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CO-OPERATIVE DEMOCRATIC PARTICIPATION

PROF. J. A. BANKS
ROB MEARS

PUBLISHED FOR THE AUTHORS
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CO-OPERATIVE DEMOCRATIC PARTICIPATION

BY PROF. J. A. BANKS AND ROB MEARS

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Foreword

Most of the papers in the CRU series of publications have been by staff in or directly associated with CRU.

However we have occasionally included studies by authors outside CRU, where, for one reason or another, conventional publication channels have been inappropriate or unavailable and yet the study is clearly a valuable contribution to our understanding of co-operatives. This study falls in this category. It examines the changing pattern of democratic participation in the co-operative wholesale and retail societies, particularly over the last 3-4 decades making a valuable contribution to our understanding of the difficult problems of democratic participation in these relatively large organisations.

Professor Banks is Emeritus Professor of Sociology at Leicester University. Rob Mears was Professor Banks' Research Associate at Leicester, and is now at Nene College, Northampton.

ACKNOWLEDGEMENTS

Although the authorship of this book has been a genuinely joint effort, so that the ordering of our names is alphabetical merely, much of the original research on which it is based was carried out by Rob Mears, who interviewed the Board and other members of three Co-operative Societies and other Co-operators elsewhere, and made a special study of the history of Co-operative amalgamations over the past twenty years. The authors are therefore indebted to the Social Science Research Council who provided the funds which made it possible for him to be employed for two years on the work. We are also indebted to the library staff of the Co-operative College and to those Co-operators who were prepared to be interviewed and to comment on the typescripts of the interviews which we sent them. Above all, we are indebted to all those who provided us with the necessary opportunities to get the interviews under way and therefore to give body to what otherwise might have remained historical and documentary research.

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CHAPTER ONE

THE RISE AND CONSOLIDATION OF CONSUMER SOVEREIGNTY

The world Co-operative Movement - or, at least, that part of it which is affiliated to the International Co-operative Alliance - owes allegiance to a slightly modified version of those principles of moral organisation which were apparently the dominating ideas of the men and women who formed the Rochdale Society of Equitable Pioneers in 1844.(1) These Pioneers for their part owed allegiance to the community-building vision of Robert Owen and, indeed, in their original rules affirmed that 'as soon as possible, this Society shall proceed to arrange the powers of production, distribution, education and government; or, in other words, to establish a self-supporting home colony of united interests, or assist other Societies in establishing such colonies'.(2) Owen's original 'Plan for the Relief of the Poor and the Emancipation of Mankind' in 1817 had labelled such home colonies 'Villages of Unity and Mutual Co-operation' and envisaged them as inhabited by 'from 500 to 1,500 persons, averaging about 1,000'. They were intended primarily to rely upon agriculture but would contain some buildings 'for mechanical and manufacturing persons'.(3) There was no reference here to consumption or consumers as such, or to shopping; and it is clear that the store which the Rochdale Pioneers themselves established was not only a device merely whereby their more ambitious aims were to be realised, it was but one amongst others, for they referred in their rules also to building and purchasing houses for their members, to the commencement of the manufacture of articles for the employment of their members, to the purchase or rent of an estate, or estates, of land to be cultivated by their members, and to the opening of a temperance hotel.

Owen's Plan, of course, was doomed to failure from the start. In England and Wales alone the population increased from 12,000,236 in 1821 to 15,914,418 in 1841.(4) To succeed in the aim of creating a whole society composed of villages of unity and mutual co-operation, the Owenites would have been obliged to establish on average 195 completely new and quite viable home colonies every year during this twenty-year period, merely to have kept up with the growth of population, quite apart from tackling the equivalent of 12,000 such colonies which constituted the people already living in the country when Owen launched his Plan on the world. Some alternative to the community ideal had obviously to be developed, were the newly experienced difficulties of the factory workers of nascent industrial Britain to be met. The Rochdale Pioneers' contribution to this problem was, unwittingly, the Co-op shop. By 1841 some 45.9 per cent of the total population in England and Wales was recorded as living in urban areas, not rural villages, and this proportion increased steadily to 77.9 per cent over the next sixty years,(5) while the total more than doubled to 32,527,843 in 1901. That kind of retailing which had been adequate for the village, the market town, and the small urban communities of the eighteenth century and earlier had necessarily to be expanded for this sort of urban population growth; and by the beginning of the twentieth century the system of large-scale wholesale and

retail networks, departmental stores and multiple shops was clearly in evidence, with the Co-operative Wholesale Society (founded in 1863) and an ever growing number of Co-operative Retail Societies and Co-op shops showing prominent in this shopping complex, (6) possibly because the most consistent and widespread demand from such a population was for cheap, yet reliable, groceries for the working-class table.

The Rochdale Pioneers' Society itself grew from 28 members in 1844 to 10,613 by 1880, and its sales rose from £710 in 1845 to £283,655 at the latter date. By this time there were 971 retail Co-operative Societies in Britain, organised more or less in terms of the Rochdale Principles, and composed of 547,000 members. In 1901 the comparable figures were 1,438 Societies and 1,793,000 members. (7) As the first chronicler of this growing Movement emphasised, 'the Rochdale Pioneers founded a new form of Co-operation.... They had no idea of founding a race of grocers, but a race of men. Communism suffered incarnation in their hands, and the new birth was the co-operative store.' This, to be sure, was for this particular author 'a far lesser creation', even if it had achieved much and continued to provide the resources for activities which exemplified communitarian aims, such as the provision of educational services for a Society's members. Indeed, because the object of the Pioneers, as he interpreted it, was 'the emancipation of labour from capitalist exploitation', he singled out the Co-operative Wholesale Society for special criticism in terms of not carrying out what for him, and some other Co-operative critics at that time, was regarded as a fundamental principle of Owenism, the 'division of profits with labour'. Where the interests of the purchaser were not recognised by a store or where the interests of the workmen were not recognised in production, there was from this point of view no Co-operation and 'the assumption of the name is misleading'.

What such critics at the turn of the century claimed was that the Rochdale Principle of returning to member customers most of the profit - that is, the surplus left to a Society when its income over a trading period was balanced against its expenditure - calculated in the form of a dividend on these purchases from it over this trading period, was insufficient. 'If the directors of the Wholesale add to their other great achievements the revival of participation in the profits of labour in their productive works, they may increase their profits, command the goodwill of the whole labouring community, and win a more splendid repute than was accomplished by Robert Owen at New Lanark'. (8) Although those critics disapproved of it, they had in fact recognised what had been happening to the Co-operative Movement as a consequence of its success in the retail field. The C.W.S. and the retail Societies in their shops, their bakeries, their dairies and other such production units had elevated consumers' democracy to become the basis of Co-operation rather than workers' control. (9) The essential characteristic of this conception, in so far as Co-operative employees were concerned, was that there was nothing to stop any of them from becoming a member of the Society which employed him or her - or, in the case of the C.W.S., of a Society which was a member of that Society - and by shopping with it to have exactly the same rights as every other member with respect to receiving dividends on their purchases, whereas it was never likely to be possible

for every member of such a retail Society to obtain employment with it, so that those members who were not also employees could not have equivalent rights to those who were, if some of the surplus were paid over to the latter as a kind of dividend on wages, on what their labour had made or saved for the Society. Indeed, the chairman of the C.W.S. complained to Beatrice Potter in 1889 that many of its employees already spent the 'fair' wages they received in private shops rather than in those of their local Co-operative Society, the members of which had provided the funds to make the C.W.S. production possible; (10) and what was true of the C.W.S. at that time was also probably true of the employees of the retail Societies, whether they were occupied in productive departments or were shop assistants.

This should not be read to mean that there was no problem about the Movement's relationship with its employees by the turn of the century. Originally, of course, as in the case of the Rochdale Society of Equitable Pioneers, there had been no employees. Various member volunteers took their turn in the evening, after work, and at other times, to serve in the store as part of their personal contribution to the success of the Society; and they might often enthusiastically 'preach self-denial and prudence to their few stray customers'.(11) The great expansion in retail Co-operation, however, meant that by 1913 there were 76,863 employees engaged in distribution for the retail Societies and 24,969 in production and services, 5,601 distributive employees in the C.W.S. and the Scottish Co-operative Wholesale Society (founded in 1868), and 27,078 in their production and service departments.(12) 'Fair' or not, the wages of these employees were far from good, even if slightly better than in the distributive grades generally, where they were low, where hours were long and conditions of work and living-in were poor. In the 1880s some Co-operative employees began to form viable trade unions, coming together eventually in the north of England to form the Amalgamated Union of Co-operative Employees in 1895. This body amalgamated with the Warehouse and General Workers' Union, chiefly responsible for organising workers in the wholesale trades, whether their employers were Co-operatives or not, to form the National Union of Distributive and Allied Workers in 1921; and in its turn N.U.D.A.W. amalgamated with the National Amalgamated Union of Shop Assistants, Warehousemen and Clerks in 1947 to form the present Union of Shop, Distributive and Allied Workers.

Such development of trade unionism and the collective bargaining associated with it is of no special concern here. What is much more relevant for understanding the nature of consumer democracy are the results of the campaigns by N.U.D.A.W. and the U.S.D.A.W., mainly successful by the 1950s, to achieve three important changes in the status of Co-operative employees; superannuation, the closed shop, and full membership rights. The last of these is especially relevant. In 1920, although employees were not prevented from becoming members of the retail Societies which employed them, the right of employee members to seek election, and be elected, to the management committees of these Societies

was accorded in the rules of 29 Societies only. By 1925 this number had been raised to 65, and then to 76 in 1929, to 111 in 1939, to 146 in 1945, and 257 in 1955,(13) not wholly perhaps as a consequence of union agitation but obviously partly in response to it. The relative size of a Society seems to have been a major factor in determining whether or not its members have looked favourably on the idea of removing the barrier on employee participation of this sort. In 1955, for example, only 21 per cent of Societies with over 20,000 members had a rule which completely prevented their employees from standing for election to the management committee, whereas such a rule was much more common in Societies with a smaller number of members, 68 per cent of them at this time. The significance of the rule lies in the fact that where employees have enjoyed the right so to stand, some of them have exercised it. That they have always constituted only a small fraction of the total membership has not prevented them from contesting elections successfully. 'The employees, in their unions, are better placed than ordinary members for exercising influence and electoral arrangements usually facilitate employee voting.... It is no accident that full membership rights usually lead to boards on which the employees form a majority'.(14)

Yet this has not meant the substitution of some sort of workers' control in place of consumers' democracy. On the contrary, probably the most striking characteristic of the employee members of the management committees of retail Co-operative Societies is how few of them, relatively speaking, are workers in the manual, or rank-and-file sense - shop assistants, milk roundsmen, warehousemen, routine clerks, etc. In 1955, for example, the results of a questionnaire enquiry demonstrated that out of a total of 218 employee members of a number of management committees, 43 were departmental managers and 86 branch managers; that is, nearly 60 per cent of the employee 'representatives' were of managerial status.(15) The N.U.D.A.W. campaigns, it might reasonably be claimed, seem mostly to have benefited those employees who were not likely to be members of that union because they were eligible to join the Co-operative Branch Managers' Association or the National Union of Co-operative Officials. More specifically, from a study of the elections between 1945 and 1954 in a Midlands' Society, where there was no rule debarring employees from serving on the Board of Directors, it is clear that while rank-and-file employees had a slight electoral advantage over non-employees, the chances of the latter contesting an election successfully were no more than half as great as those of the managers and officials. In a total of sixteen elections altogether roughly 60 per cent of the candidates had been employees and 28.2 per cent of these were elected to the Board, as compared with 17.2 per cent of the remaining candidates. 54 per cent of the employee candidates were managers or officials. 34.7 per cent of these were successful, as compared with 20.5 per cent of rank-and-file employee candidates. At that time the total number of managers and officials, employed by that Society, constituted about 9 per cent of the total number of employees and less than 0.3 per cent of the total membership. Nevertheless, this tiny proportion of the whole had managed to be in the vanguard of contestants by putting forward the largest single category of candidates; and insofar as the analysis of a single election, that of April 1954, is any guide, they appear to have captured a large non-employee vote, as well as no doubt having some rank-and-file employees vote for them.(16)

This 'representation' of different categories of member should not be misinterpreted, since there was no evidence in that election of the existence of any kind of managerial 'party' or pressure group, operating in that Society. Cliques there were no doubt, since these often appear in all large-scale organisations, but 'such loosely structured groups usually enjoy only an ephemeral existence and their activities are shrouded by a thick veil of secrecy', (17) which it is difficult for the outsider to penetrate in order to find out something about how they operate and how influential they are. It seems that these temporary associations of a small number of people are largely united by the conviction that one of their band would make a valuable Board member, not necessarily because they have a special interest they wish to see furthered by this means, but certainly because they are concerned that their Society should be directed by those sorts of people who, they believe, will do the best for it in terms of running it as an effective organisation. Their emphasis, in brief, is on what is perhaps best referred to as a meritocracy (18) - government by those who deserve recognition for their efforts because they achieve, or are believed to achieve, what the electors in this instance think the best possible in the circumstances. Hence, the disproportionate success of 'managerial' candidates should not be interpreted as evidence for the occurrence of some sort of managerial revolution, or coup, within the Co-operative Movement, but rather as evidence that the great bulk of Co-operative members are sufficiently content, or sufficiently indifferent, to allow their Societies to be controlled by Boards of Directors containing managerial and official personnel; and the tiny proportion of members amongst them, who take the trouble to vote at elections for these Boards, are in this much of agreement with the rest that on average they prefer apparently to cast votes for 'managerial', as compared with 'rank-and-file' employee or 'lay' candidates, as best suited to exercise such control.

This reference to the tiny proportion of members who at any one election are voters, to what is sometimes interpreted as 'apathy' amongst the Co-operative electorate, needs further elaboration. In 1933 when Alexander Carr-Saunders and his academic colleagues surveyed a presumably haphazard sample of Societies, they found a range of from 0.39 per cent of the members of the Birmingham Co-operative Society voting for their management committee (Board of Directors) to 18.17 per cent in the case of the Barnsley British Society, or, since this instance of 16,000 voters may seem to be rather atypical, to 11.60 per cent in the Oakengates Society, at a time when Birmingham had 164,646 members and Oakengates 5,600. (19) That there was, in general although not in every case, an inverse relationship between the size of Societies and the proportion of their members voting for the Boards of Directors appears to have been confirmed in 1954 when 37 of the original Societies, from which such figures had been obtained 21 years earlier, were surveyed once more. The following Table demonstrates not only the inverse relationships but also a decline in the proportion of members voting over the period.

TABLE I VOTING AND SIZE, 1933 and 1954 (20)

Size Range of Societies	Percentage of Members Voting		Decline 1933-1954
	1933	1954	
1,000 and less	5.11	3.43	1.68
1,001 - 10,000	4.64	2.70	1.84
10,001 - 50,000	3.03	1.62	1.41
Over 50,000	1.65	1.56	0.09

Although no firm conclusion about 'trends' may be validly drawn from information about only two points in time, this Table may be read as an indication of what appears to be an endemic characteristic of voluntary democracies, namely, that as their membership grows in numbers the proportion of members who exercise their democratic rights seems always to fall. In the present context this may be interpreted to mean that as retail Co-operative Societies get larger, whether through successful retail trading, amalgamations, simple population growth in the areas from which they draw their members, or some other influence, a very large proportion indeed of those members appear to regard them in almost the same light as they view the Movement's competitors in private and nationalised public trade. They think of themselves more as customers than as members. Although they take the trouble to join a Society, as opposed merely to buying goods and services from it, this is not in order that they may participate in its organisation but simply to receive what other benefits such membership brings, such as the dividend on purchases. Employees, similarly, who are usually required nowadays to join the Society as a condition of employment with it, do not regard themselves as prospective participants; and insofar as they have a special interest, as workers, to promote they usually expect that their trade union will attend to the matter, so that there is no need for them personally to bother about workers' control through direct participation in management. (21) In brief, such indifference has led to the consolidation of consumer sovereignty within the British Co-operative Movement, partly because the tiny proportion of members who are active participants in its government continue to make its voluntary democracy workable, and partly because the managerial and official employees, who take the greatest interest in elections to the Boards of Directors, have what is very much a vested interest in promoting the growth and expansion of Societies within the retail sphere, just as their opposite numbers in private and nationalised public retail organisations have a vested interest in providing effective competition against the Co-op as well as against one another.

For this reason it is important to emphasise the difference between managers and officials in Co-operative employment and those in private trade and the nationalised industries vis-a-vis that Board of Directors which lays down the broad policy decisions they have to put into daily practice, which determines their individual salaries, subject to union negotiation, which decides whether or not they are to be promoted to positions of greater responsibility and reward, and so on. In the case of a nationalised industry the members of the various Boards of Directors are not elected by Parliament but selected for this office by a government Minister, who may possibly take advice on the selection but in no way offers consultation to

managers and officials generally about who their 'masters' are to be. There is thus a simple division between Board members and managers which consists of the latter being obliged to carry out instructions from the former whom they have no opportunity to influence save in the implementation of those instructions. In the case of the private sphere, or at least in that part of it where voting stock is open for sale to the public generally, managers and officials can participate in the election of Board members and indeed stand for such office themselves, if they become shareholders with voting rights. They may, moreover, purchase so many shares that they can exercise a disproportionate influence in such elections, as compared with shareholders who have fewer votes each; but the opportunity so to buy voting stock on the open market does not occur sufficiently often as to make it possible for any large number of managers and officials to purchase even a single voting share, so that their position vis-a-vis the Board of Directors is not very different from that of their opposite numbers in the nationalised industries.

