

## Politics and the Co-operative Movement

### THE CONSERVATIVE ATTITUDE

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It is appropriate that a Bulletin devoted to politics and the Co-operative Movement should, at this time, contain a contribution from the Conservative Party. It is the main argument of this article that, while it was understandable that there should be close links from the trade unions, representing ordinary producers and Co-operative Societies, representing a minority of ordinary consumers, to the Labour Party when that Party was invariably in Opposition and appeared genuinely to represent "the underdog", times have now changed. Just as many ordinary members of trade unions are questioning more and more whether their interests have been served in the eleven years of Labour Governments since 1964, so, it is suggested, those involved in the Co-operative Movement should examine the record, and in particular, the financial links between the Movement and the Labour Party.

It is proposed to set about analysing the attitude of the Conservative Party to the Co-operative Movement in five sections. Firstly, reference will be made to the financial links of the Co-operative Movement with the Labour Party. Secondly, it is proposed to discuss the record of the Labour Party in Government, in particular since 1974. Thirdly, reference will be made to some of the policy objectives pressed for by the Co-operative Party. The fourth section will refer to the Conservative attitudes towards such developments as "workers' co-operatives", the Co-operative Development Agency Bill and Housing Co-operatives. The fifth

and final section will set out the main lines on which the Conservative Party would seek to administer the country if elected to govern.

### Finance and the Labour Party

The Co-operative Party acts as the electoral partner of the Labour Party on behalf of the Co-operative Union, to which British Co-operative Societies affiliate. The Co-operative Movement as a whole is politically motivated: as Mr John Parkinson, until recently Chairman of the Co-operative Party said "the vast majority of active Co-operators realise that Co-operation is nothing without politics" (Co-operative News, 27 April 1973). The Central Executive of the Co-operative Union makes agreements with the Labour Party and representatives of the Union, together with those of the Labour Party and TUC make up the National Council of Labour. Supporters of the Labour Party usually refer to the "three wings" of the Labour Movement - the Labour Party, the trade unions and the Co-operative Movement - and the Labour Party and the TUC send "fraternal" delegates to the Co-operative Union's Annual Congress.

Subscriptions paid by Co-operative Societies affiliated to the Union consist of a levy on sales, fixed at £430 per £1,000,000 sales from 1976. 70% of the Union's 1976 income consisted of such subscriptions and, as the report of the National Executive Committee of the Co-operative Party for 1977 stated "once again it can be confirmed that over 90% of members of retail Co-operative Societies belong to Societies which contribute to national Co-operative Party funds". (p.5

The Party operates at both a national and local level and at the national level its 1976 income was £151,974 of which 91% came from subscriptions from 194 Societies, plus a grant of just over £20,000 from the Co-operative Union.

Local assistance and affiliation to constituency Labour Parties is also common. By agreement with the Labour Party, the Co-operative Party sponsors up to thirty candidates at General Elections, financing candidates' constituency associations on the same basis as trade unions sponsoring candidates. Those sponsored stand as Labour-Co-operative candidates and the 1978 Report of the Co-operative Party indicated that there were 15 sitting Labour Co-operative MPs, while a number of additional candidates had been selected, some of whom were in seats won by Labour at the last General Election. As Mr John Parkinson has confirmed, the Party also sponsors 'hundreds of local councillors' (Tribune, 20 April 1973).

#### Comments on Labour's Record and Present Position

Mr Ioan Evans Labour-Co-operative MP for Aberdare set out 8 reasons for readers of Co-operative News to support Labour in a General Election, in the issue of the newspaper dated 20 September 1978.

His first was "Prime Minister Jim", and although Mr Callaghan's popularity was rising high at the time of writing, his indifference, incompetence and lethargy in coping with the most extensive industrial action since the General Strike of 1926, coupled with picketing, blockading and intimidation on a scale unheard of in the past, might cause a number of former Labour voters to think again. Evans' second reason was "the Government team - a first-class team of Ministers". He listed this band of heroes, and it is simply worth asking what Messrs Foot, Healey, Benn, Jenkin, Rees, Varley and Silkin have done to improve Britain's economic performance, stand up for individual freedom, or prove Britain's standing internationally.

Mr Evans' third and fourth reasons are "pensions" and "health". The Labour Government has greatly increased pensions - it needed to, to cope with the doubling of rail prices and even more rapid increases in the price of

articles that are necessities for old people. Labour's record on the National Health Service is not, however, so reassuring. The phasing-out of pay beds and, indeed, inflation generally, have starved the NHS of much-needed resource and Labour's record of encouraging trade union militancy in the period up to 1974 is now yielding its dividend in the health service - as those who work there take industrial action which threatens the lives of patients and which a few years ago was inconceivable.

