

# Book Reviews

## People-Centred Businesses: Co-operatives, Mutuels and the Idea of Membership

by Johnston Birchall

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Reviewed by Stephen Yeo

The word *cool* comes to mind. Like Birchall's many books, reports and articles on co-operative and mutual enterprises or MOBS as he prefers to call them (Member Owned Businesses as opposed to Investor Owned Businesses), this one is clear, analytical, well-informed and unexcited. No cover illustration, neat, portable, with a textbook feel to it: a handbook, perhaps, but for academics or policy-makers unfamiliar with MOBS rather than for engaged co-operators. "Instead of straining to envisage what it [the member-owned business sector] might achieve if it were more successful", the book concludes, "perhaps we should ask what our world would look like without it".

Nice one: think about global capitalism since 1989 *without* the sector – much larger than commonly acknowledged – to the study of which the JCS is dedicated. There really would be no alternative, other than state capitalism or a return to ethnic or religious barbarism. There are some useful statistics on the size of the presence of co-operatives and mutuels in different countries on Birchall's page 10. Without such large-scale businesses, what would be missing, and – more important because surely they amount to more than a 'sector' – what would be missing for whom? Birchall doesn't rate or have much room in his Bibliography to reference, 'theorists' who "become excited about its [the sector's] potential to cure many ills". Among other things, he warns, "they see it as a replacement for capitalism".

But isn't that exactly what it is here and now for many members, as well as in the future for many more potential members? A member-based economy, Birchall warns "is a vital part of some important social movements, but is not in itself a movement". Cool. But are not many of the enterprises which compose "the idea of a member-based economy" (p210) sustained by active members, managers and entrepreneurs who understand their activity as part of a world-wide movement capable of transcending 'the individual', 'the family', 'the public' *versus* 'the

private', and 'the nation'/'state' as the current rulers of the world roost? And is not that *idea* – and currently limited practice – important to nurture as 'a way of creating sustainable economies' rather than to issue unexcited words of warning about it as Birchall does?

*People-Centred Businesses* will be much used all over the world. It is already translated into at least two languages. There is an invaluable *taxonomy of member-owned businesses* on page 5. This table classifies them biologically under the headings 'Class', 'Genus', 'Species' and 'Hybrids'. On page 32 Birchall provides a succinct table of *theories that explain why co-operatives succeed or fail*. Here the classification is by 'type of theory' (social history, economics, theory of ownership etc), 'conditions for co-operation', and 'outcomes'. His own excellent research with Richard Simmons, for the Co-operative Group and with the Co-operative College, rightly figures here as type of theory, 'mutual incentives theory'. Then the heartening 'condition for co-operation': "people do respond to collectivistic incentives, sense of community, shared values and goals". Followed by the equally heartening 'outcome': "co-operatives achieve high levels of participation, and can develop a member participation strategy". Birchall is clear about the need for such strategies at Board level of MOBS.

His final chapter on *the idea of membership* is briefer and less fully referenced than it needs to be. I wonder whether capitalist cost-control in the publishing industry got in the way here? We need more work on what 'belonging' means among young people and in cultural settings where there is a surplus of it, but not in forms of membership which MOBS would recognise as such. The meat of the book, however, is succulent indeed. It consists of chapters on consumer-owned retail businesses; insurance providers (Friendly Societies get a better deal than they usually do in this discussion); housing; public services and utilities (the UK Co-operative

College's work on schools gets a fair hearing on page 115); consumer/producer-owned banks; producer-owned and employee-owned businesses; and then – very useful indeed in current policy circumstances – a chapter on *the peculiar history of "member-owned" businesses in developing countries*. Birchall helps us to understand why inverted commas are necessary in that setting.

Thanks to this book, co-operators now have a single place to go to in order to answer the question which stumps the best of us, "what is the difference between a co-operative and a mutual?" (see pp6-7). More central to his

purpose, Birchall has provided a text for curious students to discover for themselves while studying on the many degree courses in which co-operatives and mutuals should appear but don't. Social policy students at Stirling have been lucky to have him to listen to over the years. Highly-paid executives of mutuals who have forgotten what distinguishes their organisations from plcs now have a reference work, as have government officials told to encourage enterprises of which they have little knowledge beyond 'the John Lewis model'.

### **The Reviewer**

Stephen Yeo taught at Sussex University until 1989 when he became Principal of Ruskin College. Since 1997 he has worked with the Co-operative College in different ways, now chairing the Co-operative Heritage Trust. He continues to write historically on co-operation and on adult learning.