Within the Co-operative Movement the situation is quite distinctive, if only because all members who possess a fully paid-up share of very small pecuniary value automatically obtain one vote and one vote only, regardless of the number of other shares they may have, and all shares are open for any prospective member of a retail Society to purchase at any time. Managers and officials who wish to participate in the government of their Societies, and to sit on its Board of Directors whose instructions they implement, have thus a vested interest in its democracy, which managers and officials outside the Movement cannot have in the government of the organisations which employ them. However much ordinary member and rank-and-file employee candidates may genuinely deplore the rather obvious disproportionate success of managerial and official candidates in Board elections, it can hardly be denied that the consolidation of consumer sovereignty within the Movement owes much to the democratic activities of this type of participant. Nevertheless, the reference above to a management 'revolution' or a management 'coup' may fruitfully be introduced at this point to raise the question of the extent to which perhaps these managerial and official Board members, for all that they have kept consumer sovereignty paramount, constitute less a body of democrats and more an oligarchy, a relatively self-determining body of persons, usually men, who are few in number yet, by nature of their position, are able not only to 'govern' but effectively to 'disenfranchise' the many without necessarily taking their right to vote from them.

The significant feature of such possibly oligarchic control in a large but constantly democratic organisation, where each member has one vote only, is that the kind of democracy which is possible is never that which Sidney and Beatrice Webb called 'primitive' in their study of trade unions, but rather that which they called 'representative'.(22) The emphasis in a system of primitive democracy, where every member is personally acquainted with almost every other member, is that all decisions are made at meetings of members. Hence, when one of their number is elected to speak or act on their behalf elsewhere, they choose him or her as a delegate, that is, one whose duties are understood to be to vote only according to their instructions and to

propose only those measures which they themselves have already discussed and come to a decision about. No doubt when many Co-operative Societies began, like trade unions, their committees were considered to be bodies of delegates, more or less of this sort; but, as with trade unions, once they grew in size so that members could no longer be acquainted with one another personally, delegation was replaced by representation. Here, the emphasis is on the discretion permitted to the representative to be influenced in decision-making by the views of other representatives - the other committee members, for example. The crucial characteristic of this discretionary conception of democracy is that representatives are expected to report back to the members to explain why they had chosen to act in the way that they did rather than in some other possible way; and although such reporting back by committees is usually collective rather than individual, members of Boards of Directors are expected to be present on the platform at members' meetings and are expected to answer questions which may be directed at them personally from the floor or through the chairman.

Of course, there is little that can be done at this stage about whatever decisions have already been implemented; but if the members are dissatisfied at the Board's conduct or at the conduct of any member of it, they may be induced to put up new candidates for the next election, so that the voters can decide to support some other person, or persons, who they think are likely to represent their views more adequately. Because the Board of Directors must report back to meetings of the members of retail Co-operative Societies at least twice a year usually, it is difficult for managers and officials to become an effective oligarchy, even supposing that they might wish to. Looming over every Board there is a much larger body of voters, potential candidates for office, critics at members' meetings and elsewhere, all insisting that the Board lives up to its responsibility of always being accountable to the members. For this reason Co-operative Societies may correctly be said to be governed by rather more than an oligarchy. The activists in Co-operation, 'lay' and 'employee' alike, constitute a genuine polyarchy, government by many, even if that many is not so large as primitive democrats in the Movement would care to see.

The managers and officials who participate in the government of retail Co-operative Societies are, therefore, constrained in two ways to maintain consumer sovereignty at the present time. On the one hand, the members of the Society, as customers, may vote with their feet, so to speak, by shopping elsewhere if their local Co-operative store does not provide the goods and services they would prefer to have. On the other hand, a small but active and vocal section of the members, as polyarchs, may become a thorn in their side at meetings, may vote them out of office, if the Society does not achieve the kind of results which they would prefer to see. Sometimes, of course, these two influences on the managers and officials coincide, when the majority of the polyarchs actively pursue roughly the same purposes as the majority of customer members appear to have in mind. Sometimes they conflict when, for example, the polyarchs want the Society to concentrate on certain services - in the field of member education, say, or Co-operative politics - which are at best a

matter of indifference to the customer members, save when they can be seen to be rather more expensive than they care to contemplate. In this latter case the managers and officials who sit on the Board of Directors, as meritocrats, may well be in the position of determining crucial decisions, as indeed they often are in economic and trading problems facing a Society at any point in time. In such a case their vested interest in economic success may lead to a decision mainly by reference to customer attraction, which is, of course, nothing more than a further emphasis on the consolidation of consumer sovereignty.

When, then, the Working Party on Developing Lay Leadership reported to the Education Executive of the Co-operation Union in 1975, expressing its alarm at the extent to which the members of Boards of Directors 'are too often elected and re-elected almost automatically in the absence of competition for office', and concluded that: 'We recognise, and we wish the Movement to recognise, the value of the service that they render - but the Movement must not continue to rely on such a small group of lay leaders', (23) it was not merely expressing concern about the managerial and official meritocrats exercising too much influence on the Movement's affairs even without becoming Board members, it was also by implication questioning whether consumer sovereignty of the sort which such meritocrats have enhanced, and have a vested interest in enhancing, was what a polyarchy, composed of a greater number of activists than at that time prevailed, would also want to see maintained. Concern about managerial influence in the Co-operative Movement in the last quarter of the twentieth century is, that is to say, concern about the nature of its consumer sovereignty. The Movement's experiences over the period since the end of the Second World War therefore require further investigation in these terms.

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16. Percentage calculated from J. A. Banks and G. N. Ostergaard, 'Co-operative Democracy', Co-operative College Papers, No. 2 March 1955, Appendix II, p 65. Tables 17 and 18 in the text, pp 37 and 40, give figures which result in slightly different percentages. For the 1954 election analysis, see pp 40-1.
17. Ostergaard and Halsey, op. cit., p 103. The whole of the chapter on parties and pressure groups in Co-operative government deserves much more attention than it has customarily been given.
18. The neologism 'meritocracy' was coined by Michael Young in his The Rise of the Meritocracy, 1870-2033, Thames and Hudson, London, 1958. He emphasised as crucial the introduction of compulsory education in Britain and the abolition of patronage in the civil service, but the concept is capable of wider application.
19. Percentages calculated from Carr-Saunders et al., op.cit., Figure 31, pp 252-3. Barnsley had 88,030 members at that time.
20. Percentages calculated from Banks and Ostergaard, op.cit., Table 13, p 22. In 1954 Birmingham with 323,528 members recorded an increased electorate of 0.49 per cent, Barnsley with 123,000 a decline to 10.2 per cent, and Oakengates with 10,198 a decline to 4.41 per cent. See Appendix 1, p 64.
21. For the concept of 'workers' control' through the shop steward's effective operation of workplace resistance to the arbitrary authority of employers and their managers, see Ken Coates and Tony Topham, The New Unionism: the Case for Workers' Control, Owen, London, 1972, Ch. 4, passim. Needless to say, this was not the concept of workers' control as the basis of Co-operation which the Movement's critics at the turn of the century had in mind. Theirs was what Coates and Topham call 'a total challenge for control of industry and society', or 'self-management'.
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CHAPTER TWO

THE IMPACT OF INFLATION

The term, shareholder, should not be misinterpreted in connection with Co-operative democracy. Retail Co-operative Societies in Great Britain were registered under the Industrial and Provident Societies Acts and not under the Companies Acts. This means that a legal limit is set to the amount of share capital a member may possess and the whole or part of the holding may be withdrawn from a Society more or less at a member's will. The interest which is paid by a Society on this share capital is always maintained at a specified fixed rate, usually not very different from what is obtainable from a Post Office or some other savings account. This means that in the history of the Co-operative Movement since 1844 what has fluctuated with the trade cycle has been the dividend which Societies have returned to their members for every pound of their purchases, not the interest on the capital they have invested. Insofar, then, as Co-operative democracy has also had a cash nexus, implying a sense of economic justice, this has operated by reference to the members' trade with the Society and the monetary reward they have received for their loyalty in trading with it rather than its competitors in the local, retail market. Such a link is different in kind from that which binds shareholders to joint-stock companies, with which such shareholders often have no business at all beyond drawing their dividends on its trading profits at the end of the financial year.

For so long as the ebb and flow of retail trade after 1844 was marked by both decreases as well as increases in the general price level this difference between Co-operative Societies and private enterprise retail companies had apparently no long term significance for Co-operative competitiveness, because the dividend on purchases paid to Co-operative members would seem to have fluctuated in much the same fashion as the dividend on their invested capital which was paid out to company shareholders. Once, however, continuous inflation became the characteristic feature of the British economy, retail Co-operative Societies found themselves faced with a novel situation in their competition with joint-stock companies. The basis of this can be most clearly seen if, as in the following Table, the surpluses made by Co-operative Societies at the end of the year are expressed as a percentage of their sales during the year and this percentage is compared with what they would have had for paying dividends on the capital invested with them, had they been registered under the Companies Acts and had paid out their profits in the form of dividends on shareholdings. By comparing the five-year period up to the outbreak of the Second World War with a comparable period ten and then twenty years later, it can be seen that the likely effect of inflation was to have made Co-operatives' trade less attractive financially to potential customer members than investment in private companies was to potential capital investors, always supposing of course that the profits made by joint-stock companies were of the same general order as the surpluses made by Co-operative Societies over this twenty-five year period.

As a source of financial return to these members of their Purchases over this quarter of a century retail Co-operative Societies appear to have been 60 per cent as efficient in 1955-59 as they had been in 1935-39 (6.1 per cent expressed as a percentage of 9.9 per cent). As a potential source of return to them for the capital they had invested the Societies were 60 per cent more efficient (26.3 per cent expressed as a percentage of 16.6 per cent). Although it would probably be incorrect to claim that this difference was wholly a consequence of inflation, since there is evidence that some of the larger companies did better in any case, (2) there can be little doubt that the main cause was the extent to which retail margins had been subjected to a continuous series of squeezes through the fall in the value of the pound. While investors in joint-stock companies, therefore, may perhaps have received less in real terms for what they had invested over the period, the

TABLE II - CO-OPERATIVE SURPLUSES 1935-9 to 1955-9(1)

<u>Trading Year</u>	<u>Surplus Expressed as a Percentage of</u>	
	<u>Retail Sales</u>	<u>Share Capital</u>
1935	9.94	16.14
1936	10.05	16.49
1937	9.86	16.58
1938	9.87	16.80
1939	9.85	17.01
Mean of 5 percentages	<u>9.9</u>	<u>16.6</u>
1945	9.76	14.77
1946	9.49	18.31
1947	9.07	18.90
1948	8.03	19.10
1949	7.70	20.28
Mean of 5 percentages	<u>8.8</u>	<u>18.3</u>
1955	6.18	24.38
1956	6.33	26.14
1957	6.37	27.73
1958	5.67	26.58
1959	5.89	26.75
Mean of 5 percentages	<u>6.1</u>	<u>26.3</u>

trend in prices meant for them a steady increase in dividend rates, giving all the appearance of successful investment. Co-operative members, by contrast, received less both in monetary and real terms in the form of dividend on purchases. Altogether this effect was adverse for Co-operative competitiveness; for, while the estimated share of total retail rates undertaken by relatively small retailers continued to fall - from 84.0 to 87.0 per cent in 1904-08, to 77.5 to 80.0 per cent in 1920-24; to 65.6 to 69.5 per cent in 1935-39, to 61.0 to 64.0 per cent in 1952-56 - Co-operative growth, from 6.0 to 7.0 per cent to 10.5 to 11.5 per cent over the half century, fell behind the growth in the share taken by multiple shop organisations and department stores - 7.0 to 9.0 per cent in 1904-08 to 25.5 to 27.5 per cent in 1952-56. Indeed, whereas the Co-operative share of total retail sales in 1952-56 was only a half per cent greater than it had been

in 1935-39, the share of these last competitors had continued to advance by some 4.0 to 5.0 per cent.⁽³⁾

In other words, although full employment, rising levels of living, and changing consumption expectations had enormously affected consumer demand, so that conditions after the War especially favoured the development of retail trade, Co-operative Societies failed to benefit, especially in comparison with the successes of other relatively large-scale retail organisations. The growing home market, improved methods of distribution, extensive advertising, and new management techniques had contributed, albeit in different ways, to make retailing a profitable business venture on the large scale; and it became apparent that multiple shop organisations especially enjoyed the added advantage over Co-operatives that they could, and did, centralise their policy and control activities. In comparison with the hundreds of small and medium-sized Cooperative Societies with different purchasing and pricing policies, the multiples developed a national 'image' with uniform pricing and stockholding. Because of central control the multiples could use to the full their power as large buyers, enjoy favourable terms, and sell at a fixed price in each shop. Also, whilst the Co-operative Societies struggled to provide a comprehensive range of products in an attempt to continue the tradition of being the 'universal provider', their private competitors could limit their range of commodities, and through this specialisation gain advantages in reducing the cost of holding stock.

Another important difference between the Co-operative Societies in Britain and their private competitors was in their attitude towards the number and size of retail outlets. The multiples, interested only in maximising trade, could concentrate on the most profitable position for their shops, usually in the newest, expanding, shopping centres. In contrast, many of the Co-operative Societies operated over sparsely populated rural areas, and, because of the emphasis on service to members and sometimes the organised pressure of sections of the membership, small shops would be kept open in areas that would have been regarded as 'unprofitable' by the multiple chain store operators. By the middle of the decade it had in consequence become apparent to the leaders of the Co-operative Movement that the rate of growth of Co-operative Societies was no longer satisfactory. The continued success of the Movement could not be taken for granted. In 1954 the Central Executive of the Co-operative Union undertook an economic survey of the urgent problems facing the Movement and, in the same year, a committee reported on the re-organisation of the Co-operative Wholesale Society.

Also in 1954, on the recommendation of the Co-operative Congress, a committee was set up to investigate the organisational structure of the Co-operative Union. This activity was evidence of widespread concern in the Movement about its weakening competitive position, and there was 'a restless urge for change when the Executive in 1955 put forward a resolution calling for the setting up of an independent **commission**.'⁽⁴⁾

This was the first, and only, time that a body of 'outside experts' had been called upon to investigate the Movement, and it was described as a 'radical' departure from the Movement's tradition of self-sufficiency'.⁽⁵⁾ There was opposition to the proposed Commission even before it had begun its work. Some delegates wanted an internal inquiry, others wanted an elected committee, one Society wanted an inquiry wider in scope, whilst the Leicester Society delegate declared his opposition to 'tinkering by professors'.⁽⁶⁾ Nevertheless, the resolution setting up the Commission was carried by 8,926 votes to 2,743.⁽⁷⁾ This resolution noted, 'the changing pattern in retail distribution in Great Britain with the continued growth of large scale retailing under national control', and the Commission was charged with the task of surveying, commenting on, and making recommendations to secure the greatest possible improvement in the retailing position of the Co-operative Societies.

The Commission was set up under the Chairmanship of Hugh Gaitskell. It worked for three years, analysing the position of ninety-seven societies doing an annual trade, in 1955, of over £2 million. Its Report, written largely by the Commission's Secretary, Anthony Crosland, was ready for presentation to the 1958 Congress. It had already attracted considerable attention both within and outside the Movement, and it became clear that determined resistance to some of the proposals had been building up among sections of Co-operative activists. Part of the suspicion and mistrust of the work of the Commission can be attributed to a resentment of the criticisms of the Movement by outsiders that seems to have been characteristic of many Co-operators. As the National Secretary of the Co-operative Party described this at the time, 'their Movement, they believe, cannot be accurately assessed by mere economists and statisticians'⁽⁸⁾ - a characteristic which provoked the later comment by one academic that although there 'is often a great willingness to provide the outsider with information and views' their 'protective attitude' to the Movement is indicated by an undoubtedly 'strong conservative element which tends to regard the views of the outsider with some suspicion'⁽⁹⁾

In its evidence to the Commission the Co-operative Union stressed the need for cultivating a closer trading relationship between the various bodies of the Movement in order to ensure Co-operative progress. But the Union's submission warned that 'the Commission will not underestimate the problem of endeavouring to secure, on the one hand, a substantial measure of co-ordination between 1,000 societies with thousands of buyers active in the procurement of supplies for their Societies'⁽¹⁰⁾ The Central Executive of the Co-operative Union felt that the Report was so important, and deserved such serious study and discussion, that late in 1958 it organised a Special National Congress to debate in detail all fifty-one recommendations of the Commission. Sectional Conferences were also held throughout the country during the summer months, and these served the dual purpose of 'elucidating the proposals of the Commission and of sustaining interest in the Report'⁽¹¹⁾ preparatory to the Special National Congress. The Co-operative Union warned in its submission that, 'certain illusions frequently afflict the Co-operative mind. The practical issues are often obscured by overmuch

faith in the efficacy of co-operative principles and practices to secure desirable co-operative expansion in production and retailing. Such faith is worthy, but wholly inadequate of itself to ensure business progress. It must be complemented by efficiency, enterprise and realism throughout the Co-operative structure. (12)

Gaitskell, and the majority of his colleagues, felt that they could provide that necessary efficiency and realism, and they recognised that the Report 'necessarily appears critical in character', because it concentrated on the trading weaknesses of the Movement. The Report began with a statistical analysis of Co-operative progress and a review of development in trade and membership over the recent past. In 1958 Co-operative membership stood at over twelve million, annual turnover exceeded £1,000 millions, and the Movement owned over three thousand shops, two hundred and fifty factories and the largest wholesaling organisation in the country. Yet the rate of advance had slowed down to such a pronounced extent that sweeping reforms were needed to retain and improve the Movement's market share, and, more importantly, to win an increasing share of the newly expanding markets in consumer goods. The Report also restated and analysed three principles basic to the Co-operative Movement: return of the surplus as dividend, fixed interest on capital, and democratic control of societies. It also added a fourth - efficiency. Every retail society was urged to accept the aims of never being undercut in price by competitors, never to sell shoddy or untested goods, and to maintain high standards of service, location and appearance of the shops. The Report predicted increased interest in matters of consumer protection and argued that the Co-op was in a unique position to become 'known in the public mind as the one trading organisation which can be relied upon to take account solely of the interests of the consumer' (13) The nature of the problem, according to the Report, was a combination of factors. As a result of its nineteenth century origins, the Movement possessed a number of inefficient, uneconomic and unmodernised shops. This 'legacy of obsolete premises' meant that often the location of the shops failed to correspond with the geographical pattern of retail trade, and, for historical reasons, the premises were often sited out of town. While prices in Co-operative shops were 'fair' and quality 'variable' there was a tendency towards 'dowdiness' in fashions and a very timid attitude towards hire purchase. The Movement was particularly weak in its sales of consumer durables and other non-food items, and the Commission criticised the conservatism and complacency of those Societies with large reserves who had nevertheless refused to re-invest in modern premises.

