

Co-operation and the ConsumerCO-OPERATIVES AND THE NEW CONSUMER MOVEMENT

by

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The "Discovery of the Consumer" took place 50 years ago, in 1928. It was made by Beatrice Webb, in a booklet of that name, in which she analysed the respective roles in society of 'associations of producers' and 'associations of consumers'. Her conclusion was that the distinction between the two types of organisation was '... no idle fancy, but perhaps the most pregnant and important piece of classification in the whole range of sociology.'

Among associations of producers, Beatrice Webb included trade unions, employers' organisations and professional bodies. As the archetype of an association of consumers, she chose the Co-operative Movement of Great Britain, even though it was started '... in what might be termed absent-mindedness ... a startling instance of a mistaken goal, of intending one thing but achieving another.' The transformation of self-governing workshops into consumer-owned Co-operative societies was, for Beatrice Webb, a happy accident which would transform the structure of society. How does this distinction stand up today? How has the modern consumer movement developed? What implications do the goals and methods of the consumer movement have for Co-operation?

## The New Consumer Movement?

To talk about the consumer movement as if it was a single entity is in itself misleading. It is an extremely heterogeneous collection of individuals and organisations. Some of the organisations are entirely independent of Government and industry, and get their money solely from members or subscribers (eg local consumer groups, Consumers' Association). Others are Government-funded, as is my own Council. On the periphery are bodies such as the women's organisations whose main objectives lie elsewhere, but which are nevertheless actively concerned with consumer affairs. Despite this astonishing diversity of structure, form and membership, these different components of the consumer movement share a common belief that there is a deep and long-lasting imbalance in society between the interests of producers and consumers. Producers have more power, more information, better organisation and vastly greater financial resources than individual consumers. The primary objective of the consumer movement is to redress the balance.

Why has the modern consumer movement come into being in the third quarter of the twentieth century? One major factor has been the explosion of consumer purchasing power in the postwar era, a phenomenon shared by all developed countries and which was only slowed down or halted by the oil crisis in 1973. The majority of consumers found that for the first time they had money to spare for goods and services over and above the minimum needed to keep themselves alive.

Accompanying this increase in purchasing power, new types of consumer goods came on to the market. It is only necessary to think back 30 years, to the period immediately after the war, to realise that within one generation there has been a transformation of the mass market for consumer goods. Synthetic fibres, detergents, television receivers, ball-point pens and hi-fi equipment are only some examples

of the types of products which either didn't exist at all in the late 1940s or were in a very crude state of development.

Consumers have also been presented with a proliferation of brands and models of traditional as well as new products. The modern supermarket offers an extensive and often bewildering series of choices compared with the pre-war grocer's shop. Branded goods of all kinds are backed by powerful advertising and promotion campaigns, combining persuasion with information in varying degrees.

The key to the understanding of the development of the modern consumer movement is that economic, marketing and technological changes have all combined to produce a situation in which people are faced with an almost continuous series of decisions which they have to take as consumers - whether to buy or not to buy, whether to buy X, or Y, or Z. Their outstanding need is for information, especially information of a reasonably objective kind to complement the trade-based information which is conveyed in advertising.

This pressing need for objective information stimulated the growth of such independent consumer organisations as Consumers Union in the USA and Consumers' Association (Which?) in the UK. Their primary purpose is to meet the information needs of their subscribers or members by carrying out comparative tests on consumer goods and services and by reporting the results. They are in practice, though not in law, information Co-operatives. Similar organisations have been set up in most developed countries, and the idea is now starting to spread rapidly in the developing countries, especially in the Asian-Pacific region.

It is noteworthy that the main emphasis in improving consumers' access to information has been on self-help, on consumers coming together in organisations to do the job for themselves. Of course, there are limits to what can be

achieved by self-help, despite the hope of my namesake, J. W. T. Mitchell, (quoted by Beatrice Webb) that Co-operation "... if it is loyally supported and indefinitely extended ... will solve all social problems, destroy poverty, eradicate crime, and secure the greatest happiness to the greatest number." These limits have led the consumer movement to press for greater statutory protection for consumers. In the UK this pressure has been markedly successful. The way in which the criminal and civil law systems impinge on consumers has been transformed by a series of measures ranging from the Trade Descriptions Act 1968 to the Unfair Contract Terms Act 1978. Remarkably, most of the consumer protection legislation that has gone in to the statute book has travelled through Parliament with bipartisan political support.

It is not only the legal framework that has changed. The institutional structure of consumer protection has been strengthened by successive Governments. In 1973, the Conservative Government was responsible for the introduction of the Fair Trading Act 1973, which established the office of Director General of Fair Trading, with wide ranging powers over consumer affairs and competition policy. Two years later, the Labour Government set up the National Consumer Council (NCC), with the job of representing the interests and views of consumers to Government itself, other public authorities and private industry.

#### Role of the N.C.C. -

The NCC has given four new emphases to the development of the consumer movement. First, it has taken on a special responsibility for promoting the interests of poor and inarticulate consumers. For example, it has been particularly concerned with the effect of fuel prices and other fuel industry policies on the poor. More generally, it has elaborated the concept of consumer detriment, whereby the poor find themselves in double jeopardy. Not only do they have

less money to spend, they also get worse value for money\*.

