make better provision within its constitution for small and medium sized societies to gain access to the chambers of decision-making. It is a completely erroneous premise that all the people capable of making a useful contribution to the affairs of the Movement reside in areas serviced by the large societies. To make such provision it will be necessary to base the electoral system on units small enough to permit societies to have such knowledge of the candidates that will enable them to elect/appoint the individuals who are best capable of representing their views and interests.

There is considerable fear that under a single national federal organisation the life and role of Congress and the Sectional Boards will decline. The obvious answer is to breathe new life into our Sectional Boards by adding to their existing responsibilities matters that call for real and tangible decisions to be made and implemented.

A single national organisation would enable Congress to become the A.G.M. of the Movement where time could be spent on matters concerning trade both wholesale and retail in addition to the general policy-making function, thereby stimulating more interest,

giving more "bite", more information, more decision-taking and providing in reality the forum for the individual.

Many activists in the Movement feel that under a single national federal organisation group regional councils will do little more than fulfil a constitutional necessity. This could well be true for it must be realised that the quicker they perform their major task of merging retail societies into regional societies the sooner their task is complete, although the speed of merger is totally dependent on the willingness of societies to merge. The importance of group regional councils, however, should not diminish; in fact they could become more important if in addition to their main task of speeding up the mergers of retail societies they undertook the responsibility for member education, member relations and consumer affairs within the area for which they are responsible.

The foregoing outlines what I believe are good reasons in support of a single national federal organisation - I have expressed what I believe to be the fears, views, opinions and interests for which any new organisation must make provision if the Movement is to be persuaded to accept such an innovation. Persuasion will be essential, for the creation of a single national federation is an issue that may well be decided on the principle of "one society one vote" and therefore any new structure must not only be better for all but must also be seen to be better for all, large and small societies alike.

A Possible Structure?

What kind of structure therefore will be necessary to embrace all the various interests, to increase member participation and ensure that member control is maintained and extended? Realising the dangers

inherent in attempting to formulate a structure before assembling and hearing all the evidence, I feel three features of our present structure to be sacrosanct, viz., representation from retail societies, group regional councils and Congress.

All retail societies are entitled to representation on their respective group regional councils and it is therefore on the "corner stone" of retail societies and group regional councils that our new structure could be built: see the diagram. From group regional councils we could have, on the basis of proportional representation, a General Council which could also include representation of such other bodies that were deemed to qualify; e.g., the auxiliaries.

The General Council could have a numerical strength of, say, 60/70 which would provide for fair proportional representation from each group regional council. The General Council would be the supreme body of the Movement and be responsible only to Congress. It would be from the General Council that personnel for all other committees would be drawn and it would meet, say, twice each year excluding Congress.

The number of committees required would of necessity be determined by the requirements of the Movement having regard to the changing circumstances and evidence submitted. I would expect to see in any new structure, however, provision for the following:-

- (1) Labour Committee to supersede Co-operative Employers Association.
- (2) Trade Committee to supersede the C.W.S. Board.
- (3) Education Committee embracing both current C.W.S. and Educational Executive activities in this field.

- (4) Auxiliaries, Member relations and Consumer Affairs Committee.
- (5) Co-operative Party Committee.
- (6) Parliamentary Committee.
- (7) General Purposes and Finance Committee.
- (8) Wholesale-Retail Liaison Committee.
- (9) Economic and Development Committee.

Each committee would be serviced by an appropriate officer and may consist (with the possible exception of the Trade Committee) of, say, 7 members, each committee to appoint its own Chairman. The Trade Committee which would supersede the C.W.S. Board could conceivably require 18/20 members in view of the necessary representation required from this committee to supervise wholly owned and partially owned subsidiaries. The Chairman from each of these committees would then form the Joint Policy Committee, the function of which would be to draw together the various viewpoints of the respective committees for consolidation into an agreed policy for the Movement. The Joint Policy Committee would be responsible to the General Council to whom its reports and findings together with recommendations and/or proposals would be submitted in Agenda form on the occasion of the meetings of the General Council. In the intervening periods between meetings in an endeavour to improve communications the normal procedure of Minute circulation would operate.

In conclusion may I reiterate my awareness of the dangers of dogmatising on a subject so controversial as a single national federation for the Movement particularly so in advance of the evidence to be submitted; nonetheless I do so in the hope that it may prove a useful contribution for deliberation.

Diagram: Towards a Structure?