The size of unused reserves of some Societies prompted the Commissioners to comment, 'the Co-operative Movement is supposed to be a dynamic trading organisation, not a giant investment trust'. (14) They concluded that the causes of the weaknesses of the Movement's performance lay in, 'deficiencies in management, an irrational structure of retail societies, an absence of sufficient central technical assistance, and the lack of national retail bodies in the dry goods field' (15) The retail Societies were advised to stabilise the dividend payments

to members, set aside a greater proportion of their assets for reserves, adopt a competitive pricing policy and offer higher interest rates in order to raise capital. The Report also contained more detailed proposals covering financial policy, labour relations and the co-ordination of demand, as well as the development of more professional central services by the Co-operative Union, including an expansion of the Finance, and Research and Statistical Departments. Other recommendations to the wholesale Societies included advice to concentrate capital expenditure on retail distribution rather than on production. There were also recommendations for re-organisation of the Boards of the wholesale Societies and plans to create a Retail Development Society. This C.R.D.S. was proposed in order to capture some of the dry goods trade for the Movement, and its main function was to establish a national specialist chain of stores that would be owned jointly by the C.W.S. and the retail Societies.

Although the proposal to create a Co-operative Retail Development Society can be interpreted as a significant move in the direction of centralisation and rationalisation of the retailing operations of Co-operative Societies, the emphasis by the Commission on amalgamations and the role of elected lay members in such circumstances was in many respects even more significant for the future of Co-operative democracy. For its part the Commission investigated the role and function of the elected Boards of lay activists in the Movement, and their relationship with professional management. Also the Report made a series of recommendations concerning the size and number of societies in Britain. Both these sets of proposals set in motion a train of events that was to transform the British Co-operative Movement, and have a series of consequences for Co-operative democracy and member participation in the affairs of Societies. In 1881, when the Co-operative Union started to publish figures about its membership, there were 971 affiliated Co-operative Societies. This number continued to grow until it reached 1,403 in 1901, and from this peak the number dropped very gradually over the next fifty years. In 1955, when the Commission began its inquiry, there were 964 Societies affiliated to the Union, with membership ranging from a few hundred in the smallest Society to over a million in London, the largest.

The members of the Commission were all agreed that this was an irrational misuse of resources because the existence of several separate Societies within a particular trading area led to waste and duplication. The 'senseless' competition between neighbouring societies, especially when their borders overlapped, led to unnecessary costs. Small, rival societies were duplicating costs of distribution and management, and the existence of several separate societies, 'frustrates any possibility of deploying Co-operative capital according to a unified and co-ordinated plan; instead it is deployed quite haphazardly according to the historical accident of existing boundaries, and the fortuitous chance of which societies have the most capital and the more thrusting managements'.⁽¹⁶⁾ The majority Report strongly advocated a rapid reduction in the number of Societies to approximately two hundred and fifty. This was to be achieved through a series of amalgamations on

the basis of the most efficient size of a retail organisation. The Report then proceeded to discuss what could be regarded as the most efficient size for a retail society, and five arguments were put forward in favour of the principle of bigger organisations. Amalgamations will allow, it was argued greater specialisations and the appointment of more highly trained departmental managers, as well as economies achieved through buying in greater bulk. Also economies on overheads, on transport and warehousing could be achieved by standardisation. Given the need for modernisation of premises, the most pressing problem for Societies, especially the smaller ones, was the finance necessary for re-investment. Even where the small unit had the capital, its market might be too small to justify a new development. Although these were said to be 'statements of opinion' they were, it was claimed, supported by the fact that larger scale organisations, over a long period of time, and in almost all areas, were drawing ahead of smaller scale organisations. The Report argued strongly that the days of the smaller organisations were numbered because economies of scale gave an overwhelming advantage to larger Societies.

Members of the Commission were well aware that some of their proposals were likely to be strongly resisted. The prospect of seven hundred independent Societies disappearing into larger units would be bound to lead to protests about the loss of autonomy of member Societies. Implicit in the plans to reduce drastically the number of Societies was the threat to democratic decision-making. If the amalgamation plans were implemented it would mean thousands fewer elected positions on society committees and a reduction in the number of lay men and women actively engaged in Co-operative decision-making. In some ways the writers of the Report tried to anticipate these likely criticisms of their recommendations and provide answers to them. They attempted to predict and pre-empt some of the arguments that would undoubtedly come from the activists in the smaller Societies threatened with amalgamation. Loyal Co-operators would often point to certain facts that showed the small Society in a positive light; for example, the high trade per member or the healthy capital position of many smaller Societies. While not denying these facts, the Commission argued that the main test of efficiency of Co-operative Societies was their trade progress. They therefore analysed the way in which different Societies, grouped according to size of membership, compared with the national Co-operative average in respect of increases in trade between 1948 and 1955. Of the societies with below 2,000 members 244 (66.47%) were below average; 113 (33.53%) were above. Of Societies with 2,000 to 5,000 members, 137 (58.3%) were below average; 98 (41.7%) were above. The proportions were roughly similar in the 5,000 to 40,000 members group, but in the largest group, those with over 40,000 members, 33 societies (58.33%) were above average; 25 (41.67%) below. The Commission concluded that there existed important economies of scale in retailing which most Co-operative Societies were then too small to enjoy.

The most important sector of Co-operative trade was grocery, so in an attempt to develop criteria for judging the minimum

desirable size of a Co-operative Society, the Commission recommended as a first object of policy that Societies should be large enough to achieve significant economies of scale in groceries. Experience suggested that a chain of at least ten, and probably twenty, grocery shops was the smallest unit capable of generating these economies. As there existed over 750 Societies with fewer than fifteen grocery shops, and allowing for those exceptional Societies covering a small and isolated market, the Commission recommended that the great majority of these Societies should amalgamate to form much larger Societies. As the Report commented, 'if each of these centres, with the catchment area, were to come under the control of a single society, and if we allow for some isolated societies ... we arrive at an ideal number of societies of (say) 200-300.⁽¹⁷⁾' The Report dismissed alternatives to amalgamation, such as voluntary federation, regional buying groups, etc., as mere palliatives, and recommended that the Co-operative Union should take 'an explicit new initiative in the matter' to create the conditions favourable for closer union between Societies.

One of the Commissioners, Colonel Hardie, not content with the majority proposals, submitted a Minority Report that advocated even more radical reform of the Movement. Echoing a theme that can be traced back to the Congress Presidential address of J. C. Gray in 1904, Hardie proposed a detailed plan for the creation of two national Societies covering Scotland, and England and Wales. His constitution foresaw the whole of the country organised into two great Societies in which divisions and boundaries and all the associated problems of wasteful competition and fragmentation were overcome. The majority of the Commission rejected the plan for economic and democratic reasons, '... we can see no compelling economic argument for a single national society ... we should have the gravest doubts as to whether "democracy" would retain much meaning or reality within a national society'.⁽¹⁸⁾ Even if they had sympathy with Hardie's goals, they probably regarded such a sweeping proposal as politically unacceptable to the Movement. Consequently little was heard of the issue until 1979 when it was resurrected by Howard Perrow in his address to Congress. Once again it sparked off intense debate about the advantages and disadvantages of national unification of the retail and wholesale Societies which will be taken up later.

In considering the possible erosion of democracy as a result of the Movement pursuing a policy of amalgamation, the Report claimed that, 'the principle of sovereign unit would be fully preserved even though the units would now be on the average larger'. The Report conceded that, 'it is true that the figures of member participation appear to decline as size increases; but we do not hold this to be a sufficient objection'. As far as the Commission members were concerned 'the greatest possible trading efficiency ... should form a central part of Co-operative ideology'. This is entirely understandable, given the composition of the Commission, their areas of expertise, and the fact that the remit of the Inquiry specifically excluded consideration of the democratic government of Co-operatives. This was an Inquiry concentrating on the conditions necessary for an improved economic performance and, 'if a conflict does in fact arise between participation and efficiency it can perhaps be resolved by action to increase participation. Thus, in the case of

amalgamation the right answer is not to sacrifice efficiency, by rejecting amalgamation, but to accompany amalgamation by an intensified effort to maintain or increase member-interest ... if ... a choice has to be made, it should not automatically be made in favour of participation and against efficiency ... a low participation need not mean that democratic control is lost'. (19)

The Commission members must have realised the controversial nature of their recommendations, and they seemed aware of some likely responses to their proposals. They claimed that parochialism, timidity, conservatism and a failure of nerve made the sweeping measures they advocated necessary. In urging the Union to initiate bold action on amalgamation the Report stated, 'although ... we are well aware that action from the centre sometimes arouses hostile reaction locally, we have concluded that the risk must be taken if the existing deadlock is to be broken'. (20) An enlarged Research and Statistical Department should carry out a national economic survey based, not on Co-operative Union districts, but on the flow of trade. It should, said the Report, employ the criteria as to economic scale of operation and not, as most previous surveys had done, statistics of trade per member, level of dividend and financial results. The survey should include those areas covered by Societies that refused to collaborate and should lead to specific plans for larger units. In most cases the fears of many committee members, managers, employees and consumer members could be allayed. Members must be guaranteed the final decision and, as long as employee interests were safeguarded and senior officials were guaranteed new positions or adequate compensation, the Independent Commission anticipated few problems in seeing the desired results. It even suggested that member participation could be retained if amalgamated Boards were retained as District Boards to help keep alive a sense of local identity and loyalty. The Sectional Boards of the Union would, it was suggested, play a prominent role in promoting amalgamation and they should be charged with compiling annual reports to Congress on the progress of the mergers, listing those Societies that had rejected closer union.

For present purposes little value will be served in labouring this discussion. As Geoffrey Ostergaard and Chelly Halsey commented, the Independent Commission's report, 'as befitted its authors, was essentially an economists' document. Although many of the problems examined were of a constitutional character, the Commission's terms of reference prevented it from dealing directly or in any detail with the democratic aspects of the Movement'. (21) Within these terms of reference, nevertheless, it may fairly be said to have been, in the words of a Co-operative College tutor, 'a well-chosen commission' even if it lacked and could not have included 'members such as the Webbs, with a life time of study, contacts and understanding of the Movement, as well as their nose for constitutional problems and their ability to solve them. For the problems involved were more constitutional than economic, as subsequent debates showed'. (22) The consolidation of consumer sovereignty as the basis of democratic advance towards the Co-operative Commonwealth, had provided the Movement with a nineteenth century legacy, dividend on purchases as the instrument of

economic justice, which had now become more of a hindrance than a help, as inflation continued to benefit its competitors in the retail market. Willy-nilly after 1958 the active members of Co-operative Societies found themselves obliged to accept the emphasis by the Independent Commissioners on the need for amalgamations between Societies as the only effective way in which the Movement could meet the challenge of its time. What this meant for the democratic constitution of Co-operation and for member participation remains to be discussed below.

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CHAPTER THREE

THE COURSE OF CO-OPERATIVE AMALGAMATIONS

The Special Congress of the Co-operative Union was held in November 1958 to debate the recommendations of the Independent Commission. It was clear that the amalgamation proposals were the most controversial and unpopular measures advocated by Gaitskell and his colleagues. In a carefully worded resolution, the Executive asked Congress delegates to endorse the basic principles of amalgamation and asked for the powers to 'assume the responsibility of conducting a detailed national survey of the whole problem'. (1) Undoubtedly the Executive had to tread cautiously on this issue and it was important for supporters of the survey to bend over backwards not to be seen as threatening small and medium sized Societies in any way. If the resolution was to be passed by Congress and heeded by member Societies, there had to be repeated assurances that no mergers would be forced on smaller Societies. A speaker from the Executive tried to allay such feelings early in the debate by saying,

'I want to make it clear that the Central Executive share the view of the Commission with regard to voluntary amalgamation. There can be no question of compulsion. It is the ultimate sovereign right of every society to decide its own destiny. We believe that the reduction in the number of societies suggested by the Commission to 200-300 should not be an object in itself or anything to be done without the willing consent of efficient societies. Fears of extermination under a ruthless plan of amalgamation are entirely unfounded'. (2)

Despite such assurances, the leaders of the Movement were determined to prevent a further decline in the Co-operative share of retail trade and the solution, as they saw it, was to emulate their major retailing competitors. The multiple chain stores that had developed in the nineteen fifties showed, it was claimed, all the evidence of co-ordination and amalgamation that Co-operative Societies sorely lacked. In contrast to its capitalist rivals, the Co-operative Movement was described as a

'vast unco-ordinated empirical structure shaped as such by historical accident as by geography and economics. To anyone not involved in local loyalties it cries out for rationalisation ... Look at our competitors: mergers and amalgamations are continually going on, and we see evidence of co-ordination and amalgamation by our competitors almost quarterly... We suggest that amalgamation and co-ordination are the way to achieve our ends ...' (3)

According to the supporters of the Gaitskell Report the route to commercial success lay in radically modernising the Co-op's managerial structure, centralising its buying policies, utilising its resources more efficiently, and rationalising the number of Societies. It was almost inevitable that these plans provoked serious opposition, which came predominantly from delegates representing smaller Societies. At the 1955

Annual Congress, representatives from some of the small and medium sized Societies had expressed their disquiet about the setting up of the Commission, as they felt that it would speak only for the interests of the larger Society. Their worst fears were now confirmed and a delegate from Rushden Society said, 'it is fairly obvious ... that no one really spoke on their behalf because ultimately the small and medium societies are to be sacrificed in order to build up an enormous multiple Co-operative in this country'.⁽⁴⁾ While the Co-operative News was undoubtedly correct in its estimation that 'the co-operative movement can never be quite the same again after this report', its fairly bland assumption that the amalgamation proposals would not weaken democracy because 'the only things which could weaken co-operative democracy would be for co-operators to lose faith in themselves, or for co-operators to refuse to adapt their methods to a changing world',⁽⁵⁾ was not how the spokesmen for the smaller Societies saw the issue.