Second, the NCC has extended the concept of consumer from the market-place to the public services. Traditionally, the consumer has been thought of as someone who pays directly for the goods and services he or she receives. But there is an ever-widening range of public services which the individual consumer uses but pays for wholly or in part indirectly through taxation. Education, public housing, health and social services are obvious examples. Without neglecting consumer policies and problems stemming from the market-place, much of the emphasis of the NCC's work has been on value for money and consumers' interests in the public services. The titles of NCC reports on Means Tested Benefits, Tenancy Agreements between Councils and their Tenants, Priority for Passengers and The Consumer's Guide to Local Government are self-explanatory and give a flavour of this dimension of the NCC's work.

Third, the NCC has taken the view that the debate on economic policy has for too long been dominated by producer interests and that there are grave dangers inherent in a system in which policy is dominated by the uneasy triumvirate of Government, TUC and CBI. We have set out to define the distinctive consumer interest in economic policy and to stress its importance. In September 1978, Real Money, Real Choice was launched to promote the consumer contribution to public discussion and to urge that control of inflation should be the Government's prime objective.

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\* For a fuller treatment, see Williams, Frances, ed: Why the Poor Pay More (NCC/Macmillan, 1977).

### - and Links with Co-operation

The fourth emphasis in NCC's policy is one which should be of particular interest to those concerned with Co-operation. There is evidence that an increasing number of consumers, though still a minority, think that the best way to tackle many of their problems is by coming together in self-help groups. The NCC has done much to stimulate innovative types of small-scale Co-operation. One example is NCC's encouragement of bulk buy groups, through which food is bought in bulk at wholesale or cash-and-carry prices. In 1975, NCC commissioned National Opinion Polls to carry out a national sample survey of over 2,000 respondents, to try to get some measure of the potential there might be for the bulk buy movement. The results showed that while 7% of those interviewed claimed they bought some of their food or groceries in bulk, as many as 24% said they would be interested in joining such a scheme. On the basis of this survey and of an appraisal of what might be achieved, in June 1976 the NCC set up the Bulk Buy Bureau for a pilot period of one year, which was renewed for a further year.

The Bulk Buy Bureau's job was to help people who wanted to form and organise groups with a wide variety of names (buy-aid associations, self-help coops, food coops, etc) but one single objective - using the collective buying power of members to obtain food at lower prices. The Bureau (renamed the Bulk Buy Unit) has published the Bulk Buy Book, reissued in a revised edition earlier this year, as a practical handbook on how to set up and run groups. Regular bulletins or broadsheets were issued from June 1976 to July 1978. Undoubtedly, the Bulk Buy Unit has helped to spread the idea of a particular form of self-help, though there must be some disappointment that the attempt to get discount terms from suppliers for groups in membership of the Unit did not succeed. In this respect, there was a determined effort to forge a link with the Co-operative Movement.

Negotiations were opened with 30 co-operative societies, but the May 1977 issue of the Bulk Buy Bulletin reported that only four societies (Cumbria, Dudley, Penicuik and Pioneers) had been prepared to offer bold terms: the remaining societies expressed sympathy with the objectives of the movement but little in the way of practical aid.

Another of NCC's ventures into Co-operation has been to provide support for the credit union movement in Britain. As most readers of this Bulletin will be aware, a credit union is a self-help group in which people who have a common bond - such as working in the same factory, or belonging to the same club or church - save regularly to build up a common fund from which they can borrow at relatively low rates of interest. Credit unions are a major source of credit in North America, Ireland and the West Indies, but are severely constrained in Britain by the provisions of the Industrial Societies and Provident Act. Together with a group of other interested organisations, the NCC formed a Credit Union Steering Group. In conjunction with this Group, the NCC has campaigned for amending legislation - a campaign which resulted in success when the Queen's Speech introducing the current Parliamentary session announced the Government's intention of introducing such legislation.

During 1977, it became increasingly clear that NCC's avowed intention of encouraging new forms of small-scale Co-operation were likely to be frustrated by the formal objectives and structure of the organisation. So NCC's blessing was given to the setting up of the Mutual Aid Centre (MAC). MAC has already embarked on a number of experiments in mutual self-help. These range from "The Brain Train", a venture in Co-operative learning planned and implemented jointly with British Rail, to support for the parents of Madingley, Cambridgeshire, in buying and running their village primary school when the local education authority decided to close it down.

### Role of the Co-operative Movement?

These new experiments in small-scale Co-operation raise vitally important questions for the Co-operative Movement in general and for the retail Co-operative societies in particular. The Co-operative societies are in a formal sense consumer organisations in that they are owned by consumers. They are perceived as consumer organisations by their leaders and active members. Yet, in a sense which is difficult to define, there is a pervading feeling that they have missed out in the great advance of consumers' interests that has taken place in the last two decades.

It is a familiar agony of many active Co-operators to realise that Co-operative societies are virtually indistinguishable to most consumers from the mass of commercial retailers. Now the consumer movement is entering a new phase. Small-scale self-help is still a minority interest, but it is spreading rapidly. New forms of Co-operation are being developed. Some, undoubtedly, will die. Others will flourish. How will the Co-operative Movement adapt to these new forms of co-operation, which are characterised by smallness of scale and intense enthusiasm? Will the Movement muddle out yet again, or will it display sufficient flexibility to help and be helped by the "new co-operators"?

It is not for an outsider to try to answer such questions but it does seem that there is one way in which the retail societies could get to grips with them. Because of the highly localised nature of most of the new self-help ventures, relatively little is known about their extent, nature and distribution. Might not the Education Committees of retail societies survey and study the new co-operators within their areas, and consider the ways in which collaboration could best be developed? That, at least, would be a start. In some areas it might lead to a grand alliance of the large and the small, the old and the new, which would give new meaning to the "associations of consumers" which were Beatrice Webb's inspiration.