

Book Reviews

***The Road to Co-operation* – Gordon Pearson, 2012, published by Gower, ISBN 978-1-4094-3202-9, £65.**

Reviewed by Robin Murray

The globalisation of finance and production over the past thirty years has been accompanied by the globalisation of a particular brand of economics – what Karl Polanyi in the 1940s referred to as market utopianism. It is a form of nineteenth century utilitarianism in modern dress, individualist, dismal, and abstracted from the social, political and ethical context in which all markets are necessarily embedded. In its latest phase it has not only established a hegemony of economic thought in academic and policy institutions throughout the developed and much of the developing world, it has increasingly colonised other areas of social science and the humanities.

In short, neoclassical economics has become the dominant ideology of the global era. In the UK, there are now 100,000 students taking business studies at GCSE, and 50,000 entering universities to study it. Within a decade, a million children will have been taught to look at the world through the prism of utilitarian economics, and half a million will have done so at university.

The Road to Co-operation is a textbook with a difference aimed at these students. The author has spent part of his life working in industry, and has experienced the limited nature of this economics in practice. His book is a sustained attack on the neoclassical paradigm of a kind not normally associated with management academics. It includes a critique of the mainstream approach to markets, to the firm, and to its concept of human beings. It attacks a body of theory that leads only to “dead ends and impoverishment” and that ignores “the public spirit and generosity which is present in the majority”. For him the challenge is how this public spirit “corrupted by neo-classical dogma, can be made to prevail over the self-interest, maximising behaviour of economic men”.

He then turns to inequality and the environment, issues which neoclassical economics refers to as ‘externalities’. Pearson argues that though they may be external to neo-classical theory, they are central to long-term sustainability, and they have to be internal to any adequate approach to the major social and environmental issues of our time. Adjusting prices to make them internal to a market system is not enough. Regulation is needed, together with new forms of corporate governance that ensure that firms act “in the balanced interest of all stakeholders, including the environment”.

The book’s title needs to be understood in this light. It is less about the practice of co-operation. Rather it is a:

critical and informed protest against the absurdity and dishonesty of neoclassical economic theory as it has progressed through the twentieth century down to the present.

This is the road referred to in the title. Only in the penultimate chapter does he turn to co-operation as the destination of that road. The chapter is a brief run through alternative forms of co-operation and the final chapter summarises some of the conditions that would enable a shift to co-operation and co-ownership.

A more accurate title might have been *The Road from Individualist Competition*. As such it echoes the arguments against individualism and the domination of capital of nineteenth-century co-operators. Had Gordon Pearson lived at the time, he might have been one of those early industrialists who saw the limitations of the system that surrounded them, and argued for co-operation on the basis of their humanity and experience. His writing does not have the verve

of a Holyoake – he is an academic writing introductory textbooks rather an itinerant lecturer and speaker at public meetings. But that is a reflection of the academisation of learning. Within the context of the academy the value of the book is to introduce students to the outlines of a critique of contemporary economics, and suggest that another way of thinking about the economy and its institutions is both necessary and possible.

The Reviewer

Robin Murray is an industrial and environmental economist. He was co-founder and later chair of Twin Trading the fair trade company and was closely involved in the companies it spun off, including Cafedirect, Divine Chocolate, Liberation Nuts and Agrofair UK. In 2010 he published the report on co-operative futures *Co-operation in the Age of Google*, commissioned by Co-operatives UK.

Democratic Enterprise: Ethical Business for the 21st Century – Diarmuid McDonnell, Elizabeth MacKnight and Hugh Donnelly, 2012, published by Co-operative Education Trust and Aberdeen University.

Reviewed by Rory Ridley-Duff

One eagerly awaited publication in 2012 was *Democratic Enterprise*, the product of a Knowledge Transfer Project involving the Co-operative Education Trust and Aberdeen University. Supported by the Scottish Government and Economic and Social Research Council (ESRC), *Democratic Enterprise* has been published as a teaching resource for lecturers to assist development of a curriculum that supports co-operative studies. It joins a number of texts that reflect the surge of interest in social entrepreneurship and social economy published in recent years, many of them in this journal.

This textbook differs in two ways. First, it is published under a Creative Commons Licence which permits copying and adaptation. The impact of this has been immediate: after copying to academic colleagues, one responded that they had already received several copies. Secondly, it approaches 'democratic enterprise' in much the same way as previous contributors to this journal have approached 'social economy', by focusing on both partial and full worker-ownership in a variety of enterprise forms. A further innovation, increasingly common for student texts, is a companion website with slides, guidance notes, exercises and support materials (see <http://cets.coop/moodle/course/view.php?id=2>).