The opposition to the amalgamation proposals took several forms. One argument advanced at Co-op meetings and Congresses was that the eradication of at least seven hundred Societies was inimical to the philosophy and principles of the Movement. These critics felt that the strength of the Movement lay in its diversity, its local loyalties and its service to villages and small towns. The amalgamation policy and the consequent increase in size of the average Co-operative Society was a blow against these principles and everything the Movement had previously represented. As one delegate said,

'We do not accept the philosophy that to make this Movement modern we have to destroy many efficient societies. We do not accept the criterion that fifteen shops is the balancing figure which should decide whether a society should continue or go out of existence ... size is no criterion whatever of efficiency and effectiveness. The Commission, however, base themselves on the idea that only the biggest organisations can live in this country in the years ahead. That is something which we, and many other societies, cannot accept as a philosophy of life, especially in relation to the Co-operative Movement'.⁽⁶⁾

A second major plank in the opposition argument was to challenge the economic predictions of the Commission and to question the alleged inefficiencies of small Societies. A recurring theme in Congress debates was that size alone was not an acceptable criterion of economic efficiency and that so-called 'economies of scale' might be offset by the inefficiencies inherent in more heavily bureaucratised societies. Typical of this type of argument were the remarks of a delegate from the Rochdale Society:

'I submit that there are many societies with only one, two or three shops which are working to the satisfaction of their members and paying them relatively good dividends ... There are hundreds of cases up and down the country where societies are working efficiently and making progress, but there are 750 societies with fewer than 15 grocery

shops. On the question of amalgamation the Commission put the emphasis on the size whereas it should depend on the economic condition and efficiency of societies and on whether or not in some cases there are possibilities of development'. (7)

Another delegate from a Society with just ten thousand members attempted to shift the argument to attack the performance of large societies; 'when we look at some of the larger societies ... we find that their trade per member is nothing by comparison ... it is the smaller and medium societies ... which have much to offer this great Movement'. (8)

As well as proclaiming the efficiency of the smaller unit, several delegates attempted to challenge the rationale for further amalgamations. The reformers in the Movement thought that constant reiteration of the 'hard facts' about the decline in the Movement's share of trade, coupled with a bold plan to rationalise Society operations, would convince all but the most stubborn co-operator of the need for a rapid series of mergers. Instead, their arguments were countered by those who felt that increased size could lead to greater inefficiency, difficulty in securing sufficiently well-trained managers, and all the problems associated with a heavily bureaucratised organisation. One delegate claimed that:

'a small society which is properous is easier to run than a large society, and, in my opinion, easier to run efficiently ... The members often get better service ... usually the dividend is higher and many other things pertaining to the society are better. Very often the average purchase per member is higher. My own society is proud of the fact that we have almost the highest figure for purchase per member of any society in the country. If any society tries to swallow Reading we shall give them indigestion because we are 75% backbone and 25% muscle; we feel we are making a good job of it and giving our members good service'. (9)

Such fighting talk was applauded enthusiastically by sympathetic delegates from other small Societies and they were typical of the comments of many Co-operators. Yet, the protests of the delegates from the small and medium sized Societies were to no avail, and the resolution empowering the Executive to carry out an Amalgamation Survey was passed by Congress by 9,419 votes to 1,011. Given the strength of the opposition to the amalgamation proposals, the Central Executive of the Co-operative Union reacted in a lukewarm way and made it clear that it did not:

'see eye to eye with the Commission on all aspects of the amalgamation problem... the Central Executive is not of the opinion that a survey should be designed to accomplish the objective of reducing the number of societies to between 250 and 300. Nor is the Central Executive satisfied that formulas can be devised on the basis of minimum size, reference to number of shops, nor in relation only to catchment and shopping centre conceptions'. (10)

The Executive, no doubt recognising the problems ahead, said that,

'the human side of the amalgamation question is as important as its organic aspects. The way in which the Central Executive has authorised the survey ... will ensure that adequate consideration is given to all elements which might contribute or detract from amalgamation developments'.(11)

A recurring theme in Congress debates about the amalgamation proposals was the fear that the Central Executive would attempt to force societies to merge. An opponent of the plans claimed that,

'the original proposal ... must involve, if carried to its logical conclusion, compulsion. It is not possible to get rid of several hundred societies without compulsion. We think that there are many good small societies which should be kept in existence; the mere fact that they are small does not make them a blot on the co-operative landscape'.(12)

This fear of compulsion was a powerful argument in the hands of the opponents of reform, and the delegate stressed that the logic of the merger plans would lead to dictation from the centre. The supporters of the Independent Commission tried to allay such fears, but one declared bluntly that 'the Co-op Union will have to be ruthless in its attitude to societies where amalgamation is necessary, and there will have to be some way in which compulsion can be introduced'.(13) According to the official Report of Congress Proceedings these remarks were greeted with 'cries of dissent' yet the speaker went on to attack the opponents of the Gaitskell recommendations:

'we have first of all to break down the parochial instincts which have been developed over a period of years in the average board, who have no intention of abandoning their little responsibility'.(14)

The debate polarised along several lines. Firstly, there were those who attacked the plan to eradicate seven hundred societies as inimical to the traditions of localism and voluntarism that could be traced back to the foundations of the Co-operative Movement. Closely linked with this was the argument about democracy and control. According to the opponents of amalgamation, the small and medium sized Society allowed the fullest expression of member democracy. Not only was a relatively small membership conducive to loyalty and a strong feeling of identity with the Society, but it also encouraged high rates of participation and was, therefore, more 'democratic'. Large Regional Societies would, it was claimed, lead to a concentration of control in fewer hands and a diminished role for the lay leader. One delegate said:

'We are also fearful that if the number of Societies begins to decrease rapidly, the control of our Movement will have gone, and ultimately we ordinary people will have little or no control over the

Movement. The small societies are an irritant at times, but they are often a safety valve, and it would be quite wrong for the Movement to be in the hands of fewer and fewer people'. (15)

The argument over democracy and control was also expressed powerfully by a delegate from the Rochdale Pioneers Society:

'This is not a question of amalgamation; this is a question of control. We have to ask ourselves, and especially those of us from the small societies, who in future is going to control this Movement? It cannot be denied that the whole substance of the Report of the Independent Commission, not simply on the question of amalgamation, is the handing over to whole-time officials of the executive and managerial control of this Movement ...

It may be that if these amalgamation proposals are carried out, the whole control of the Movement will be in the hands of 15 societies and 15 officials. They will have control of the largest organisation of its size in the world'. (16)

Another delegate attacked the proposals because they would, if implemented, be the start of a process that would lead to the creation of a single national society. In a speech that now seems almost prophetic, he said:

'If we reduce the number of societies to between 200 and 300, the next step will be to reduce the number to 75 and then to 50, until we get to the single society envisaged in the Minority Report. We are fearful of this idea of a national society, which has been promulgated from time to time in Congress and elsewhere'. (17)

As the debate progressed delegates favouring the amalgamation plans tried to answer these points. They denied that there would be any compulsion or central direction from the Central Executive, and they claimed that the debate was about the principle of amalgamation and not about any particular number of societies. However, few contributors to the debate answered the arguments about 'control' and 'democracy'. Instead the economic argument was uppermost, with supporters of the Commission restating the 'hard' evidence about the financial plight of small societies. A delegate commented:

'if we ... do not legislate for our continued existence in the next century, economic circumstances will determine whether we shall exist or not. The multiples will pick us off one by one ... if we reject the appeal ... we shall be voting for our own death, and, to be candid, we shall deserve what we shall get'. (18)

This warning of the consequences of ignoring the recommendations of the Independent Commission was echoed by a member of the Central Executive, 'with regard to inefficient societies, it can be said with certainty that economic compulsion will make them amalgamate.' (19)

The Co-operative Union's National Amalgamation survey was eventually published in 1960. It envisaged a reduction in the number of Societies from 875 to 307. This was the result of detailed surveys by the Union and it was meant to be the basis of a long-term plan for the concentration of Societies 'into autonomous units of sufficient size to allow the efficient and economic operation and development of co-operative retail outlets.' (20) Those 625 Societies with fewer than 10,000 members were to be drastically reduced to 90 and the recommendations were passed on to the Sectional Boards, which had the responsibility for initiating local discussions between Societies. There is little doubt that the thousands of committee members affected by the Survey Plans had no intention of voluntarily negotiating the disappearance of their own Society, especially when it was flourishing. Opposition to amalgamation was deeply entrenched and the monthly journal Agenda reported how in some areas, the Sectional Boards were being met with blank refusals from Societies to meet and discuss the matter under the auspices of the Sectional Boards. In this instance Agenda was extremely critical of Boards of Management who used the excuse of 'lack of consultation' in order to justify their refusal to discuss amalgamation. A supporter of the modernisation plans commented, 'Societies which are now refusing to meet and discuss the proposals of the Survey Committee cannot all have voted against the proposal to conduct the National Survey or the majority in favour would not have been so large - 9419 votes for and 1011 against.' It is clear that committee members had voted at Congress in favour of the principle of amalgamation, and they must, therefore, have been convinced by at least some of the arguments of the Independent Commission. Nevertheless, when it came to their own Society, and when their own committee was threatened with extinction, things were very different. Agenda commented, 'on this issue of amalgamation survey proposals there is, therefore, only this left to say - boards must accept responsibility for Congress decisions and whichever way they voted, should support the majority decision by attending meetings called by Sectional Boards to discuss the matter and put their point of view against the proposals.... Merely to refuse to attend a meeting to discuss the matter by saying "our Society would not benefit by amalgamation" is evading responsibility.' (21)

For the supporters of the reforms the progress of the Survey proposals was to prove disappointing. Success was very limited and, although the pace of mergers increased, this fell far short of the recommendations of the Commission. Five years after the publication of the proposals there were seven hundred and four Societies, 447 with less than 10,000 members (see Table 3), and there was determined opposition from small and medium sized Societies to amalgamation. As Bonner commented, 'by the late sixties.... there was little doubt in anybody's mind that it had been almost completely ineffective in a period when the Co-operative Movement's competitors in retailing were becoming

larger and were taking a larger share of the market.'(22)
A central pillar in the programme to modernise the Co-operative Movement was the attempt to get Societies to accept a rational and national plan for amalgamation. By 1967, nearly ten years after the publication of the Gaitskell Report, there were still over five hundred independent retail Societies, yet, despite this slow progress, the Co-operative Union grasped the nettle and introduced their first Regional Plan in an attempt to keep up the momentum of mergers. The Central Executive, in presenting the Regional Plan, warned that, 'the Movement has lost trade to competitors who are able to carry on their business on a more economical scale.... The least Societies can do is to come together and secure the same economies for co-operative members.'(23)
The Plan envisaged the creation of only fifty regional societies for the whole of England and Wales and Ireland, and these were to be centred around large conurbations in order to achieve an optimum size to secure substantial economies in the distribution and sale of food and dry goods. The document argued that only Societies of this size with at least a hundred thousand members, could take advantage of economies of scale. It was claimed that regionalisation would enable Societies to train and employ specialised managerial personnel, raise capital more easily and invest it effectively and cater for the tastes of a more prosperous and more mobile shopping population. The proliferation of small and medium sized Societies in Scotland made the task of including it in the Plan almost impossible, so responsibility for a survey North of the Border was left in the hands of the Scottish Sectional Board, while all the other Sectional Boards of the Union were completely re-organised to take into account the new Regional Societies that were planned.

The first year of operation of the Regional Plan saw a marked change in the pace of mergers, and in 1969 a Congress resolution noted that 'considerable progress towards implementing the plan is being made. In one year the number of retail societies has been reduced by more than a hundred, most of the mergers being stimulated by the Plan.'(24) Whether the increased pace of mergers had come about because Co-operative activists were eventually convinced of the arguments for amalgamation is difficult to judge. It is just as likely that the weakened trading position of smaller Societies had forced more of them into a 'shotgun marriage' because of more intense competition in retailing. The Co-operative share of trade was still declining and the small and medium Societies were suffering greatly reduced profit margins because of the cut-price 'war of the high street'. Nevertheless, a hundred Societies did merge in 1968, the largest number ever in a single year. At the 1969 Congress speakers were predicting a quickened pace of amalgamations and there was the gradual emergence of Societies of regional scope appearing in the South-West, the Midlands, and the North. The President of the 1969 Congress offered an explanation for the slow progress of the Plan, 'the acceptance of change in our Movement is not easy. Our interests are so large and diversified and inevitably a process of enlightenment and leadership is required before acceptance. There are so many in the Movement to be convinced of the rightness of change that this is unavoidably slowed down.'(25)

The prospects of the Movement in 1970 were dismal. Newspapers and magazine articles referred to the 'dying giant of the High Street' and there was considerable concern about the future of many retail Societies. In an address to the Co-operative Party Annual Conference, Crosland, the author of the Independent Commission Report, reviewed the ten years since the Report was published. He said:

'The targets which the Independent Commission considered as reasonable have not merely not been achieved, but they have proved to be wildly over optimistic. We looked forward to an increasing Co-operative share of retail trade, whereas the appalling fact is that from 1957 to 1970 the Co-operative share of trade has fallen by almost a third - from 11.9% to under 8%. Inflation, of course, has meant that most societies' sales have been at least maintained in money terms, so that many co-operatives have failed to recognise the true downward trend of co-operative trade. But it is alas, a real fall, and due to a significant relative improvement in the performance of the Movement's multiple competitors.' (26)

At the 1973 Congress the Regional Plan sub-committee admitted that 'it appears that the progress of the Regional Plan is now virtually at a standstill and the view has been expressed in several quarters that it is now out-dated.' The steam had gone out of the plan and the decline in the number of Societies had slowed down. The modernisers in the Movement found that their attempts at rationalising and streamlining the commercial operations of the Societies were often viewed with mistrust and suspicion. Even when Congress resolutions had been passed with a large majority, there was no guarantee that recalcitrant Societies would follow nationally decided policies and agree to merge in accordance with the regionalisation plans. In 1973 the warnings to Societies were reiterated: 'there is a vital need for urgent action to restructure the Movement so that its enormous resources can be utilised to the full to meet ever increasing competition and insure against the dangers inherent in isolation.' (27) There came, at that year's Congress, the first warnings that the Central Executive was going to attempt to enforce amalgamations between societies over the heads of the elected Directors. Some years earlier, in 1965, the Union had gained the right of access to management committees and members' meetings, in an attempt to overcome the obstacles placed in the path of amalgamation by a hostile Board. Now the Union was threatening to invoke Rule 11 of the Constitution which gave the central body the right to investigate the affairs of affiliated Societies and make recommendations directly to the membership. In taking this step the Union was treading cautiously as it was risking criticism from activists that this was one further step towards the centralisation of power and control of the Movement which many of the independent member Societies had resisted for so long. Ben Parry, the 1973 Congress President, launched a bitter attack on those Societies who were still 'clinging with all the tenacity of vested interest at bay to their separate autonomy' He went on to say,

'.... it is vital that we aggregate our financial resources, marshal the scarce management skills, jettison our vested interests, cast aside our imaginary boundaries and go forward as strong regional and area entities.'(28) In an attempt to quicken the pace of the mergers the Central Executive announced the publication of a second Regional Plan covering Scotland as well as England and Wales. This proposed the further reduction, through amalgamation and re-grouping, to twenty Regional Societies for the whole of Britain.

The course of Co-operative amalgamation throughout this period, it should be emphasised, was accompanied by a parallel series of mergers by the competitors of the Movement in retail trade, as the following Table shows, so that it is hardly surprising to find that there was virtually no change in the Movement's competitive position in spite of the considerable changes which had taken place in its organisation. Its share of the retail market by 1975 was 6.9 per cent, rising to 7.1 per cent in 1976 and falling back to 7.0 per cent in 1977. By this time shareholding represented no more than 27 per cent of the total source of Co-operative funds with reserves amounting to 40 per cent and loans to 33 per cent. The surplus, expressed as a proportion of share capital, had accordingly risen to the almost unbelievable figure of 63 per cent (1976) and 74 percent (1977), while it had fallen to 4.0 per cent of the sales in the former of these years and to 3.7 per cent in the latter.(30) The course of Co-operative amalgamations had failed inevitably to overcome the impact which inflation had made on Co-operative retailing and was continuing to exercise upon it; and the democrats had now to meet in addition the associated problem of a decline in membership. Whereas in 1938 the total membership of the Movement had been 8.1 millions, rising to 12.8 in 1969, by 1976 it had fallen abck to 10.7 millions.(31) The substitution of dividend stamps for the quarterly payment of dividend had not solved the problem, for by this time about one third of the customers in Co-operative Societies were not members, and whereas in the 1950s some 55 per cent of British households contained a Co-operative member, in 1976 this proportion had fallen to 39 per cent.(32) The concern of the Movement's activists about the future of Co-operative democracy stemmed not only from the larger size of the Amalgamated Societies but also from a dwindling source of activists, especially from those who were not managers within Co-operative Societies.

TABLE 3. DISTRIBUTION OF MEMBERSHIP BY SIZE OF SOCIETY (29)

Membership	1955		1966		1977	
	Number of societies	Percentage of membership	Number of societies	Percentage of membership	Number of societies	Percentage of membership
Above 100,000	14	29.5	23	36.69	34	65.4
50,000-100,000	29	17.4	37	18.92	19	12.6
20,000-50,000	81	21.7	92	21.52	47	14.4
15,000-20,000	37	5.5	44	5.86	8	1.3
10,000-15,000	72	7.5	64	6.02	25	2.9
5,000-10,000	146	9.1	115	6.34	29	2.0
1,000-5,000	376	8.3	205	4.24	48	1.3
1,000 and under	209	0.9	100	0.4	21	0.1
TOTAL	964	99.9	680	100.0	231	100.0

TABLE 4. ANNUAL NUMBER OF MEMBERS OF CO-OPERATIVE SOCIETIES, RETAIL AND WHOLESALE COMPANIES 1969-1977 ⁽²⁹⁾

	1969	1970	1971	1972	1973	1974	1975	1976	1977
Co-operative Society mergers	76	88	69	52	21	14	8	1	16
Retail Distribution mergers (Companies)	40	33	44	66	84	16	16	27	27
Wholesale Distribution mergers (Companies)	60	69	82	124	127	66	36	17	26
Total Number (all firms) (excluding Co-operatives)	944	893	961	1,331	1,313	570	388	402	523

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CHAPTER FOUR

THE DISAPPEARING LAY DIRECTOR

Between 1933 and 1954 the proportion of Co-operative members, voting in elections for the Board of Directors in a sample of retail Societies, fell from 4.22 per cent to 2.78 per cent. From the returns from a different sample in 1963 it seems to have fallen further, to reach 0.95 per cent in that year, in spite of the efforts of the Co-operative Union over the period to stimulate local activities. Once again the pattern emphasised in the first chapter of this book emphasised itself. A rather larger proportion voted in Societies of less than 50,000 members than in those of more than this, (1) so that amalgamation of Societies into ever larger units was likely to have an adverse effect on elections. At the same time the disproportionate success of employee, versus non-employee candidates, and those of managerial status, versus rank-and-file employees, continued, at least insofar as the study of a single Society in the North West of England bears witness. (2) The concern of the Education Executive of the Co-operative Union in the early 1970s about uncontested elections was a response to the gradual disappearance of the non-employee director.

