

A Single National Federation?

Progress or Retreat?

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The question of a single co-operative umbrella organisation is an old one, and one would almost say that interest in it has been continuous rather than sporadic. At present, owing to the resolution at the last Congress to set up a Committee which could not only report, but initiate action, it has become important to be very clear what is involved, and what may possibly be lost or gained by changing the traditional structure of British Co-operative organisation.

Why the Present Structure?

Let us begin at the beginning. Although we are inclined to accept Co-operative growth in this country as "natural", and Co-operative structure as developed in Britain as normal, all other countries being imitators who have copied us more or less successfully, yet it is worth asking ourselves why the division of the national structure as found in Britain is not found in similar Movements elsewhere. The Swedish Movement has managed with Ko-operativa Förbundet as both the wholesaling and the general directive and advisory umbrella organisation; so has the Swiss, and practically every other Movement which is in any way comparable to the British. Even the West German Movement, after its reorganisation in 1967, unified its control in the Bund, with the GEG as a closely co-ordinated and participating, rather than separate organisation. Where a dual structure

still exists, it arises clearly from the fact that agricultural credit and productive co-operative societies are much more important than here, so that the wholesale society, if it exists at all, plays a less prominent role in the Co-operative world, and can certainly not claim to represent it all. There, an overall equivalent of the Co-operative Union is necessary because no other exists.

Why, then, did the dual structure arise in Britain, and how is it that it has survived to this day? The nineteenth-century co-operator would have been puzzled by this question. To him the wholesale society had a definite, if subordinate, purely commercial part to play. It was an auxiliary of the retail societies, which were clearly the kingpins of the Movement, and was directly controlled by them. By contrast, the social, political and educational functions of the Movement, its representation against the outside world, and its aim to expand and permeate capitalist society around it, required quite a different body, much more directly representative of the grass-root membership at society level, and covering all sections, including those not concerned with retail distribution. One was narrowly self-interested, the other was broadly outward-looking: one was purely commercial, the other was ideological, educational and political as well. Surely, they were quite different animals.

Changes Already and the Reasons

A great deal has changed in the intervening period, and particularly in the last twenty years or so. The changes have operated on both national organisations, and it is clear, looking at them within that longer perspective, that they have tended to bring their functions much more together to the point where they overlap over a broad range, and have made an amalgamation between them, far from being unthinkable, widely

canvassed and supported. It is important to recall what these changes were: first and foremost, a vastly more efficient competition in the retail field by large, usually nation-wide, joint stock companies. Using the many and varied new technologies and savings now available to large organisations, they have made huge inroads not only into the trade of the small shop-keeper, but also into that of the co-ops. From being leaders and trendsetters, the co-ops were driven into a defensive posture, and in some fields, as in dry goods, into a pretty desperate defence at that. Hundreds of small but formerly vigorous societies have disappeared, usually by amalgamation and absorption, but almost always involuntarily, as a result of weakness rather than a sign of strength. Large societies, too, have fallen victim to the new conditions, as the lengthening list of C.R.S. branches testifies.

Although the methods of the most successful and fastest expanding competitors may not be easy to copy, there is no great mystery about them: most depend on large-scale operation, massive capital investment, systematisation of merchandising, and so on. To counter them at all, co-operative retail societies had to lean increasingly on the C.W.S. which was (quite apart from the C.R.S.) inevitably required to take over more and more functions formerly performed quite adequately by the retail society itself. Thus, not just productive factories and wholesale purchasing, but also market research, stock selection, strategic warehousing, advertising, the provision of capital, and many similar functions, were necessarily concentrated in the C.W.S. or its subsidiaries, like the C.W.S. Bank. Increasingly, the survival of any individual society, and thus the survival of co-operative retailing, has come to depend on the skill and success of the C.W.S., and correspondingly less on the options open to the retail society itself. In other words, not just the range of functions, but the significance of the contribution of the wholesale has been greatly increased.

The master-servant relationship between retail and wholesale society is being steadily but surely reversed, not because of any personal qualities or lack of qualities, nor yet because of some deliberate decision or malevolent plot, but because of the march of events. That is the kind of reason which ultimately must also impose itself on the structure of organisations.

The Co-operative Union, for its part, has also gradually but surely lost (if it ever possessed) its total detachment from the commercial needs of the Movement. Thus the Education Department is concerned at least as much with the professional and technical qualifications of the staff as it is with the ideology and loyalty of the lay membership. Analysis and the publication of statistics are more than the recording of actions taken by independent member societies - they are also in part guides to action. The Co-operative Congress is more than a social occasion or a public sounding board - it is frequently concerned with day-to-day, bread and butter issues. Further, some of the Union's most characteristic activities were handed over, nearly sixty years ago, to the Co-operative Party. As it overlaps, or encroaches upon, the "commercial" functions of the C.W.S. which, as we have seen, have been independently expanding and widening, its continuous independence becomes at least questionable.

Need Now for Integration: For and Against?

It is, then, in these historical or dynamic terms that the proposed single national federation has to be seen. Will it accelerate some desirable existing trend? Will it further undermine something valuable which has already been weakened too much? How will it look, not from the viewpoint of 1976 but, say, 1986?