Mr Evans' fifth reason is job opportunities. Unemployment has more than doubled under this Government, partly owing to world conditions. Other reasons are, however, Labour's heavy burden of taxation, in particular taxes like Capital Transfer Tax and multi-rate VAT, the blitz on profit in 1974-75, the Employment Protection Act, and the failure to provide incentives for skill and hard work or a sustained campaign to root out restrictive practices. As a delegate to the 1978 Co-operative Party Conference said, "the Government was elected on a slogan 'Back to Work with Labour'. It is a scandal that a Labour Government should preside over unemployment of 1.5 million. When unemployment reached 1 million under Heath, we really hammered him."

The sixth reason refers to the Labour Government's economic objectives: "a sound balance of payments" - yet our payments are not yet in balance despite the massive help from North Sea gas and oil; "stable prices" - yet the Government have now abandoned their 5% pay target and we seem bound for another pay-price spiral on the lines of 1974-75; "full-employment" - an already high total of unemployed was up by nearly 100,000 in January. The final "objective" consists of "more efficient and faster growing industry and a rising standard of living for everybody". The record of all Labour Governments since the war - under which real living standards have grown by only one seventh of the amount they have increased under Conservative

Governments - suggests that this is yet another pious hope. Mr Evans' seventh and eighth reasons - "public expenditure" and "fair taxation", together with his final reference to "the future" suggest that a new Labour Government would be even more disastrous than previous Labour Governments. Labour's Programme, and the recently-leaked draft Labour Party Manifesto, would commit the Party to a programme of nationalisation and increased expenditure which must involve very considerable increases in taxation.

### Labour Policies for the Future

Another delegate at the 1978 Co-operative Party Conference was very critical of Labour's present policies: "We have one party (he was obviously referring to the Conservative Party) which is giving some very specific pledges. Pledges which we fundamentally disagree with but ones which are easily grasped by the electorate: ones on rights; ones on taxes; ones which basically say 'we will encourage a consumer boom of higher personal consumption.' The Labour Party in reply frankly is talking what to the average man in the street is pretty close to gobbledy-gook." Conservatives would agree that the "social democrat" wing of the Labour Party is now virtually bankrupt of ideas. The great programmes of growth through public expenditure and social benefits through egalitarian taxation, pioneered by the late Anthony Crosland, have disappointed those who were once their most ardent supporters. Prominent "social democrats" like Roy Jenkins, Brian Walden and David Marquand have left active politics, while others like Reg Prentice, Paul Johnson and Professor Hugh Thomas are more and more giving the Conservatives their support.

Although Labour's Programme is twice as long as its conservative equivalent, The Right Approach, and, one might admit, far less clearly set out, it is by no means gobbledy-gook". It specifically proposes the setting up of

a neo-Marxist society in Britain, and it is disturbing to see the Co-operative Party supporting a number of these policy objectives. Among the Resolutions passed at the 1977 Co-operative Party Conference was one recommending selective import controls, cuts in defence spending, an increased role for the National Enterprise Board, and more strict price control; another deploring the omission from the 1976 Queen's Speech of any proposal for a wealth tax, and the third calling for a totally free National Health Service with the abolition of all private patient facilities. Among those passed at the 1978 Conference, one called on the Government to "restore without delay the cuts in local authority expenditure made over the previous two years"; another called on the Government to resist any attempts to increase the number of houses available for rent in the private sector by any changes to existing legislation protecting tenants; another called on the Government to implement cuts in defence spending of "at least £11,000 million per year" (that was the figure printed on p.46 of the Conference Report, but one presumes it was a misprint for £ 1,000 million); and, finally, a resolution stated "this Conference fully supports the common ownership of all banks and insurance companies, except those which are already socially owned" - which is presumably an echo of the Labour Party's clamour for some form of nationalisation.

It is therefore not surprising to find the 1975 Co-operative Party Conference carrying "with applause" a proposal for congratulations to be sent to Mr Benn for his support and encouragement in the development of Workers' Co-operatives. It must be admitted, in justice to the Co-operative Party, that evidence exists indicating disillusion with old-style blanket state ownership. As Mr Raymond Fletcher, Labour MP for Ilkeston and not a member of the Co-operative Party, recently wrote:

"The Labour Party is evolving, almost without realising it, into a Co-operative Party. Industrial gigantism has lost whatever hypnotic attraction it may have had. Attention is moving back to the individual worker, his rights and his freedoms."  
 (Times, 12 June 1978)

However, as Mr Fletcher added, "it may not look like that from the outside" and with all the evidence of support for old-style nationalisation at recent Labour Party conferences, one might suggest that the Co-operative Party is a "still small voice" in a more extensive and more threatening sea of socialism.