A traditional recruiting ground for the Movement's lay directorship had been the 'auxiliaries', the Women's Guild, the Men's Guild, the Mixed Guild and the British Federation of Young Co-operators (BFYC). These bodies provided opportunities for Co-operative activists to meet and organise debates, lectures and socials, and the Women's Guilds in particular were powerful constituencies, whose support during Society elections was often crucial for aspiring committee members. The post-war decline in the Movement's retailing position was reflected in the activity of the Guilds, and, by 1960, the B.F.Y.C. was in a state of collapse and the other Guilds had a dwindling and ageing membership. The Guilds were significant for Co-operative democracy because they drew members into activity by providing a whole range of cultural, educational and recreational activities, and their meetings became in many cases, a training ground in public speaking, the rules of chairmanship and debate, so that their members were equipped with useful skills for service on Society Committees. Along with discussions and lectures the Guilds provided basic information about the trading affairs of the Society and encouraged members to take a keen interest in the quarterly or half-yearly meetings. It is difficult to provide estimates, but impressionistic evidence suggests that the Guilds were the springboard for service on education and management committees.

By 1959 the decline in the Guilds' activity and membership had appeared so serious that the Education Executive, in collaboration with the four Guilds, sponsored a detailed inquiry and commissioned a report to make recommendations for their future development. The author of the report, Brian Groombridge, suggested that the Guilds were widely respected for the task of training the Movement's potential lay leaders. Unfortunately, he did not attempt to discover if the Guilds were supplying more or fewer

leaders in the past, but he commented that 'it would be reasonable to expect that the smaller the auxiliaries, the smaller the pool from which to elect really able and well-informed members of management, education and other committees.' (3) Guild activity was often regarded as an apprenticeship in which the aspiring committee member learned the ropes, developed the necessary skills of committee work, and became a well known personality amongst the activists, and this helped ensure support for such a candidate at Society election time.

The Groombridge Report revealed that the Women's Guilds took very seriously their organic and constitutional link with the Society and 27 per cent of the Guilds were represented at Society meetings by more than half their membership and a third had sent between a quarter and a half of their membership to the previous Society meeting. Very few Guilds sent no members at all. This led Groombridge to comment,

'this proof of the well known earnestness of the auxiliaries shows that the fate of auxiliaries is in part the fate of democratic control of societies in an epoch of amalgamation and increasing society membership. He who cares for the future of co-operative democracy must care about the future of the Guilds; and this is true whether the care springs from a desire to extend member participation, or anxiety lest members' influence should be a thorn in the flesh of progressive trading.'

Following from the Report of the Independent Commission, the Groombridge Report on the Auxiliaries made similar points about the lack of appeal of the Movement for young people and its slow response to post-war changes in patterns of consumption and recreation. Both reports were inspired by, on the one hand, concern with the Movement's flagging retailing performance; and, on the other, with the weakness of its member democracy. The Reports parallel each other in the sense that they both critically appraise the structure, activities and organisation of the Co-operative Movement from differing, but compatible, perspectives. The difficulties of adjusting to changed post-war circumstances had led to a mood of self-questioning and introspection, and a determination to 'modernise' the retailing side. This critical approach was also directed at the auxiliaries, the life blood of lay participation in Societies. The Groombridge Report discovered 'widespread anxiety in the auxiliaries that there are not enough of these people, with their exceptional devotion, intelligence, and sheer physical energy; and even more anxiety that there are not enough possible successors to them to carry on and expand the work which they are doing.' (4)

The Report provided evidence of a declining and ageing membership, grossly underpaid national officers, unattractive Guild meetings, and sometimes a strained relationship between the Guilds and the officials of Societies. Nevertheless, Groombridge argued that, although there were grounds for pessimism, the Guilds could still play an important role, provided they were prepared to experiment with new types of meetings, ensure a balanced programme of events, improve Guild publicity and run

vigorous campaigns for new members. The lack of suitably qualified local leaders could be met by training courses and the Report argued that a new relationship could be forged between the Guilds and officials if, instead of being viewed as 'interferers', Guild members could link trade, auxiliary publicity and public relations, and act as consumers' associations. According to Groombridge, the Guilds were too important for the survival of Co-operative democracy to be allowed to wither away, and a new determination to rejuvenate them would, be claimed, succeed in rebuilding them as a fertile recruiting ground for Co-operative activists. He concluded that 'the survival of the auxiliaries and their expansion is essential to the development of Co-operative democracy and would be an asset to the political health of Britain as a whole.'(5)

The Groombridge Report made little impact, and attempts to amalgamate the Men's and the Mixed Guilds failed, but, even if all the recommendations of the Report had been heeded and acted upon, it is extremely unlikely that the Guilds could have regained the significance and importance they once had. Their principal competitors for influence and power were employees and officials, and the decline in Guild activity operated to the advantage of their major rivals. There was no power vacuum in Co-operative Society affairs because 'the place occupied by the guilds had been steadily filled by employees and officials.'(6) Although the Men's Guild had attracted significant numbers of employees in the thirties, and by and large the two groups - guilds' members and employee activists - were mutually suspicious and, as Groombridge discovered, over 80 per cent of the Women's Guilds had no employee members and the majority of branches made little effort to recruit female employees. The increasing influence of employees and officials in the government of Co-operative Societies, as opposed to lay members, is an important feature of the Movement's post-war history. The tension between those who saw themselves as representing the members' interests in the widest sense, and those whose commitment to the Society sprang from their employment, is still unresolved and forms a backcloth to the major structural changes in the Movement over the past twenty years.

The weakened trading position of the retail Societies throughout the nineteen sixties led the Co-operative Union to introduce its Regional Plan aimed at reducing the number of Societies to fifty. The trend towards Society mergers had been singled out by some activists as responsible for the further decline in the number of members participating in meetings, elections and other activities of the Societies. Often through financial necessity, small and medium sized Societies were amalgamating to form larger units, and the boundaries of Societies were no longer necessarily compatible with the boundaries of a particular 'community', be it a village or a small town. There is no doubt that the anxiety felt by many activists about the consequences that 'regionalisation' may have for democratic involvement led to the establishment of a Working Party on Democracy in Regional Societies. It was set up through an initiative by the Enfield Highway Co-operative Society at the 1967 Congress and it called for a report to include recommendations for changes in methods of democratic control in larger regional Societies. This document reaffirmed the belief of most Co-operators that democracy

was not only worthwhile and workable but had implications for the extension of community participation, so that 'wider democracy' was served and strengthened by the opportunities that ordinary men and women had for service in the Movement. A second statement of faith was that effective democratic control and maximum operational efficiency could be reconciled, should be mutually supporting, and were not incompatible. The Report said;

'Democracy is an essential principle in the operation of Co-operative organisation: business efficiency is also essential as a condition of the survival of the organisation and a proof of the validity of its claims to be effective in meeting its members' needs. We appreciate and understand managers' fears expressed, for example, by professional management that the first element can, and in practice sometimes does - check the second. It need not do so, and in fact, democracy can aid efficiency if the right definition, of functions and the right attitudes and skills are achieved in the Society.'(7)

Throughout the past twenty years Co-operative activists have been trying to come to terms with, and tackle the problems associated with, tendencies that have threatened the activists' perceptions of the Co-operative Movement as it ought to be. First, the commercial battle for survival in the High Street has forced such intense price competition that the traditional payment of dividend on purchases was gradually suspended. The vast majority of Societies were forced to replace dividend payments to members and introduced dividend stamps instead. These were given away to customers, regardless of whether or not they were members. This removed an important financial incentive for membership because if all shoppers received the dividend stamp, then the financial benefits of actual membership were no longer significant.

Certainly for thousands of working class families the Co-op dividend payments had been a critical source of additional income accrued in a relatively painless way. This form of enforced saving enabled them to make major purchases, pay for holidays, buy Christmas presents, and in other ways to save without apparent effort. In the past some Scottish Societies charged relatively high prices for their goods in order to pay a generous dividend and then make the pay-out quarterly to coincide with the demand for the rent on municipal housing. For older Co-operators from poorer backgrounds the attraction of the dividend was a major incentive to join a Co-operative Society. The virtual abolition of the dividend, because of price competition and falling surpluses, removed this incentive.

With the ending of dividend payments came the gradual decline in membership, a reduction in the number of Societies, and a further fall in the number of activists. It became more common for Societies to hold two meetings annually instead of the usual four. As Groombridge had showed, the guilds were suffering a malaise too, and some of the consequences were uncontested

elections and vacancies on the major committees of Societies. The Working Party of the Education Executive attributed the decline of participation to several reasons, but the development of regional Societies was mentioned because,

'The sense of community which produced or reinforces the identification or association of Co-operative members with their own Society is considerably weakened. This trend is complemented by the growth in size of societies and the rarity with which any society area now matches any single community.'(8)

The main point about the Movement was that it was forced to respond to social and economic changes that were occurring in society generally. Co-operators were forced to recognise that the trading success or failure of a Society no longer had the same repercussions for an individual member. Also potential activists were being lured away to other leisure time pursuits, and the commitment to the Co-operative Movement as a positive expression of a new social order was no longer so important for younger consumers.

In the past, particularly in the nineteen thirties, many Co-operative Societies offered through their auxiliaries a range of educational and recreational activities for men and women of all ages. The Guilds and the B.Y.F.C. served the dual purpose of entertaining and instructing young people who, lacking other opportunities, were drawn into Co-operative membership, and some became activists eventually standing for election to one of the Society's committees. Those who were already politically committed saw membership of the local Co-operative Society as important because it provided an avenue for advancing socialistic ideals and principles.

From time to time the various auxiliaries clashed with the management committees over some aspect of Society policy. A young member of the B.F.Y.C. might be provoked into challenging the leadership at the quarterly meeting on an issue such as resources for the youth club. In this way he or she would get noticed and then encouraged to take a closer interest in Society affairs. Maybe, unbeknown to the newcomers, leading figures in the Society would encourage their involvement and try and draw them into other activities. In this way the Co-operative Society was able to draw on a pool of talented youngsters who would, in the course of time, graduate from the 'young co-operators' onto the leading committees of the Society. Nowadays, with the B.T.F.C. collapsed and the Guilds a shadow of their former strength, this source of activists has all but dried up.

A year before the Co-operative Union published its report on Democracy in Regional Societies, a working party set up by the Royal Arsenal Co-operative Society issued its report on ways and means of improving levels of member participation in the government of large regional Societies. It was at this time that the first Societies covering large geographic areas were being formed in the North-East and the North-West of England,

and the available evidence revealed a sharp decline in member interest in these larger organisations. The R.A.C.S. Report acknowledged the struggle of the Movement to survive commercially, and recognised, albeit reluctantly, the need for a restructuring of the Societies if they were to engage successfully in competition with nationally and internationally organised capitalist chain stores.

The Report argued that,

'our present machinery of Co-op government is wastefully expensive, cumbersome, unresponsive to direction and initiative, and undemocratic in practice. It is expensive, for instance, in those societies where the cost of voting - because so few members vote - is literally pounds per head. It is undemocratic in those societies where votes are cast by a mere one or two per cent of the membership, or where there are so few candidates that voting becomes unnecessary.'(9)

The main thrust of its proposals was to advocate the decentralisation of decision-making and a greater involvement of the membership through the creation of shop-based groups to involve larger numbers of people. Shop groups could be, the Report suggested, the basic body of activists and they would take on the task of propagandising co-operative activity in their neighbourhood, as well as promoting social, cultural and educational activities. The views and criticisms of these groups could then be conveyed up through the structure of the Societies through District Committees and eventually to the Board. The idea was not new(10) and no Society amended its constitution to incorporate shop groups, although some of the large Societies have experimented from time to time with open evening meetings in their larger stores, especially in connection with the promotion of new products or as part of a sales and membership drive. Hence the problem of attracting enough active members to form the nucleus of a polyarchy of lay leaders has remained.

In 1974 William Pickard emphasised the point soon to be made in the first report of the Co-operative Union's Working Party on developing such a leadership. 'There are,' he wrote, 'in general more vacancies than there are competitors to fill them: there are in general too many who have served longer than they care to remember, and who would like to pass the responsibility on if only someone else was ready to accept it.'(11) The problem, as posed in this article, was that, both the quantity and the quality of lay leadership was a cause for serious concern. In the past, service on a Co-operative committee had been, for many, a chance to develop skills and training that was not otherwise available. Co-operative Societies provided an avenue for purposeful, worthwhile and rewarding activity for the able sons, and, to a lesser extent, daughters of working class homes. To state the problem simply, these people were no longer around in such numbers because advances in state educational provision, as well as increased opportunities in other areas, deprived the Co-operatives of a stratum of the working population in which they had, formerly, found it relatively easy to recruit. This thesis is difficult to prove, but it is superficially strengthened by the life experiences of many older Co-operators.

A second reason advanced for the decline in lay leadership was that levels of professionalism of managers and educators increased so much that the contribution of the untrained amateur was no longer highly valued, and, in fact, often condemned. It has been argued that 'potential lay leaders can be, and I suspect often are, daunted by the prospect of controlling the policy of competent professionals. All the resources of jargon, of figure reciting, of capital 'A' Authority, can be employed against them: and though I believe that every sensible professional inwardly accepts the values and virtue of lay control, he can outwardly snarl and growl when his favourite bones are in danger of being taken away.' Whatever the merits of these explanations for the decline in lay leadership, the Movement had no real strategy for dealing with it, nor did it have sufficient information on which to base any policy.

The Working Party made clear in the opening pages of its report that it was necessary to undertake a survey of lay leadership in the retail Societies because, 'there was little hard evidence, at present' on which to base any recommendations. To remedy this the Working Party carried out a structure survey of Society committees and a survey of activists. The inquiry led to the conclusion that there were, in November 1974, between four and a half to five thousand lay leadership positions, and this represented 0.4 per cent to 0.5 per cent of the total membership of British Societies. The Working Party was also persuaded that amalgamations tended to decrease the number of lay leadership positions.

The survey of activists revealed that many held more than one office in a Society, so for every 100 positions there were only 65 individuals holding office, which suggests that the number of activists in British Co-operatives was probably as low as four thousand. The mean age of committee members was 60+ 1½ years, except for employee Directors who tended to be younger (average 53 years). 86.7 per cent of the lay leaders had been active for more than 25 years, and 40 per cent of the total number of lay leaders were, or had been, employees in some form of Co-operative employment. At Board level, exactly 50 per cent of the Presidents and 49.6 per cent of all Directors had experience as employees of the Movement and this excluded staff/employee representatives.

This survey also revealed a definite trend towards fewer contested elections. Although the low response rates make the actual figures rather unreliable, there is little doubt that of those who were first elected to office prior to 1950, only 4 per cent were elected unopposed, but those who contested positions since 1970 had a ten times greater chance of taking a seat on a Co-operative committee without having to fight an election. Commenting on their findings, the Report said,

'It must be said that the Movement has allowed its lay leadership to be reduced to a perilous if not desperate state. The whole burden of democratic control is being carried by too few individuals for too long.'(12)

From interviews, carried out by one of the authors with the members of the Boards of Directors of two Co-operative Societies, with members of other Committees, ex-directors at a few other Societies, and from the results of a pilot questionnaire returned by a few other Board members, it has been found possible to identify at the present time four types of activists, when these are classified according to the way in which they came to join a Co-operative Society in the first place and subsequently to become active in it to the point of contesting elections. These may be labelled and classified as follows:

1. The Politically Committed

Without exception these all referred to their membership of the Labour Party, to their trade union activities and to their more general commitment to the achievement of socialism. All of them saw the Co-operative Movement as an essential part of the working class struggle to achieve a more just social order. For them the Co-operative Commonwealth was a realistic and worthwhile goal to strive for, and their activity in the Society went hand in hand with involvement in other areas of the Labour movement. As one activist put it, 'I joined because I was a socialist and I believed that all branches of the struggle for change should be interdependent.' A fairly typical remark was, 'I was brought up with a socialist background and there was no question that I would join the Labour Party as soon as I could. I've been in it all my life. I joined the Co-op Party later and in so doing became a member of the Society.' A recurring theme in the interviews with this group was the idea that Co-operative Societies were a form of 'practical socialism' in alliance with other wings of the labour movement. An active member of one Society said, 'I come from very humble origins and I've been a bit of a rebel as long as I can remember. I joined the Labour Party as soon as I could. I also found a job working for a trade union, then I joined the Co-op Party when I was nineteen. I was keen to work on all three levels.' Another activist was clear about his motives. 'I'd always been interested in socialism and co-operation and for me they are the same things. I still feel that it's my shop and I'm not putting profit into private hands.' Another Director recalled his early involvement, beginning after a period studying abroad. 'Politically I had left wing views, particularly after returning from Germany in the early thirties. What I saw there were workers' organisations playing a progressive role in society. I saw that there was a chance for ordinary people to play a part in the Co-operative Movement. After all if the workers can organise trade, production and distribution, then they can organise the whole society.'