Given that modules are typically delivered in 11 or 12 week semesters, the organisation into nine chapters initially seems odd. However, given the need for introductory and revision lectures, this allows lecturers to top and tail a curriculum with contextually appropriate content. The first five chapters explore co-operative values and principles, approaches to co-operative governance and business development, and the role of co-operatives within society. Chapters 6, 7 and 8 focus on employee ownership and industrial democracy, which is particularly welcome given the way that employee ownership in the UK (as elsewhere) is a substantial contributor to the social economy.

Helpfully, each chapter sets out learning outcomes, essay questions, case studies and resources to connect theory to practice. Occasionally, exercise suggestions are too brief to be useable without accessing materials from the companion website. This could pose a challenge in the classroom and self-study contexts where internet access is limited. While this is probably not an issue for students in advanced economies, it could affect those in developing economies.

I liked the detailed discussion of co-operative operating models, and attention to the use of co-operative shares. This fills a hole in the Work Foundation's recent report (Mutuo, 2012) which omitted discussion of both community share issues and worker-owned capital accounts to raise finance for co-operative development. Criticisms regarding the long-term sustainability of employee-owned enterprises and the degeneration of producer co-operatives are acknowledged and contested using the work of Erdal (2011) and other empirically informed studies.

My only substantive concern is the a historical treatment of social enterprise. The authors put forward the work of Edgar Parnell to frame social enterprise as a philanthropic trading enterprise guided by voluntary sector governance principles. Given that some of the first practitioner and academic work to define social enterprise emerged from worker and community co-operatives, I found this perspective particularly problematic. The current EU definition of social enterprise is based on a three-year research project by the EMES network, and this takes an inclusive approach to co-operative principles in its framing of the concept.

I would have preferred to see the authors do more to review debates about the democratic orientation of social enterprise development outside the UK and to contest Parnell's perspective using the work of Social Enterprise Europe (SEE). SEE's definition prioritises:

- 1) Explicit values and principles.
- 2) The pursuit of social goals and sustainable social change
- 3) Democratic accountability and the distribution of wealth to primary stakeholders.

This is consistent with the orientation of this textbook so there is an opportunity to engage students on the political motives for reasserting a distinct co operative identity in the face of private and voluntary sector 'incursions' into the definition of social enterprise.

Overall, this is a welcome addition to the literature, and a valuable resource to support undergraduate teaching. Personally, I have no reservations using it to support postgraduate teaching on democratic management, ownership and governance.

The Reviewer

Dr Rory Ridley-Duff is course leader for the MSc Co-operative and Social Enterprise Management at Sheffield Business School (part of Sheffield Hallam University). He is the co-author of *Understanding Social Enterprise: Theory and Practice* and winner of the 2011 ISBE Knowledge Exchange Award for a paper critiquing The Social Enterprise Mark.

References

- Erdal, D (2010) *Beyond the Corporation: Humanity at Work*. London: Bodley-Head.
Mutuo (2012) *Plurality, Stewardship and Engagement: The Report of the Ownership Commission*. Boreham Wood: Mutuo.

***Towards Contemporary Co-operative Studies: Perspectives from Japan's Consumer Co-ops* – Edited and published by the Consumer Co-operative Institute of Japan,
15 Rokubancho, Chiyoda-ku, Tokyo, 102-0085, Japan, 2012,
ISBN 978-4-915307-00-3.**

Reviewed by Nick Matthews

The Japanese consumer co-operative sector deserves great credit for establishing the Consumer Co-operative Institute (CCIJ) and then for allowing it such a wide-ranging brief to look at the future of consumer co-operation in Japan. In an excellent piece of work the CCCIJ has conducted a “comprehensive multidisciplinary studies on consumer life, consumer co-ops and civil society by involving both researchers and practitioners”. Something the UK Society for Co-operative Studies aims at and has been set a benchmark by this study.

The sector is an important actor in the Japanese economy with nearly 40% of Japanese households belonging to a consumer co-operative and the sector as a whole generating turnover of around three trillion Yen (at the time of writing there where 76 Yen to the US\$). The latter half of the 1990s saw the stunning growth of the sector in Japan stagnate the growing realisation that they faced a new set of problems and challenges was the stimulus for the development of Consumer Co-operative Studies. There was also a deep realisation that the changes in Japanese society are not unique – so I am delighted that this work has been published in English – and that a new kind of research was needed “transcending the framework of the existing body of research, to deal not only with the organisation and management of the consumer co-ops, but also the various external conditions influencing them”.