Perhaps it is appropriate at this stage to examine certain specific Co-operative Party proposals; here it is worth quoting the words of the Chairman of the Party, at the time, Mr John Parkinson, which were echoed more recently by a Conservative statement on the subject which is recorded below. Mr Parkinson wrote:

"There is a tendency in some quarters to think that the word 'Co-operative' comprises some magic formula which will enable those who co-operate to avoid some fundamental business decisions. This is not so. A Co-operative has to pay its bills, market and ensure the quality of its product, train for the necessary skills, balance its books and provide for its capital requirements - indeed make a profit or surplus - as much as any capitalist or nationalised industry."  
 (Tribune, 16 April 1976)

#### Conservative View of Various Co-operative Experiments

Mr Kenneth Clarke, Conservative MP for Rushcliffe and spokesman on industry, gave the Conservative view towards

the Co-operative Development Agency and to Worker Co-operatives in general in his speech on the Second Reading of the Co-operative Development Agency Bill on 6 April 1978 (Hansard, cols. 757-771). His general attitude to the Bill was set out as follows:

"We are not particularly cautious about the proposed Agency so long as the appointments to it are reasonably balanced. We are cautious about the Government's and the Labour movement's attitude to the development of worker co-operatives. The Conservative Party is favourably disposed towards worker co-operatives or worker-owned enterprises so long as they operate in the market on the same terms as their competitors.

"We welcome co-operatives that engage in commercially sound activities, raise their capital from their members or the market, and do not rely on public subsidies or preferential treatment against their competitors. If the new agency promotes the further development in this country of this form of private enterprise I would expect it to receive active support from a Conservative Government.

"We disapprove strongly of the Government's record of giving taxpayers' money to uncompetitive worker co-operative founded by illegal sit-ins or industrial action and promoted for political rather than economic reasons. If there was a hint in the Bill that the agency might result in a return to the "Bennery" that poured money into Meriden, Kirkby and the "Scottish Daily News" we would appose it tooth and nail".

He welcomed the Government's commitment that the Agency would not have powers to invest public money directly in any commercial activities or engage in any commercial activity itself. He also agreed with the Government in the aim to make the Agency ultimately self-financing, once it had got established but that the Government should bear the cost of the initial finance for the first three years. He suggested



that what should be set up was an advisory and promotional body in the field of worker co-operatives with serious commercial purposes, and suggested that the Agency should conduct studies in Yugoslavia, where a number of large Co-operative enterprises existed.

Mr Clarke was more critical of the conduct of the worker co-operatives. In the case of the Meriden Motor Cycle and Kirkby Co-operatives, the advice of the independent Industrial Development Advisory Board, which advises the Government of the prospect of success and commercial wisdom of investments proposed, was overruled almost every time those two firms came back for more money. IDAB had advised that the Co-operatives were "not commercially viable because they are being organised in ways that are doomed to produce a situation in which each year the jobs involved are supported by money taken from the pockets of the taxpayers in other jobs elsewhere." Mr Clarke added: "It is this discrimination in favour of worker co-operatives that we disapprove of". He also added that the proposal in the Labour Party policy programme for nationalising large sections of the building industry, also proposed the establishment of worker co-operatives which would be subsidised against their competitors and that public bodies, in allocating work, would actively favour Co-operatives.

In an article for the November 1978 issue of SCOOP Mr Hugh Rossi, Conservative spokesman on Housing, wrote:

"We realise that there will always be those who do not wish, or cannot afford, to buy their homes. They should be given a far wider variety of choice than that offered by traditional renting, either from Local Authorities or private landlords. In this, I consider that housing co-operatives have a great deal to offer. The development of the movement is something which I welcome and wish to give every encouragement. I am well aware that the law

will have to be brought up to date in order to meet new concepts of tenure of property and in particular a new form of corporate identity will need recognition in law.

"I am particularly attracted to the extension of co-operatives in what has hitherto been Local Authority and New Town Housing. We Conservatives will seek to involve Council tenants in the management of their own affairs as much as possible. The encouragement of Tenant Co-operatives by Local Authorities will in some cases be the best development of the Tenants' Charter Scheme to which we have long been committed. That is why in 1976 I welcomed the report of the Working Party on Tenant Co-operatives prepared under the Chairmanship of Mr Harold Campbell. Like the "Community-leasehold" schemes now being pioneered by Housing Association housing co-operatives can provide an important stage along the path of full home ownership. So, if for that reason alone, the problems and progress of housing co-operatives will receive the next Conservative Government's close attention."