This group had an optimistic vision of eventual Co-operative control of the economy. Capitalism, in the form of privately owned joint-stock companies would be destroyed not through class confrontation, but gradually eroded by the simple superiority of co-operative production and distribution. Indeed, 'once the co-operative sector of the economy had expanded to the point where it equalled or overbalanced the private sector, the great social transformation.... would get underway in earnest.'

Although the method was pragmatic, the ultimate revolution would be no less comprehensive than that dictated by the Marxist syllabus.'(13) The relatively straightforward tasks of administration, accounting, and organising, which Co-operative Society lay leaders learn in their committee rooms, were seen as not only intrinsically useful, but as demonstrating a potent point. Skills learnt in the corner shop or in the Co-op Hall could form the basis of the general skills needed for the organisation of a new social order in which political authority would emanate from local voluntary groups and not from a centralised political state. As Yeo comments, 'the perspective in its most developed form envisaged co-operation employing and supplying the whole working class and spreading its modes throughout the rest of society. Meanwhile the agency towards such a dream should be local, federated to other societies, and a missionary to outlying regions.'(14) In many cases the politically committed activists were introduced to the Movement by parents or partners. They tended to see their service on Co-operative Society Boards and Committees as a personal contribution to the struggle for a more just social order, but more personally satisfying than membership of the Labour Party and their trade union.

2. The Co-operatively Committed

In many respects these activists were not very different from the first since they held similar beliefs about the Co-operative Movement as a form of practical socialism, and they also referred to their Labour Party and trade union activities. They had, however, without exception entered the Movement originally through one of the Guilds, through the B.F.Y.C. or the pre-war Children's Circle. Often the encouragement came from parents. One Director explained his initial commitment in this way, 'I don't think I was ever prompted to join the Co-op movement; it was a way of life and I was absorbed into it. My parents were really dedicated co-operators and believed it to be the only way that working class people could survive in the thirties. My father was out of work and he was virtually on the scrapheap.... so we had a very socialist outlook and as soon as I was ten years old I went into the Children's Circle. It was the natural thing to do.' Over and over again in the interviews with leading figures in the Societies the importance of an early introduction was stressed. In many cases it was a mother who was a stalwart in the Women's Guild: 'My mother was a keen member of the Women's Guild. I remember asking her when I was a child, "what is the Co-op about?". She said something about it being for the poor people - to better them. This really stuck in my mind.' Another elderly Director remembered delivering a free Co-operative monthly newspaper around the streets where he was brought up. He joined the Children's Circle at the age of seven. 'My mother was a prominent member of the Women's Guild and secretary of the local branch.' Another Director recalled that he joined his local Society as soon as he was sixteen because 'the whole of my family were socially minded, my mother was a suffragette, and you must remember that the Labour Party was not as prominent as it is today. My local Society had all sorts of educational and social activities.

I began to go to classes and ended up the leader of the Adolescent Group. I was eighteen at the time. We met weekly, had a debate or a visiting speaker and then dancing or games. It was a very practical way of involving young people and spreading the ideas of socialism and co-operation.'

The emphasis throughout these interviews was of a long attachment to the Movement going back to the inter war years. These men and women saw the achievement of the Co-operative Commonwealth as itself the embodiment of that more equable social order for which the Labour Party and the Trade Unions were little more than means. In their case activism was described in terms of direct service and as valuable in itself in a democratic society. Participation was seen as personally satisfying and morally and politically worthwhile, but the essence of co-operation was not commercial success; rather was it the involvement of as many people as possible in the social, educational and business affairs of the societies through the auxiliaries.

3. The Family Traditionalists

The family link in the previous two cases has already been mentioned and its importance cannot be exaggerated. Where this third category differed from them is the complete lack of reference either to politics, except perhaps to explicitly deny its relevance, or to the ideals of the Movement. The family reference among this category was simply to the fact that their parents had always shopped at the Co-op, had been members of their local Society, and had stressed to them the economic advantages of such shopping and membership. These activists had come to accept these arguments as equally relevant for themselves. As one Director said: 'my mother insisted I join when I started work and began paying my board. She told me to get all my stuff at the Co-op and save the dividend. My parents were Scots, and I suppose they picked up the Co-operative background there.' Another remembered being given a one pound share by her parents nearly fifty years ago, 'There was no question about it, we were a Co-op family, not political or anything.... it just made good sense.' One activist recalled that as soon as he was old enough, 'I paid my shilling and joined, but I think it goes back further than that really because my parents were keen co-operators. My grandmother's membership number was 40; she was one of the first to join her society so there was a sort of Co-op feeling in the family. It was always a question of, "let's look in the Co-op first" and it's something I've grown up with I suppose.' Their parents were not described as in any way active in the Movement, except perhaps for an occasional member of a Women's Guild. At some time they personally had attended a members' meeting, had become interested in the Society as a business which they could participate in running, and from their attendance at such meetings they had eventually been persuaded to stand for elected office. In some cases it was a spouse rather than a parent who was instrumental in encouraging membership. One woman said, 'when we married my husband persuaded me that Co-op shopping was the only answer. I took a fair amount of converting but he was already a member and very loyal....

he came from a family in which the dividend was a very important factor.... as it was in many ordinary households.' Another woman, now a leading figure in her Society, also attributed her early involvement to her husband. 'It was encouragement from my husband mostly. He comes from a working class background in industrial Wales and where he lived there we a strong Co-operative Society. I think his father was a member of the Board and when we were married he encouraged me to join and shop at the Co-op. I didn't have the same political background because I came from an agricultural area.... so I think it was his influence that started my involvement.' A relatively young Director of the same Society recalled his interest beginning because of his wife. 'I first got interested in the Co-op through my wife who then worked at the Society as secretary to the General Manager. As such she used to go to the quarterly meetings and in the end I started to go with her. It's certainly not a tremendously strong political motive as it is with some people. I suppose I could be described as a floating voter and I'm not a member of the Labour or the Co-operative Parties. I really only became interested through my wife's work, although when I was young I remember my mother buying nearly all her shopping from the Co-op. Her main aim was to keep enough money in the Co-op from the divi so that when she died there would be enough to bury her.'

4. The Employee Entrants

These are activists whose first personal contact had come from employment in a Co-operative Society. 'I started work for a Society when I left school. It was regarded as secure and well paid then. I joined as a consequence of my work really and standing for office came much later.' Sometimes these activists came from a family background in the Movement, and they may indeed have sought employment with a Society because of this link, but they possessed no initial political or auxiliary commitment, even where this came later. They had come to believe through their employment in a Co-operative Society that membership was worthwhile insofar as it opened up opportunities for a degree of employee participation in the decision-making processes that controlled their working lives. One Director stated 'after joining the society as an employee it took about a year to find out about how it all worked. I'd worked in private trade for many years but knew nothing about the Co-operative movement and its structure. I began to find out more, became interested in having a say and began to attend meetings before eventually standing for the Board.' Some members of this group of Directors saw their task as representing the interests either of a particular group of employees or employees as a whole. They acknowledged that the impetus to stand for election came from their colleagues and they relied largely on employee votes to gain a seat on the Board. One shop manager explained that the pressure on him to stand for the Board came from his fellow managers: 'they wanted to make sure that we had a voice when the decisions were being made. I made it clear to them that I was not simply their mouthpiece and I would make my mind up on each issue as I saw fit. They still backed me, even when I made it clear that I had no time at all for this outdated stuff about co-operative principles.'

It's hard enough fighting for all the trade we can get without worrying too much about all this political involvement. It's not what the customers or most of the members want.'

The distinction we have drawn between these categories should not be misinterpreted. In giving detailed and lengthy accounts of their personal involvement in the Movement, their initial motivation and their present ideological beliefs, there was some difficulty in untangling the varying commitments of the Directors. Some of those who were initially motivated to join and become active because of Guild membership had later sought employment within the Co-operative Movement, whereas others who had entered initially as employees appear also to have wanted to change the world at that time, but the point of emphasis here is that that was not the reason why they sought Co-operative employment as such, even in those cases where it is clear that they had been unwilling to work for a private capitalist. In some cases political idealism, a Co-operative family background and the wish to work for a Society are combined. One activist explained his involvement in this way: 'it was almost hereditary in our family that you became involved in the Co-op. My mother was a very active Guildswoman. It was the general political outlook that I found acceptable. Even at the age of fifteen or sixteen, insofar as you can be rational at that age, I found socialism more acceptable than capitalism. I remember I decided at a very early age that I would not if I could help it work for private enterprise and I'm glad to say I've stuck to that ever since.' Others had become employed initially by a Co-operative Society for no other reason than that such employment was available to them. Some had since left the Movement's employment for private trade, although they had retained an interest in the Society that had first employed them. The distinction between the four categories that we have drawn is designed to emphasize the different patterns of recruitment to the Movement in the past. It is this emphasis on the different sources of lay leaders that is necessary to understand the decline in participation in the Co-operative Movement.

For example, as the present chapter has emphasised, the general decline in the Co-operative auxiliaries has meant that the pool of recruits, so-to-speak, which was formed by the second category has begun to dry up. This may well have important implications for the Movement because it was this category which in the interviews stressed the essential characteristic of the Co-operative Commonwealth to be democratic participation by members in the affairs of their Societies. Of the nine Board members of one of the Societies interviewed, four had been recruited in this way; and this Society is one in the Movement which is so often stressed in discussions about what Co-operative Societies should be like. By contrast, only one of the seventeen Board members of another Society was recruited through the Guilds, and although these examples should not be carried too far because they were not selected to be in any way representative of the Movement, it is nevertheless not unreasonable to claim that the latter's Board is more characteristic of the Society of the future than the former Society's Board.

Similarly, with the decline in the dividend as a type of economic justice and with the decline in membership generally the influence of family tradition is likely to decline. The seven family tradition recruited members of the latter's Board are in this respect less likely to be indicative of the future than the eight employee recruited members, three of whom were not employed by that Society at the time of the interview.

The most striking contrast between the type of activist by source of recruitment was that between the politically committed in both Societies, only two of whom had even been a Co-operative employee, one in the Co-operative Party, and the employee entrants, none of whom stressed Labour Party attachments, although one mentioned the Liberal Party. As the other sources dry up does this mean some kind of division amongst Co-operative activists between those who see it as at best a wing of the Labour Movement generally and those who enter it as a source of employment and think of it as mainly a business, with a generally social message no doubt, but not directly associated with any political party? To answer this question it is necessary to examine in rather more detail what being a Co-operative activist entails because the source of the disappearing lay director may be more appropriately seen in this context.

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CHAPTER FIVE

THE ESSENTIALS OF CO-OPERATIVE ACTIVISM

In May 1980 Mr. Harry Bailey opened his presidential address to the Co-operative Congress by thanking all those people who had made this presidency possible for him. 'I start with my wife', he said, 'who has at various times been a Trade Union widow, a Civil Service widow, and a co-operative widow. (1) Within the Movement the expression, 'a co-operative widow' has been customarily used to draw attention to the fact that the voluntary activities of the great majority of its committee and other workers, males and married, have been necessarily carried out for it away from home, often in the evening after the day's work is done. The possibility, therefore, that a more home-centred attitude on the part of working-class men has emerged during this century, to have the effect of reducing the number of them willing to undertake voluntary, democratic responsibilities for the working-class movements cannot be altogether ignored in this context, even if the necessary historical evidence to support such a possibility is virtually unobtainable.

The activists in the Societies studied were simply asked how they reconciled the demands on their time, which had arisen from their election to serve on a Board or other committee of their Society, with any conflicting responsibilities to their families. That this might be problematic was recognised by one respondent who, while acknowledging that his wife was in sympathy with his activism, nevertheless remarked that he could do what he did only because he was nearing retirement. Had he been a younger man with a family, he thought, he would not have been justified in giving up as much of his spare time to the Society's affairs as in fact he did. Other respondents, however, in more or less the kind of family situation which he envisaged made their justification in terms of the active encouragement given them by their wives or husbands, as the case may be, and by older children. The activists who were interviewed, that is, were more often than not from a family with other activists in it, or at least had partners and children who, if not positively facilitating their participation, did nothing to discourage it. Although, of course, there is no information here which makes it possible to decide whether in fact the circumstances of working-class activists have changed over time, the value of family support for participation at the present cannot be overemphasised.

Six of the 32 people, sitting on Co-operative Boards or committees at the period when the interviews were carried out, were married to someone sitting on another committee or Board of the same Society. Married couples on the same Co-operative committee seem, nevertheless, to be rare, although one Board member volunteered the information that he and his wife had both been members of an earlier Board together in the past. On the other hand, there was only one bachelor and one widow amongst them all, so that the remaining 24 activists were married to 19 'co-operative widows' and 5 'co-operative widowers'. In every case the 'widowers' in question were reported as active elsewhere, in a political party perhaps, or in some other voluntary activity, not necessarily Co-operative. In about half the cases of the 'widows' this was also true; but the remainder appear to

have stayed at home when their husbands were Co-operatively engaged, sometimes grumbling about it, sometimes demonstrating what was described by one husband as exemplary patience, but obviously in no case proving to be sufficiently obstructive to prevent their husbands from continuing to be active.

Asked, therefore, whether they could estimate the amount of their leisure time which they devoted to Society business, the respondents clearly had some difficulty in assessing even the amount of time over a four-week period which they spend on attending Board or Committee meetings alone, probably because they had never had occasion to make such an assessment before. In the case of one Society the Board met once a fortnight for most of the year and, although different estimates were provided for the average length of these meetings, ranging from eight to fourteen hours per month, what was undoubtedly entailed by conscientious, regular attendance was at least one evening every fortnight allocated to such Board meetings alone. Many of these Board members also attended other Society meetings. 'I serve on the Member Relations' Committee.' 'I am on the Political Council.' 'During the last month I have attended meetings at the Co-operative Hall, organised by the Education Committee.' Being an activist means more than merely showing an interest in the business affairs of a Co-operative Society. It means devoting much leisure time to Co-operative interests generally.

In the case of the other respondents these general circumstances were very similar to those of the first, even if the answers were rather more difficult to analyse because the amalgamation between a number of Societies had resulted in a constitution with Regional Boards as well as a Central Executive Board. Before the merger one Board met once a week. Now the Regional Board meets once a fortnight, but four of its members attend meetings of the Executive Board of the whole Society once a month, and there are often sub-committee meetings as well, so that there is nothing like an 'average' month from which to make an estimate. Respondents also varied in their estimates of the length of a meeting from sometimes as short as about an hour to as much as four hours. Nevertheless, it is clear that the minimum requirement of a Board member is one evening a fortnight on Board meetings alone; and some members have other meetings for educational and political purposes within the Society to the degree that on occasions an activist can devote as much as three or four evenings in a single week to the Society's affairs. The constitution complicates the situation even more for other activists because two members of one Regional Board also serve on another Board which meets once a month. Clearly, being an activist, even if only on a Regional Board, means devoting much leisure time to Co-operative affairs generally, attending C.W.S. meetings or going to Congress as well as attending members' meetings in the area.

Board members, of course, receive documents, minutes, agendas and are required to spend some time preparing themselves for the meetings to which these papers relate. 'After the meeting I forget all about it until the week-end. Then on Saturday evening or Sunday afternoon or evening I go through the papers

making notes about anything relevant to what we have been discussing which I know will be brought up again.' 'I look briefly at the Board papers when they first come and spend three-quarters of an hour or so every other Sunday evening, before the Board's meeting on the Monday, reading them through more carefully - three-quarters of an hour or as long as it takes.' 'It varies. The papers are in a form which makes it easy for me to see what is a routine item. Sometimes all the items are routine, occasionally there is a document, on which I can spend as much as an hour on that item alone.' 'I may sit in the evening and read a C.W.S. report or something like that; but it is very difficult to say how much time I spend doing this sort of thing.'

Irrespective of which Society they are active in, that is to say, irrespective of what kind of activist they are - management centred, educational, political - much of the leisure time of activists is devoted to that Society's affairs, supplemented by attendance at meetings elsewhere, representing the Society in some capacity or other. This is what democratic participation in a Co-operative Society means, that voluntary service on the part of activists is given willingly by people for whom it has become an important aspect of their everyday lives after their paid employment, inside or outside of the Movement, is over. Such very personal involvement in a Society and its activities was, therefore, quite correctly referred to by one respondent as a hobby, for all that the very serious ideological implications of a Co-operative interest may be seen as marking it off from those other leisure-time pursuits of a sporting or cultural sort, for which this term might be thought to be more appropriate.

