

Co-operation between Co-operatives

THE S.C.S. SYNDICATE

by

A.L. MACKINTOSH

The note of an early meeting of the syndicate described it as more of a yeast to ferment ideas than an oven to bake the bread. Since the group started meeting in 1980 this has remained very much the emphasis.

The inspiration for formation came, as so much has come, from the pen of Will Watkins whose article of the title in the May 14th 1980 issue of Co-operative News sparked off informal discussions among a small group including Will which met approximately monthly for 1 to 1½ hours in the offices of the Greater London Secondary Housing Association. The G.L.S.H.A. through the good offices of Harold Campbell, its Director, also provided secretarial services.

These meetings represented no one but the half dozen or so individuals from various sectors of the Movement who attended regularly and in time, the much wider range of individuals who were good enough to comment and contribute ideas by letter or telephone. The total of attending and corresponding members has been about 20, involving people at various levels from the consumer, producer, credit union, banking, housing, political and agricultural wings of the Movement with an occasional smattering of academics involved in Co-operative studies. In December 1980 the syndicate was accepted by the national officers of S.C.S. as worthy of sponsorship thus confirming the view of some

correspondents that the Society or even the C.D.A. would be much better vehicles for this type of discussion.

The Socio-Economic Map

The first task identified by the participants was to draw a socio-economic "map" of the ground to be explored. Using the classifications identified by the French Groupement National de la Co-operation the map would attempt to show:-

- i). The sector of activity (i.e. producer, consumer, agricultural, fishery, credit, housing etc)
- ii). The number of members or participants in each sector
- iii). The number of "Managers" (i.e. Chief and Senior Executives)
- iv). Number of Trading Points (i.e. shops, factories, offices, storage sheds, processing plants, number of agricultural machines owned or hired).
- v). Number of Employees.
- vi). Financial Magnitude (i.e. Turnover, loans granted, dwellings owned or administered. The difficulty of producing homogeneous statistics under this heading was rapidly recognised).

Each group member agreed to collect what statistics were available from sectors allotted to them and some two or three meetings were devoted to adding to and refining these. A comparison was made with the rather more sophisticated statistics collected by the Plunkett Foundation Society for Co-operative Studies, Bulletin 45, August 1982 ©

Foundation. It was also noted that the financial magnitude of the consumer sector was already well documented in the submissions of the CWS, CIS, the Bank and the Co-operative Union to the Wilson Committee.

One significant point for concern which emerged from the Plunkett statistics was that the Registry of Friendly Societies ceased in 1978 to produce detailed statistics in the Chief Registrar's Report and these would no longer be available to the Movement.

Attention was also drawn to the much wider Co-operative context of the European Community and the consequent need to be in touch with the Central Co-operative Organisation for the E.E.C., COGECA and with EUROCOOP, the European agricultural and consumer apexes.

The Needs Identified

Among the many areas and needs touched upon in the early 1981 discussions were:-

- a) The need to promote the creation of an adequate forum for discussion and the opportunity for the CDA to play its part in encouraging this.
- b) The need to discover and investigate concrete examples of inter-Co-operative activity. Much of this already existed on an informal, and often ad hoc, basis and needed to be uncovered possibly by a series of case studies into successes and failures.
- c) The need to investigate the relative proportion of total trade done (market percentage) by each Co-operative sector.

- d) The need to define the moral and practical advantages of inter-Co-operative activity and proselytise for these across the widest possible spectrum.
- e) Possible needs for teaching aids and the contribution which the Co-operative Education Working Party might make. (CEWG is an association of organisations and individuals involved in Co-operative education and training. Its functions are to facilitate the exchange of information, to identify and fill gaps in the provision of education and training materials, and to be a pressure group for Co-operative education and training).
- f) The need to ensure that politicians are aware of the value of the CDA as a forum for encouraging inter-Co-operative activity.
- g) The need to pursue ways of bridging existing gulfs between sectors.
- h) The possibility of the Co-operative Bank operating as a unifying influence as, for example, the German Co-operative Bank did immediately post-war and as Co-operative Banks in a number of developing countries do.