### The Conservative Approach

The Conservative proposals for seeking to resolve Britain's problems were set out at length in The Right Approach, published in the autumn of 1976, and further amplified in The Right Approach to the Economy, published in the autumn of 1977. A more conclusive set of proposals, drawn up in the light of the most recent judgements about Britain's economic and industrial difficulties, will not be available until the Manifesto is published at the time of the next General Election. However the following points set out the general approach that the Conservative Party will adopt:

Putting People First. Britain can be saved if the people of this country are set free from excessive and often incompetent government interference, and given the chance to

rebuild a successful free-enterprise mixed economy.

Choice. Letting us keep more of our own money so that we, not the Government, choose how to spend it.

Incentive. Making it worthwhile to work hard, learn skills and take on responsibility - at every level of earnings - by cutting direct taxes and reforming social security benefits.

Safety Net. Giving more effective help to those in genuine need through more sensible social priorities.

Ownership. Encouraging home ownership and spreading ownership in industry. Ownership protects our freedom by making us less dependent on the State.

Value for Money. Better control of government spending so that more money is available for neglected priorities, such as defence and the police, and for reducing borrowing and taxation.

Freedom under the Law. Allowing individuals the maximum freedom to live their own lives - within the law - as they wish; and standing up for the rule of law by, for example, strengthening our police forces and stiffening penalties for violent crime.

Defending Britain. Protecting the safety of the realm should be the first duty of any government; so the fighting strength of our Armed Forces, which has been sapped by Labour, must be restored.

## Conclusions

Unlike the trade union movement, the Co-operative Movement cannot claim that its power and its influence are increasing. A special report on it in the Times of

11 November 1974 commented that, while in pre-war years Co-operative wage rates were substantially higher than those in the private trade, by then those employed in the Co-operative Movement were among the lowest paid in any section of the British working population. Commenting on this, Lord Allen, the General Secretary of the Shop Workers Union, wrote:

"The security of employment which a Co-operative Society could offer, and the conditions of labour in operation, no longer constitute an attraction of the labour market. Given that the low profitability of the Co-operative Movement is directly connected with its structural weaknesses, it is quite unacceptable that employees should continue to be expected to sacrifice reasonable wages because of the short-sighted and dangerous policies of management."

Mr John Parkinson, wrote that he had asked, in a meeting in Edinburgh, "what influence the Co-operative Party nationally has had on anything in the last ten years, with the one exception of proposals for the Co-operative Development Agency - an excellent idea but one which, when implemented, will completely by-pass the Co-operative Party as it operates at present." He added, "I believe the Co-operative Party has little influence today - with the Labour Party, with the trade unions or with the nation at large" (Tribune, 24 March 1978).

One example of the declined influence of the Co-operative Party came as long ago as 1966 when the then Labour Government introduced Selective Employment Tax. A number of Labour-Co-operative MPs abstained or voted against SET, and Mr Alfred Morris, Labour-Co-operative MP for Wythenshawe said:

"it is time for Labour Ministers to wake up to the fact that their friends in the Co-operative Movement are talking good sense . . . their political future is at stake; they have been ignoring . . . the experience of this Movement and I would say that they would continue to do so in the future at their very great peril."  
(Co-operative Congress Annual Report 1969, p.243)

Yet SET remained until it was first halved and then completely abolished by the Conservative Government elected in 1970.

Another more recent example of a case where the Co-operative Movement had offered advice and appears to have been ignored came at last year's Co-operative Party Conference, when Mr John Roper, Labour-Co-operative MP for Farnworth, said:

"We can see considerable problems which might occur if price controls were more rigorously applied." (p.13)

Yet a Bill is at present going through Parliament to do just that.

It is necessary for the Co-operative Movement to examine its future role in the light of the very major problems faced by British industry at present, which emphasise the importance of competitiveness and profitability, the recent record of the Labour Government and its almost total failure to protect and further the interests of millions of consumers, and in view of Labour's plans for the future which, one suspects, will, if the opportunity is given, be bulldozed forward with the usual disregard for the doubt, uncertainty and opposition of many loyal Labour supporters. In view of the clearly declining influence of the Co-operative Movement on the Labour Party, it would be

essential for the Co-operative Movement to reconsider its financial and organisational links with the Party, and to ask itself whether its aims and aspirations might not better be advanced if it took a more independent attitude.