This reference to ideology should not be misunderstood. In terms of the types of activists identified in the previous chapter, namely, by reference to the reasons why they joined a Co-operative Society initially and became active subsequently, there does not seem to have been any distinction between them in their attitude to the kind of issues which are dealt with by the committees or Boards on which they have served. For example, although quite a number of Board members referred in their interview to differences of opinion, expressed at Board meetings, they described these very much as expressions of very personal points of view, as more or less idiosyncratic, in fact, to the individual Board members who spoke on some subject or other under discussion. Perhaps even more striking, however, was the almost complete unanimity which these Board members demonstrated when asked about the kind of candidate which they regarded as ideal for election to the Board of Directors of a Co-operative Society, namely, Co-operators who demonstrated their conviction for the principles of the Movement, regardless of whether or not they possessed some expertise which might be valuable for the work of the Board. Employees were regarded as not particularly well advantaged in this respect, simple because they might be, say, managers of shops with a great deal of experience in Co-operative daily business. The work of the Board was described in the interviews in policy-making rather than purely managerial terms and certainly not in terms of the detailed day-to-day running of the Society's affairs. Thus, the division of functions between Board members and senior servants of the Society was defined in this way. It was

believed that the Chief Executive Officer and his staff had the responsibility of carrying out their duties in order to achieve results determined by the Board. The policy laid down by it was drawn up in the light of information provided at meetings and in documents prepared by senior management in advance of such meetings. It is illuminating to notice in this connection that one employee-recruited activist confessed that the work of the Board was quite different from what he had imagined it to be before he joined it and that he personally had gained an insight into the much broader aspects of the work of the Society than he had ever had when he was just an employee with no experience of office.

Of course, interviews as such, are not a good way of determining information about this perennial problem of the relationship between broad policy making and detailed management. A researcher needs - as inconspicuously as possible - to attend many committee meetings and staff meetings, to get a better impression of how in practice policy decisions are laid down by reference to management experience, and vice versa, how management decisions are derived from a Society's general policies. Nevertheless, it would appear from the interviews that for most of the time discussions at the Board level, although often concerned with both policy making and management did not divide the members amongst themselves, or the members from their senior officials, along ideological or political versus purely economic lines. Both the economic and social implications of any proposal seem to be looked at whenever any Board members thinks them relevant and differences of opinion seem to represent purely personal interpretations of both sorts of implication rather than a single-minded adherence to the importance of one or the other. Where there does seem to be a difference between activists in one of the Societies, at any rate, is in the attitudes of Directors and members of other committees to the work of the Board of Management. Although there is a clear recognition of the fact that over many years it has been customary for quite a number of candidates for that Board to seek office after a period of apprenticeship first on the education and/or political committee, a slight majority of the respondents who are now serving on these committees, took the view that they personally could never stand for office because of the financial implications of the work of management. They were convinced that it was vital for Board members to understand the details of accounting, expenditure, income raising, and indeed all the matters summarised in the Society's balance sheet. 'You have to know a lot more than I do about business and profit-making to stand for management.' 'If you fail to do the financial job properly the Society goes under. It does not matter so much if the accounts of the other committee are in a bit of a mess.' 'It is not so much a matter of management and keeping the employees happy. You have to think big business. The Co-op is big business now.'

Unfortunately, the present members of the Boards in either Society were not asked about their personal experiences in this respect. Had they been apprehensive when they had first sought office lest the financial side of the work would prove to be too difficult for them to understand? Had they met the problems of understanding the financial aspects of the business decisions which they made on the Society's behalf? Was all this really so formidable as these members of other committees believed?

Co-operative Societies have for long been concerned with presenting their financial statements and balance sheets in a form which makes them readily intelligible to the ordinary members. Yet it still must necessarily be the case that in such simple presentation the decisions which have to be made over a period of some six months or a year to produce the balances recorded remain obscure to those who are not present when these decisions are made; and it is possible that it is this necessary obscurity which has created the notion in some activists' minds that special skills are required in management committee service. In the interviews Board members said nothing about business and finance in this respect. Instead they stressed the ability to co-operate, to be prepared to listen to a point of view which they did not share, to try to see all sides of a question and make a decision which was sufficiently acceptable to enough of the committee members to make it work. They stressed, indeed, the very same qualities of committee membership performance which were stressed by the members of the education committee and political committee for their own work. The detailed treatment of the purely educational, purely political, purely managerial or business aspect of each committee's function, it would seem, is something which activists learn, and can only learn, by sitting on those committees which are concerned with these various facets of the Co-operative Society's daily existence. If there is a problem here it is to educate the membership not so much in the details of management finance but out of the fear that it is a mystery beyond the scope of ordinary men and women. From everything which was said in interview, long established members of Co-operative Society Committees expect that newcomers will take a little while to learn the ropes, but, equally, they expect that with a genuine belief in the values of co-operation such newcomers will soon learn to be able to play their part in the work of the Society. This is the basis and the essentials of co-operative altruism, whatever the Society for whom it is applied

As might be expected, there was nevertheless some difference between entrants and others in the sort of concern they expressed for the Movement's future. Asked what they thought were the major problems facing it as a whole - and not just their own Society - all the employee entrants without exception referred to the competition it faces now and will face in an intensified form in the future, especially in the food trades, from the large multiples. In the case of one Society's respondents, some of these employee entrants referred also to other problems, such as the recruitment of future activists, but the other Society's respondents did not unless they were asked specifically about Co-operative democracy and Co-operative ideals. Even then their response was made in terms of the economics of trading. 'Personally I am not interested in Co-op deals because I'm more of a modern man looking towards the future. If you stand still you go backwards. You have to move forwards The vast majority of our members are shoppers who join to get credit. They are not interested in anything else.' 'Because we shall have to continue fighting the multiples and the supermarkets for trade in the High Street, I can't frankly see the old concept of co-operation return. We remember co-operation as it was but it has gone.' Those activists who had joined through family influences also took very much the same point of view, although they were more likely to refer to other issues spontaneously.

'When it comes to the social side, things have changed so much. You've got television and other activities so you don't get the old mixed guilds and the women's guilds are so poorly attended nowadays.' 'I become at times disillusioned, because I do not think the lay people like myself now have the strength to help organise this big Movement. With the bureaucrats we now have in the Movement, who run it their way, just as bureaucrats are running our whole lives, the lay people will find it more and more difficult to make their presence felt.' Pessimistic views of this sort were very rare in the first Society, even when there was no reference to the challenge of the multiples, competition in the High Street, or the trading position generally, and the respondent referred instead to the future recruitment of activists, the future of Co-operative democracy, or to some other challenge which the Movement would have to meet on its social side.

In consequence it may be expected that there would be a difference between activists in their attitude towards Co-operative amalgamations. The members of one Society had been involved in negotiations with those of another Society and although eventually they had turned the proposals for a merger down, they had some idea of what it would entail, and the activists among them, and especially those who were Board members at the time of the interviews, expressed opinions about the wisdom or otherwise of both the proposed merger and the members' attitude towards it. The other Society's members, similarly, had experience of amalgamation because they had come together to form a new Society. Although it is quite clear that respondents had changed their minds slightly in consequence of learning the details about amalgamations - some initially doubtful had become convinced the proposed merger was necessary or even good, while others had begun by being certain either for or against, and had ended doubtful - it is possible to classify them in one of the three positions at the end. The following Table shows where the different types of activists in the enquiry eventually stood on the amalgamation issue. While the majority - roughly 73 per cent - were in favour, irrespective of their type, the extreme between the employee entrants and the politically committed is quite marked, with the remainder definitely in between.

TABLE 5. RESPONDENTS' EVENTUAL ATTITUDE TO THEIR SOCIETY'S AMALGAMATION

	<u>For</u>	<u>Doubtful</u>	<u>Against</u>
Employee entrants	11	0	0
Family traditionalists	4	3	0
Co-operatively committed	3	2	0
Politically committed	1	1	1

Gamma = +0.75 (2)

Probably the most striking feature of this Table, however, is that whatever their original attitudes to amalgamation those activists who had entered the Movement initially because they could obtain employment with it and had no political or other Co-operative axe to grind, came down eventually in favour of

an economic answer to their Society's needs, irrespective of whatever misgivings they might otherwise have. About half the other activists also took this point of view but the rest remained at least doubtful. If this survey, therefore, has tapped a situation which is generally true of the Co-operative Movement, the impact of inflation and the cause of Co-operative amalgamations is likely to result in a situation where lay directors who, in the sense of the last chapter, are family traditionalists, Co-operatively committed, or politically committed, are likely to become doubtful about the way the Movement is going. If this is interpreted as a cause of possible disillusionment, lay directors recruited by these means are likely to be even less available in the future than they are today.

REFERENCES

1. The Co-operative News, 28 May, 1980, p.4.
2. For those who are unfamiliar with the term, gamma is a relatively unsophisticated measure of association between the items in a table, in the case of Table 5, between type of initial entry to Co-operative activism and attitude to amalgamation. +0.75 measures the degree of association such that although it may be claimed that employee entrants might be predicted to be more likely to be in favour of amalgamation and the remaining activists, in varying degrees, doubtful, the association is far from perfect (+1.00), suggesting that the attitudes in question are rather more complex than the simple-minded prediction would imply. For comparison it is however enlightening that a postal questionnaire, returned by 22 other activists in the Midlands, in which they were asked, among other things, how they came to join a Co-operative Society and their attitude to the Regional Plan, provided a gamma value of +0.9 for the degree of agreement with the rapid implementation of the latest Regional Plan and whether they had entered as employees or not.

CHAPTER SIX

THE FUTURE OF A PEOPLE'S DEMOCRACY

'The principle of consumer's supremacy', one of the social philosophers of Co-operation has written, 'is not the criterion of Co-operation. That criterion is the principle of democracy.'⁽¹⁾ Yet, if the first principle of Co-operation, enunciated by the International Co-operative Alliance soon after this, were to be taken literally by all Co-operative Societies everywhere there is an overwhelming probability that the consumer's interest would eventually prevail within them. 'Membership of a co-operative society', the I.C.A. proclaimed in 1965, 'should be voluntary and available without artificial restriction or any social, political, or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.'⁽²⁾ The attempt to draw a distinction between open and voluntary membership in order to accommodate the truth that 'quite obviously, independent producer co-operatives cannot accept members for whom they are unable to find jobs' so that they are justified in refusing to allow any one to be at liberty to join their ranks,⁽³⁾ indicates a failure on the social philosopher's part to understand the issue which the I.C.A. framers of the re-worded Rochdale Principles seem to have had much more clearly in mind, namely, that those persons who make use of the services of producer co-operatives have an interest in what those co-operatives do, and how they do it, so that to restrict the membership of those bodies solely to their employees violates the social purpose for which the Co-operative Movement stands. The I.C.A. corollary, that voluntary membership, without any discrimination on the basis of artificial restriction, entails that every person who joins a Society accepts 'the responsibilities of membership' may thus reasonably be interpreted to become a sufficient safeguard against the possibility that a producer co-operative which permitted anyone to join it would be swamped by members, demanding jobs. Just as with consumer's co-operation, as this is normally understood, there need be nothing in the rules of any Co-operative Society which affirms that every member has the automatic right also to become an employee at will. To be a responsible member, indeed, means to recognise the fact that membership becomes meaningless if a Society ceases to be viable.

The emphasis on every member's interest being the fundamental principle has been made here because it is this above all which justifies the derivative, one member, one vote. The Co-operative case against capitalism was, and is, precisely that it offends this principle. Co-operatives, it is true, have also objected to the unequal distribution of wealth which capitalism has fostered and which, in its turn, has continued to make capitalism flourish. The notion of paying only a fixed interest on the capital invested in a Co-operative Society bears witness to this objection, even if this was also true of capitalist partnership before the advent of the modern joint-stock company and was applied by Robert Owen in his non-Co-operative venture at New Lanark.⁽⁴⁾ Much more important, therefore, was the Co-operative Movement's rejection of the capitalist principle that

inequalities of wealth, applied to the production, distribution and exchange of goods and services, justified inequalities in the right and capacity to make decisions about when, how, and why such activities should be undertaken. Because one capitalist had in the past invested, say, twice as much as another in a business, they both believed that he was entitled for ever afterwards not only to twice as large a share in its collective output but to twice as much a determination of what that output should be and how that output should be achieved. The Co-operative case against the undemocratic nature of this assumption rests on the belief that what matters here and now are the interests which are affected here and now. Those who have invested capital in an enterprise and, by not withdrawing it, continue to invest in it may be assumed to have an interest in what happens to their money; but the employees of that enterprise also have an interest here and now in what it does because the nature of their employment depends upon it. Those who trade with it have an interest, similarly, but in the nature of its trading policies, in the price and quality of its goods and services, in the extent to which it provides them with what they want when they want it, or is prepared to accept from them what they have to offer on terms which they regard as reasonable. Those who live in an area in which a business operates also have an interest in its activities because its acts of omission and commission can affect their lives in very material ways.

All these interests, of course, are different from one another and at times may be so very different that they conflict. There is therefore no simple way of determining how, if at all, one person's interest is greater, more worthwhile than another's. Although it is quite clearly crude, the principle of one person, one vote provides an easy way out of the difficulty because when interests conflict the majority vote decides which interest will prevail. Thus through its employment of the device of open membership, on the basis of one member, one vote, the British Co-operative Movement has put the determination of the course of Co-operative events squarely on the shoulders of those people who have the motivation to make their economic interests effective, by joining a Society in the first place, by attending its members' meetings in order to find out more about what its officers are doing on the members' behalf, by voting in elections of those officers for its Board and other committees, and by standing for election themselves. In short, those who are sufficiently motivated to participate in the conduct of a Co-operative Society's affairs are simply assumed to be those for whom economic interest in what that Society achieves is sufficient to lead them to participate.

The fact, then, that the largest single category of members in a fully open Society is likely to be neither its employees nor those who have little or no contact with it beyond happening to live in the area where it operates, but those who have fairly regular contact with it as an organisation from which they purchase, or to which they sell, goods and services, ensures that the consumer interest is likely to be the dominant interest in the long run. At the beginning of this book the rise and consolidation of consumer sovereignty was explained by reference to those economic and social developments which converted Britain into a populous, urban, industrial society by the end of the nineteenth century. Nothing that has happened since has reversed that process. Those influences, which pushed the early Co-operative Movement away from creating communitarian home colonies of united interests towards the elaboration of large-scale economic organisations, have continued right up to the present time and there is no sign that they will change. This is not to deny that some room has been found in the modern world for small Co-operatives. Housing Co-operative Societies are surely a case in point; and the production of highly specialised products by small worker Co-ops might also be regarded as viable in this sense, even if both these types of Co-operative violate the principles of Co-operation when they are discriminatory, as they usually are, by restricting membership. However much, then, social philosophers may deplore the trend, asserting categorically that the small is beautiful, much of modern life will necessarily have to be run in terms of large-scale operations because the size and distribution of modern populations do not permit of any alternative. That is why the study of what is happening to the democracy of large Co-operative Societies is so fundamental to understanding how to preserve and to extend the principles of social justice for which the Movement stands.

In their discussion of the 'primitive democracy' of the local trade clubs of the eighteenth and early nineteenth centuries Sidney and Beatrice Webb referred to what they called 'the most childlike faith' of those democrats in their desire that all their members should be equal and that what concerned them all should be decided by them all. Such 'primitive' democracy, the Webbs thought, was compatible 'only with the smallest possible amount of business'.(5) It was compatible also only with the capacity of the members to get together in one place, effectively to debate the issues before them thoroughly. For so long as their members are this few in number, housing co-operatives can be primitive democracies in this sense, as can be small-scale workers' co-operatives. The case for the latter, it should be understood, is often made to rest on the principle that 'a general assembly of the workforce will be the ultimate sovereign body' even if 'in any enterprise with numbers in excess of about twenty, the assembly will have to delegate responsibilities to an elected committee or board.'(6) Quite apart from the nagging question of whether the protection of such primitive democracy justifies the refusal of such Co-operatives to recognise the claims of consumers and others to have a legitimate interest in how they are run, its maintenance can be guaranteed, if at all, only for so long as the total number of members remains small enough for all to participate in the general assembly, irrespective of whether or not they do as a matter of fact so participate merely because they can.

With such societies, as with the much more massive Co-operatives with which this book has been concerned, the crucial issue may thus be reformulated to become that of the extent to which members of both primitive and representative democracies, the polyarchs of the first chapter of this book, are sufficiently motivated by their economic interests to participate in the activities of these societies in such a way as to be able to use their single vote, and all that it stands for, as effectively as possible to achieve whatever it is that they wish to achieve through such participation.

The constitution of large-scale consumer societies in Britain ensures that there are no 'artificial' restrictions, no institutional barriers to prevent anyone, who wishes to, to become actively involved in their government. The question of significance to be considered, therefore, is the extent to which nevertheless some difficulties are placed in the way of some members which others do not have to face. A word is in order here about voting as such. From the results of a pilot study and an, admittedly, unsatisfactory postal questionnaire with an 11 per cent response rate, it was concluded in the 1950's that there were at least three types of non-voter in a large Midland Society at that time. There were, first, those members 'who appear quite genuinely ignorant of quarterly meetings, of elections, and of the existence of co-operative auxiliaries and their work.' There were secondly, those who admitted that they knew the Society held such meetings and elections but 'they never took part in either, nor were they excited at the thought of the guilds.' These were members who asserted that they were 'simply not interested' or were 'accustomed to use the society as a shopping convenience only.' There were, finally, those who, as their Society had grown in size, especially through amalgamations with smaller Societies, found it more difficult to participate because they were faced by a fairly long and certainly time-consuming journey in the evening to those Co-operative centres where meetings were held and other activities organised.(7) Such members had gradually dropped out of taking part and consequently had lost interest in voting - in the other sense of interest, namely, having their attention imaginatively engaged in the process of elections.