The answer will, inevitably, depend at least in part on the form which the new super-organisation will

take. About that, unfortunately, we are all still in the dark. It has been assumed, in the discussion in Congress and elsewhere, that it will inevitably lead to a loss of power of the Co-operative Union as against the C.W.S., the "idealists" as against the businessmen, the lay member, the backbone of the Movement, as against the managers. A plot by the C.W.S. was quickly alleged, to be as quickly refuted. This reaction is significant. For if it turns out to be true - and it very likely will - then it will do so, not because of any wicked intrigue on somebody's part, but because that is the way things are going and everybody knows that that is the way things are going. The change, in other words, would not create a new trend, but merely reinforce an existing one.

Leaving aside the exact shape of things to come (though at some stage it must enter the discussion) but bearing in mind a historical perspective, most co-operators will find the issue far from clear cut. There is, alas, something to be said on both sides. Let us begin with the arguments in favour.

The likelihood is that the proposed concentration will strengthen the commercial as against the ideological side of the Movement. Put bluntly, people now engaged largely in the latter will be forced to concern themselves more with the former, and this emphasis is likely to percolate from the top downward. Those who believe that commercial success is necessary to have a Movement at all, before it begins to exert its social or political influence, will welcome this accession of forces. It cannot be denied that in spite of great efforts made recently, the top echelons of the wholesale and retail societies are still weak in comparison with their chief competitors, and the addition of some able and dedicated men anywhere in the structure is likely to have positive consequences. In the short term, the change may not even be one way: the entry of dedicated Co-operators more directly in the merchandising process

may retrieve some of the 'soul' of Co-operation, but, in the long term, one has to assume that commercial considerations will win through.

There is also likely to be some streamlining, some savings of costs (or movements of staff to other posts) some ending of overlaps - though against this, any upheaval is likely to be costly and leave some bad blood for a time. Loyalties may be sorely tested in the process.

Nor is the commercial side the only one which stands to benefit. While the other side is likely to lose some independence it will at least require muscle. It will be less dependent on penny contributors, always somewhat uncertain in difficult and inflationary times, and become a wing of a federation that will have resources of its own. Indeed, the dichotomy between managers and idealists is often wrongly put. Some of the most successful Co-op. managers have always been among the most ideologically committed in the Movement - after all, they could command the highest salaries outside it, were they to leave it - whereas some of the most vociferous lay members have been noted in the past for showing a single-minded concentration on the dividend, or some other purely commercial objective.

To sum up the pro-arguments: the competitive battle is fierce, and it may get fiercer. We need the most streamlined Movement, the most competitively organised, that we can get, and increasingly the burden has to be borne, not so much by the retail outlets, but by the organisation, retail and wholesale, behind it.

The opposition must start from the opposite principle: what shall it profit the Co-operative Movement to pile up a surplus ever so great, if at the same time it loses all that makes it different from private retailers? What with trading stamps instead of dividends, with a shrinking lay element among the controllers,

with a (relatively) declining programme of ideological education, with outside capital beyond the shareholdings of purchaser-members, is there much left that is worth preserving? At least, up to now, there has been a power centre in the Co-operative Union, with a view less committed to immediate technical-practical problems. The loss of independence will bring a loss of influence. As was made clear in Edinburgh, there is widespread concern at the erosion of the influence of non-employee members, and no co-operator can avoid a similar feeling of anxiety. Organisation and "efficiency" are not everything, and too much may be sacrificed for them.

Possibly one of the safeguards, if a merger or replacement goes through, will be to leave some independence to some branches of what is at present Co-operative Union work, in some kind of alliance with the Co-operative Party. There is, indeed, on general grounds much to be said for a new look at the role of the Party, within the Movement, within the inevitably very close day-to-day working relationship within the Parliamentary Labour Party. But one cannot pretend that these are more than palliatives.

On Balance - Yes

Against this background in broad outline (details having to wait until detailed proposals emerge) no easy or enthusiastic decision is possible. Common sense requires that we take the long view, and from that standpoint a qualified assent - with some safeguard for the propagandist, educational and political functions at present exercised by the Co-operative Union - becomes inevitable. Tradition and sentiment cannot, in the present phase of development, be allowed to hold up a change that will lower cost, simplify organisation and inject some much-needed talent into the bread and butter side of the organisation.

Having said so much, it becomes necessary to stress that the second-worst thing that could happen would be

for people in the Movement to believe that this change will, by itself, make any great difference, and sit back, avoiding other tasks. It will not. Even the Independent Commission, which showed no reverence for received dogma, thought the "amalgamation between the Union and the Wholesale Societies ... a desirable long-term objective", but "not an urgent short-term necessity", mainly because the inevitably lengthy constitutional discussion would detract attention from more urgent tasks. There are too many in the Movement who think that constitutional reform can change history. It cannot: it can at best aid, obstruct, or register change.

The very worst thing that could happen would be for the Movement to embark on an embittered, lengthy and costly battle over the issue. Change in this field is, no doubt, necessary, but there are many more urgent and more vital tasks to be tackled, for which the unity of the Movement is of primary importance.