Drawing on Other European Experience

As a result of Will Watkins' contacts with Dr. Albert Schone, General Secretary of EUROCOOP, useful information was collected on the E.E.C. Working Documents on European Co-operative legislation which could be helpful in establishing the magnitude of the British movement

within the wider context of Europe. It showed too that there is constant regular contact between the secretariats of the Co-operative sectors within the Community though as yet "no institutionalised united action".

Will's translations of President Mitterand's statements and actions on Co-operation and the "social economy" in France and other Governmental statements and the actions of the Co-operative sector as revealed in the Newsletters of the Groupement National de la Co-operation were circulated to members and stimulated discussion on possible similar approaches in Britain.

A Central Financing Institution in the U.K?

The syndicate's most recent activity has been consideration of how the Co-operative Bank could most usefully be used and, possibly, encouraged to act as a unifying force and as a Development Bank and financing institution for every sector of the Movement. This led to consideration of papers on the detailed research already done by the Agricultural Co-operative Association of England and the Scottish, Ulster and Welsh Agricultural Organisation Societies on the possibility of a Central Co-operative Bank for agriculture.

In early 1982 the yeast had spread sufficiently to meet up with similar and doubtless simultaneous fermentation among the Trustees of the Industrial Common Ownership Fund who took the initiative by inviting a number of interested parties from the various sectors of the Movement to a Financial Forum in Manchester on 20th April at which a paper "Finance for Co-operative Development - A Proposed Institutional Structure" was presented and

discussed.

The paper identified the present rather meagre sources of start-up finance for development available to new and existing Co-operatives and the requirements which the present banks and financing institutions demand of those seeking venture capital. It recognised that the market share of consumer Co-operatives in the retail sector continues to decline whilst in contrast "Co-operation" as a method of practical operation is highly successful within agriculture, horticulture and to a lesser extent in the fishing industry. It postulated the need for "a more forceful approach to meet the total financial requirements to be provided ideally by a sympathetic institution from within the Movement". It speculated briefly on the ownership and control of the funds to be raised possibly by take-up of ordinary shares by members and/or a public issue organised by the Co-operative Bank whose interest is undoubted and whose expertise would be invaluable.

Some Questions

Such an institution would be in a position to attract funds from national and international bodies such as the EEC and could create a climate for the establishment of local development funds.

The paper raised many questions among which were:-

- a) Would membership consist of primaries, federations or individuals?
- b) What voting powers would exist?
- c) How would shares be called for - flat rate contributions, on membership in the case of other Co-operatives, subscribed to but

unpaid for until called up?

- d) How resolve the contradiction between the need for security and the probable risks of new ventures? e.g. credit unions would doubt the wisdom of depositing their hard won savings in an institution lending to high risk producer Co-operatives.
- e) What would be the procedures for vetting applications for loans? Might the procedures be too slow and rely too heavily on the control of "professionals"?
- f) What repayment arrangements? Interest rates? Would lending be long, medium or short term? How best to monitor performance?

The Report of these discussions is now awaited. There was undoubted general agreement that such an institution is needed and desired but many snags and, on the part of some, considerable reservations were identified. None of these seem insurmountable.

The Next Steps?

If for nothing else but this I consider that the syndicate, informal and on occasion disorganised as it may have been, has done a useful job. Whether, as mentioned above, such an informal albeit well informed group can take the matter further I beg to doubt but again, can the high powered but not noticeably active C D A Forum or indeed and surely more appositely and more "Co-operatively" can the Movement itself?

The time may not yet have come for this idea but it must be kept actively alive for it is sorely needed.

Note of the Author: ARCHIE MACKINTOSH. Scottish CWS 1933-41; 1946-48 Co-operative College student; 1948-52 National Secretary of Young Co-operators; 1953-67 Overseas Civil Service (Commissioner for Co-operative Development); 1967-76 Ministry of Overseas Development Adviser to various Governments and Co-operative Movements overseas; 1976-78 Co-operative College tutor; 1978 to present Chief Officer (Co-operative Development), Greater London Secondary Housing Association Ltd..

(He reports he is constantly surprised at the lack of Co-operation between Co-operatives in U.K. and is sure that our Co-operative offspring in many Commonwealth countries could certainly teach "Granny" to suck an egg or two.)