Obviously a large growth in the size of a Society over a fairly short period causes special problems of this last sort, and as Societies have grown larger many of them have experimented therefore with shop meetings and special store displays and exhibitions in an attempt to arouse more interest generally in their members and non-member customers locally. Doubtless such experiments have brought in some members, whole families perhaps, for an evening's entertainment and instruction, so that some of the ignorance of what a Co-operative Society does, what it stands for, may have been reduced in this way, and indeed some support for guilds through this means has been reported;(8) but there is as yet no clear indication that experiments of this kind have had any marked democratic effect in the sense of influencing some of the participants to engage themselves more actively in elections and in the government of their Societies, to the point for example of standing for elections themselves or even organising other local members to

demand perhaps some sort of store representation to meet the Society's Board, as a possible solution to the inhibiting effects of scale and distance. In any case, for so long as the great bulk of members are interested in their Society solely as a place where they may trade conveniently and, consequently, are able to vote with their feet by transferring their custom elsewhere when they are not satisfied, for so long will they express their economic interest by so contracting out rather than by becoming more involved within.

Much the same kind of comment may be made about rank-and-file employee members of Societies. For example, it was reported in the 1970's that the Greater Nottingham Society had set up 26 joint-consultation committees, covering the majority of the people it employed. 'Meetings are held at frequent intervals, employees are encouraged to attend and participate in these meetings and free and frank discussion takes place on a wide range of subject matter. Our experience has shown that our joint consultative machinery has played a significant role in maintaining and improving staff morale, employee co-operation and participation and has been a contributory factor in bringing about improvements in efficiency and productivity.' (9) Yet the Personnel Manager who produced this Report had nothing to offer on whether the experiment had promoted any kind of interest in Co-operative participation of the more democratically involved sort, presumably because this had been insufficient amongst such rank-and-file employees to attract attention to it. In any case, if the Enfield Highway Society's inter-war year experiences is any guide, in that it had to abandon in 1938 'through lack of support' the Joint Advisory Council it had formed in 1927, (10) for so long as employees can rely on their trade union organisers to promote their economic interests vis-a-vis the Board of Directors, they will have no strong motivation to become involved in the democratic activities of their Society unless they personally have interests of another kind which prompt them so to act.

That is why so much attention was paid in the last two chapters to those characteristics of the active members which might throw some light on this sort of motivation. The typology of activities, for instance, was arrived at from the results of interviews which sought to ascertain why these respondents joined a Co-operative Society in the first place and became active thereafter. In those interviews reference was often made quite spontaneously to the influence which an earlier activist had exercised upon the respondent, encouraging him, or her, to attend meetings of a Society or guild, introducing her, or him, to other activists and to the many opportunities for democratic participation which the Co-operative Movement generally provides, and by sheer force of example, demonstrating the very personal satisfactions to be gained by choosing to make a hobby of these activities rather than pursuing some other leisure-time sport or amusement. Interpersonal influences of this kind abound in the Movement, which is another reason why it is correct to emphasise its polyarchic nature as a democracy; for, the various activists form networks of personal contact, not only within a single Society but running right across the country from Society to Society. Activists thus obtain considerable moral support for the policies they pursue in their own Society and useful information about what is going on elsewhere.

Hence the problem of the disappearing lay leader which has so exercised the concern of Co-operatives over the past ten years or so may be reformulated here to become the question of the extent to which family influences, guild influences and political influences have declined since the Second World War to result in a disproportionate encouragement to participation for those who entered the Movement originally as employees and in the course of the years have moved into managerial posts, or alternatively, have entered the employment of a Society in a relatively low-level managerial post and have become increasingly active in its affairs, and in the Movement generally, as they have advanced to senior positions. Sometimes, indeed, such activists become appointed to a General Manager's or a Senior Executive Officer's post, which entitles them by appointment, without election, to a seat on a Board by virtue of their office in the Society. Such a network of activists, elected and non-elected alike, because its members possess considerable managerial expertise and knowledge of the financial operations of many different kinds of Society within the Co-operative Movement nationally, has come in recent years to be regarded, especially by the more politically minded of the other activists, as sufficiently influential to constitute a managerial oligarchy within the Co-operative polyarchy, ensuring not only that effective control of policy-making rests in relatively few hands but also that such control shall be directed first and foremost to the achievement of the Movement's economic objectives, if necessary to maintain it as viable at the expense of its social purpose. 'Did you not notice this year', one antagonist of such 'business' Co-operation asked in 1976, 'just how many officials were presenting policy from the platform at Congress while those who own the business for the large part sat in their seats?'(11)

As the number of non-managerial lay leaders declines, the problem facing the Movement is not that the senior officials in Societies are particularly influential over their less senior colleagues who are elected to the Boards and committees, although in some individual cases such influence may well be deliberately exercised; rather is it that the impact of inflation on its trading policies and the course of amalgamations towards even larger Societies has been accompanied by a growing conviction on the part of the remaining non-managerial lay leaders that Co-operative managers generally, lay and official alike, apparently use radically different criteria for judging the success of the Movement from those which are employed by the three types of activists, identified above, and especially by the politically motivated amongst them. In purely business terms success is measured by a range of relatively 'objective' statistics, such as total sales, sales per member, market penetration, the absolute size of the surplus, etc., whereas other activists see these figures as a positive achievement only if they can interpret them in some way as furthering the social goals of the Movement which, of course, are much more difficult to define and virtually impossibly to quantify. This can be demonstrated by the fact that a growing membership is insufficient to claim a growth in Co-operative principles amongst the population generally.

The clash between business and social ideology was very well exemplified in the debate over the Regional Plan at the 1973 Congress. A member of the Central Executive of the Co-operative Union, advocating the implementation of the plan, drew a parallel with the multiple chain stores in order to persuade Congress to adopt the Plan. The multiples, he claimed, were organised and developed on national lines.

'They get the economies of scale, unifying and streamlining, buying and selling, applying reason to method, slaying sacred vows of sentiment and by the single minded devotion to the profit motive.... they have gained the support of the consumer.'(12)

Whilst the 'single minded devotion to the profit motive' was regarded as the legitimate goal of the Movement as far as some Co-operators were concerned, for other significant groups this was precisely the point of contention. Much of the conflict over the past twenty years has revolved around the disagreement over the lengths that a Co-operative Society had to go to achieve profitability. If the pursuit of a trading surplus endangered the perceived ideals of certain activists, then the discussions about structural reform took on an added dimension. There was a reaction from the anti-business Co-operators against attempts to pose the problems confronting the Movement in purely commercial terms, and they attempted to broaden the limits of debates so that even the term 'business' took on a wider meaning. A good example of this was a speech in this 1973 debate by a Director of Enfield Highway Society:

'When we talk about our business we do not restrict ourselves to sales, we embrace our business as meaning democratic participation as well.... Setting aside the question of whether the economic re-organisation will be successful surely we need to be equally concerned with the survival of our co-operative democratic processes. Almost without exception the amalgamation of societies does not lead to an improvement in participation by our members, usually the opposite is the case. Surely we ought to be much more certain than we can be at present that the process of simply creating bigger and bigger co-operative organisations is a solution to our problems. No one can point to a blue print which, if followed, is likely to result not only in greater economic strength but also a much more virile democratic element with our societies.'(13)

This speaker appealed for a strategy for the Movement which could satisfy the need for improved economic efficiency without damaging the vitality of democratic participation. In this he echoed many other lay leaders who argued that the demands of the trading side of the Movement should be subordinated to its distinctive democratic practices and the two should be reconciled in a mutually advantageous way. They tried to bridge the apparent contradiction between managerially inspired plans, dictated by concern for trading efficiency, and the non-managerial activists'

commitment to popular participation in the business and other affairs of a Co-operative Society. The demand for a 'blueprint' that married 'efficiency' and 'democracy' has dominated many Congress debates in the years since 1958; and there has been a widespread feeling that the drive for profitability and rationalisation, spearheaded by the managers and their allies among the lay leadership, would relegate member participation to a back seat.

What emerges most clearly from the debates over the past twenty years, in brief, is that the ideologically inspired lay leaders have perceived themselves as under threat from the 'businessmen', and they have had little doubt that the 'professionals' have been becoming more powerful at their expense. They have felt that they were losing control of the Movement to a well organised group of 'modernisers' who had no real interest in the traditions and principles of Co-operation. As early as 1960 one Director posed the split in the Movement in these terms:

'On the one hand we have those who advocate retaining the Movement's democratic structure as the feature which distinguishes it from private enterprise.... On the other hand we have those headed mainly by the managerial element who argue that trade is the only thing that matters and we should give up or not bother about our preference to be democratic.'(14)

In this version, the professional managers were the bete noir because they were accused of having little interest in, or sympathy for, the ideals of democratic participation. The managers were the pacemakers for structural reform, and their businessmen's outlook entailed a narrowing of vision and an unnecessary concentration on 'professionalising' decision making. The members of the Gaitskell Commission and the other 'modernisers' were accused of attempting to adopt methods and techniques which were not applicable to Co-operatives. The 'ideologues' argued that proposed reforms would reduce a movement with social principles to a vast trading organisation. While the contribution of managers, accountants and the other professionals who worked for the Societies was recognised, some of the lay leaders felt that their concern with trading matters should not be allowed to over-shadow all other matters and they criticised the dominance of methods of achieving profitability and efficiency, which, they argued, pre-empted a more important debate about values. This 'ideological', as opposed to 'business', position has more recently been expressed by a pressure group, aiming to revive member participation in the consumer Societies, in the form of the assertion that

'businessmen.... are apt to find this narrowing of vision the most appealing thing about the profit motive - they can avoid tiresome debates about objectives, they can concentrate their energies, they can know whether they are "successful" or not by one ready reckoner.'(15)

It can hardly be denied that the publication of the Co-operative Independent Commission's Report in 1958 gave an impetus to the growth of specialist professional executive management because its advocacy of large-scale organisations stimulated the demand for greater specialisation within the management structure. The Co-operative Wholesale Society, for example, reorganised its structure in 1963 and began recruiting managers, often from non-co-operative bodies, to control the centralised marketing and procurement activities. In two important respects the Gaitskell Commission challenged the right of democratically elected lay members actually to manage Co-operative affairs; for Hugh Gaitskell and his colleagues the functions of democratic control and active management were totally different and they proposed the adoption of clear-cut distinctions and the demarcation of two separate roles. No longer were elected lay members to 'interfere' in management decisions. The change in nomenclature from 'Management Committee' to 'Board of Directors' symbolised a change of function. As far as the C.W.S. was concerned, the Independent Commission attacked the fact that the democratically elected lay board had full-time managerial responsibility. For Gaitskell and his colleagues, this was a problem which could be resolved by the proper recruitment, training and direction of a professional managerial bureaucracy. As far as the composition of the boards of the C.W.S. and the Co-operative Retail Development Society were concerned the Commission endorsed the view that an executive managerial board was required, heavily seeded with Chief Officials. The Gaitskell Report stated that,

'No regard should necessarily be paid in its selection to maintaining a representative or geographical balance of interest. And the personal qualifications required are professional ability and experience of the techniques of large-scale management.'(16)

Many activists saw in these proposals a direct attack on deeply held notions of local lay control. The Report's proposals would, they claimed, give greater power to the managers, improve their prestige and limit the powers of lay members. As one commentator has said,

'It did, then, endorse the trend away from grass roots management of economic affairs. Insofar as the principle was admitted that Co-operatives were uncompetitive by standards of economic efficiency, the remedy lay in adopting management professionalism to provide solutions - this would not tolerate the entrenchment of local control.'(17)

The 'business' Co-operators believed that the career bureaucrat had a fixed sphere of competence and in a neutral way would carry out decisions that were democratically arrived at. The Gaitskell reforms swept away the whole cumbersome proliferation of committees and sub-committees through which the lay board members attempted to exert control over management functions. A Congress delegate, attacking the trend towards larger societies, asked in a later debate,

'What is being pushed? A monolithic management structure. A monolith, as you know, is a four sided stone pillar with a pyramid at the top. This obviously has attractions to management. To a mathematician it is a much more attractive object than a tree. But the Co-operative Movement is much more like a tree than a monolith, because the various branches may not have any mathematical relationship to one another, but it is the health of the branches of this Co-operative tree that really matters, and many branches which were independent Co-operative Boards are now.... dying.' (18)

The malaise of the Co-operatives, of which there are many speeches at Congress by those who claimed to be the keepers of the Movement's conscience, was often attributed to the growth of centralised organisations. The perpetrators of such plans, in the name of economic efficiency, were often the managerial element, so it is they who were so often castigated by lay members for all the shortcomings of the retail Societies. There is certainly enough evidence to show that most Co-operators believe that the power of professional management has been increasing. This has occurred for a number of reasons, among them the growth in size of Societies, which increased managers' rewards, their educational qualifications, their responsibilities and consequently their importance in the Movement. Up until the Gaitskell Report there had existed a tradition in Co-operative Societies of internal promotion of the bright working class school leaver who joined the Society as a butcher's apprentice or as a bread delivery boy. Opportunities existed for promotion, and employees were encouraged to study accounts, commerce, co-operative business practice, etc., by correspondence courses and through study at the Co-operative College. The typical Co-operative general manager, up until recently, had worked all his life for Co-operative Societies, had few, if any, non-co-operative qualifications, and had no ambition to work for private trade.

Since the war two inter-related tendencies have altered the role and status of Co-operative managers. The most important changes occurred in retailing itself because the increased scale of operations demanded levels of expertise that were formerly unknown. Following the pattern of the United States, retailing became a major growth industry in the nineteen fifties. Before then it had low turnovers, was dominated by the family-owned corner shop, and there was low prestige for the 'shop manager'. The fifties witnessed the movement of capital into retailing, the investment of vast resources into the development of national chain stores and the decline of the small shop entrepreneur. Investment and innovation led to the growth of a professional retailing management bureaucracy with improved status, higher educational qualifications, and changed recruitment patterns. The Independent Commission Report urged co-operative societies to recruit more readily from Grammar Schools and the Universities and reward them more handsomely. In the nineteen sixties a plethora of business studies courses at colleges began to include lectures on 'scientific retailing' and new qualifications in management standards in retailing with the establishment of the Distributive Training Awards. At the same time as these

processes were affecting managerial functions, the weakened commercial fortunes of the Co-operatives, along with declining lay participation, have led to a greater reliance on management to help solve the problems of efficiency.

If, then, the question is asked about what is likely to happen to the Co-operative form of direct participation of the people in the democratic organisation of their economic life, the answer must begin with recognition of the extent to which certain crucial economic exigencies must continue to be faced. Whatever their market situation, the Boards of Co-operative Societies must continue to be cost conscious. Societies must continue to balance their books on the credit side at the end of the year. Chief executive officers must continue to organise what is by now a massive scale of activities through a hierarchy of managerial functions, which make them necessarily remote from the ordinary customer, the ordinary employee, in their day-to-day office routines. As the previous chapter indicated, the essentials of Co-operative, voluntary activism imply considerable devotion on the part of activists, however they are recruited; and for them to understand, in order to monitor, what chief executive and other senior officers have to do requires very much more than a casual consideration of market and managerial requirements. It is, indeed, more than probable that the decline of the lay leadership is a consequence of the increased demands on the lay leaders which large-scale organisation requires. The Co-operative Movement, therefore, although it maintains no formal barriers against any member becoming an activist and positively encourages the few who choose to be to take advantage of the many facilities it offers locally and nationally, nevertheless has become so massive in its operations that only those members who gain their livelihood in its employment at a fairly senior level have both the motivation and the knowledge to find such activism congenial. For the remainder only a very strong commitment to Co-operative principles will suffice. This means that with the consolidation of consumer sovereignty the Co-operative Movement has not so much created as drifted into the position of developing into a special sort of employees' control, namely, that where the people in the higher ranks of the organisation are expected by the majority to make the major decisions on their behalf. There is, in principle, nothing to stop the rank-and-file members, the rank-and-file employee participating in this decision-making; but increasingly they are leaving the decision-making to others. When the Co-operative Movement began it was believed by many Co-operations that if only the ordinary people of the world were given the opportunity to have their say, that world would be very different. The present state of the Movement now suggests that the problems of democratic participation are very different from what was originally thought.

The senior officials of the Movement are, of course, very much concerned with trying to induce customer-members to remain loyal purchasers of a Society's goods. They do not want them to vote with their feet. They are also similarly preoccupied with maintaining rank-and-file employee-member loyalty. They do not want a lack of employee morale to worsen their competitive position vis-a-vis the multiple retailers. In these senses

they have a vested interest in making Co-operative Societies work, in maintaining the Co-operative form of business. The failure of some politically activated Co-operators to understand this mitigates against their understanding the nature of management problems in this large-scale enterprise world. While, therefore, it still remains necessary for public relations' committees and education committees to try to get ordinary members to understand the workings of Co-operative Societies, the nature of a balance sheet, the business procedure of Society meetings, it should now be quite clear that what is needed above all is more information about the day-to-day running of Co-operative Societies, especially at top management level, so that activists may be educated in understanding how to control such management without interfering with its procedures. In brief, it is time for the Movement to undertake research into the very question which the Independent Commission regarded as unproblematic. The future of this type of people's democracy rests on the encouragement of potential activists to become involved in the intricacies of policy making by reference to its day-to-day application by the ex-officio officers on the Society's Board. Without this research top management will become more and more mysterious to the non-managerial member who is therefore likely to turn away from the Movement altogether to search for a simple way of achieving social justice, and the Movement will then be run by an almost self-perpetuating oligarchy.

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