This research covers four main areas: first, the organisation and management of consumer co-operatives; secondly, and perhaps more innovatively, an analysis of “changes in consumers lives in relation to consumer co-ops”; thirdly, to understand the role of changes life style and in society generally that are driven by globalisation and the information society; and fourthly, and the most far reaching, to “draw up a vision for a new communal society in the 21st century”. The authors argue that:

consumer lives will be stabilised and the basis of democratic participation will be secured, when consumers voluntarily set up strong community organisations for the improvement of life and welfare.

The book tackles these issues in three parts. In the first part, *Japanese Consumer Co-ops Today and Tomorrow*, there are some fascinating insights into Japanese consumer co-operation. Japan was an early adopter of the ‘Rochdale model’ with the first co-operative shops opening in Tokyo and Osaka in 1879. In the early days three different types of co-operatives developed, ones attached to companies for their employees, worker-orientated co-operatives associated with the radical labour movement and citizens co-operatives organised by the middle classes. However the Second World War almost completely destroyed these societies requiring a fresh start in the 1940s.

Whilst the leadership came from the pre-war movement, the post-war consumer co-operative movement was based on necessity as the economy was in a state of near collapse. Co-operatives in the form of buying groups mushroomed, but as the economy stabilised and began to grow this movement, lacking effective management and organisation, was unsustainable. In the 1950s growing trade unions took on the role of supporting ‘workers welfare businesses’ to supplement their main role of collective bargaining. Local Trade Councils began to set up co-operative shops again this was relatively short lived as they faced stiff competition from the new supermarket formats introduced by existing retailers. The transformation in the movement came with the development of ‘Citizen Co-ops’, which were partly a reaction against

the industrialisation of foodstuffs from Japanese housewives. Indeed this is probably the most distinctive feature of Japanese consumer co-operatives – the active participation of women members.

The key unit of organisation was the Han group, traditionally small groups of women in a neighbourhood who came together to channel their opinions into the co-operative. A third of the total co-operative members belonged to Han groups although the average group size was only four members. The second key feature was home delivery – something that has gone in, out and back into fashion here in the west. Akira Kurimoto, points out that:

Joint buying is a unique system of home delivery to Han groups, in which members place joint weekly orders to co-op delivery staff who then deliver the food and groceries the following week.

Akira is Director and Chief Researcher of the Consumer Co-operative Institute and also Executive Director of the Robert Owen Association.

The big issue for Han customers was primarily food safety many Japanese consumers were concerned about food safety and demanded produce free of additives, pesticides and any form of adulteration. This particularly appealed to those living in the new suburbs which often lacked the range of shops consumers wanted. Members demands were quickly communicated and acted on by managers thereby strengthening customer loyalty. By law all customers had to be members so a strong pattern of member involvement from the Han groups to district committees, consumer panels up to annual meetings and boards developed. Also being restricted in their trading areas and restrictions on advertising to the general public forced them to be very close to their members and the communities they served. By the way it is clear from this book that the Japanese know a great deal more about European consumer co-operatives than we do about Japanese ones and seeing ourselves through Japanese eyes is not always flattering.

As a Director of a UK retail co-operative society I was particularly interested in Akira Kurimoto's chapter on consumer co-operatives' retail business operations. Like everywhere the retail co-operatives are facing intense competition and there has been a downturn in the amount members have been buying from stores driving a consequent downturn in floor space and this trend seems set to continue. However to compensate they have established a dominant position in home delivery indeed individual home delivery seems to be replacing the Han groups. It is only in the last decade that more intensive forms of federal buying and product development functions have developed and it is hoped this will improve the sectors competitiveness improving quality, product safety and prices. The growth of co-operatives in Japan has gone along with educating members about food, as issues around food production, health, nutrition, and the environment have also gone into the development of the brand.

Considering the debates we have in the UK in developing a consistent national co-operative brand another fascinating chapter is by Deborah Steinhoff who whilst based in the US received her PhD in Agricultural Economics from Hokkaido University and worked for many years for Coop Sapporo and who writes about the development of COOP brand merchandise. The cornerstone of the COOP brand in Japan was and is the Japanese consumers' anxiety about food safety and the 'credibility' of agricultural products after WWII. This anxiety has been addressed through a system known as Sanchoku. This is a sophisticated provenance system providing fresh foodstuffs directly from the producers based on three principles, traceability, standardisation and a direct line of communication between consumers and producers. As the distance between producers and consumers with the growth of more complex larger scale buying arrangements this system has come under some strain. Despite this consumers still join primarily to buy COOP brand products. Indeed in surveys members say that they value security, safety and transparency as the key issues. These are followed by the fact that members support the concern the movement expresses for the less fortunate in society perhaps surprisingly price was of lesser importance.

The second part of the book looks at the way consumer co-operation has diversified into two other areas, into what are called University Co-operatives and Medical Co-operatives. There are lessons again to be learned from how Japan has diversified into these areas for us in Europe. The University Co-operatives are established on University campuses to supply, cafeterias, bookstores and other services to staff and students. There is perhaps more we can learn from the medical co-operatives as the Japanese health care sector has some similarities to our own and the co-operative sector offers a particular service. They seek to challenge the “problems associated with asymmetric information” and as such they are empowering consumers of health care through “learning and participation and taking on the challenge to create networks for health promotion and medical and social care in communities”.

The final part of the book looks at consumer co-operation in the wider Japanese economy and society, including the changing institutional framework of co-operatives, their role in the Japanese food system, their role in civil society and the way they could play a role in “reconstructing the livelihood security system”. This latter chapter by Professor Mari Osawa, of the Institute of Social Science of the University of Tokyo, looks at unpicking the welfare state to look at welfare government and governance and how co-operative forms could drive participation in community management. These are particularly challenging ideas that deserve a much wider sounding than is possible in this review.

Overall this is a terrific publication which both articulates the issues and challenges facing the Japanese consumer co-operative movement and also offers some powerful insights that co-operators everywhere could learn from.

The Reviewer

Nick Matthews teaches in the Business School at Coventry University and is Chair of the UK Society for Co-operative Studies. He is a Director of the Heart of England Co-operative Society and of Co-operatives UK.

***Co-operative Societies in North Lancashire and South Cumbria* – Robin Martakies, 2011, published by Robin Martakies, £10, 66 Kirkfield, Ambleside, Cumbria LA22 9HA, email robinmartakies@tiscali.co.uk.**

Reviewed by Chris Hart

This light and easy to read book started as two hastily assembled pamphlets on the History of Kendal and Ambleside Co-operative Societies prepared for a specific event, but over the next couple of years morphed into a historical recording of the 17 co-operative societies in the South Cumbria and North Lancashire area. It covers their establishment in the second half of the 1800s to their closures, amalgamations or transformations in the second half of the 1900s.

The book is clearly one written with enthusiasm and interest and starts with a trip down memory lane, recalling the author’s memory of his Mum’s dividend number and how the co-operative was a integral part of his life from childhood to his later working and voluntary involvement. This feel permeates a more detailed record of the trading history of the co-operatives, taken from annual reports of the societies, listing in brief outline the liabilities, assets and operations of each society over a hundred year period. It is fascinating to read of the similarities of the patterns of establishment and development within the individual societies in the second half of the 1800s, the struggles in a difficult economic climate after the First World War, the rise to a peak of the Co-op empire in the 1950s and then the dramatic decline in the 1960s.

Perhaps the most interesting and fun part of the book are the insights into the workings and issues permeating the everyday life of the societies. The poaching of customers between one society and another, the battle of wills between shop managers and committee members, the disagreements between the local societies and between the retail shops and the Co-operative Wholesale Society as to the provision of goods and the prices charged. For anyone on any form of management committee today it is rather reassuring to see the timeless nature of disputes and disagreements!

A political tension also seems to be apparent in the minutes listed. Often it appears that those on the committees did not always have the same aims of the Co-operative Union. In one example, Ambleside Society committee specifically asked the Co-operative Union not to send any leaflets of a political nature to the branch. A thin line seemed to be walked between those of influence in the Society and community and the staff and members whose interests were often diametrically opposed. It often appears that the staff were paid poorly even relative to other shop-workers and in common with the rest of society, women in particular received an absolute basement level of remuneration.

Despite living in North Lancashire I had little idea of the scale and size of the co-operative history in this area. The charting of the decline and amalgamation of co-operative societies in the 1960s and beyond provides a broad base of understanding of how the Co-operative Group has emerged in its present form and how some smaller societies such as Coniston and Hawkshead have managed to continue independently. I have also taken a new approach to walking around the area in which I live and become far more aware of the history of many of the buildings that I had vaguely known to have a co-operative past.

While the book does suffer from being put together in a somewhat random fashion and with minimal editorial oversight, I enjoyed the simplicity of the anecdotes chosen from the records by Martakies, which evoked a sense of the movement through time of retailing, the types and sourcing of products sold, the staffing issues, the decisions over whether or not the shops should be self-service and much more. As an easy to read history for the co-operative enthusiast or for those who have lived in the area covered and been co-operative society members it is detailed human-scale history in an accessible style.

The Reviewer

Chris Hart is a green activist based in Lancaster; he holds a Masters in Social Ecology from Edinburgh University.