

Book Reviews

The Workings of Co-operation - A comparative study of consumer co-operative organisation in Britain and Sweden 1860 to 1970

By Katarina Friberg

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Reviewed by Lloyd Wilkinson, former Chief Executive Officer, Co-operative Union Ltd

This substantial book - some 500 pages – explores the working of Co-operation, and was the basis of the writer's thesis for the degree of Doctor of Philosophy from the Växjö University, Sweden. This should not deter anyone with an interest in co-operatives and co-operation from reading what is a detailed, down to earth and fascinating account of the development of consumer co-operatives in Britain and Sweden, both countries having been leaders in the co-operative world in the nineteenth and twentieth centuries.

The work is a two-case comparative study, the comparison being between the local consumer co-operatives of Newcastle-upon-Tyne Co-operative Society Ltd, situated in the north-east of England and Konsumentforeningen Solidar in Malmo, in the south-west of Sweden. The societies are explored through minutes of members' meetings, and several other data sources from their beginnings to 1970, looking at the organisational structures, decision making, and interaction between the different factors within each Society.

The manner in which the work is presented goes a long way in maintaining the interest of the reader in the wealth of detail. The book is arranged in five parts – an Introduction, Retail Services and Shopping, Members' Meetings etc, Economic participation and internal politics, and finally "the workings of co-operation" being the results of the comparative study. Whilst the introduction is largely about the organisation of the work, it includes much interesting factual material from both countries – eg the formation of the Co-operative Party in Britain, and relations with KF, the national co-operative Union in Sweden. Considerable efforts were made to ascertain the validity of the source materials which are commented upon in some detail, and which included impressions gained from

conversations with co-operative members when the writer attended their meetings. This first part concludes with two valuable subsections in terms of research materials – the first concerned with members' meetings and the minutes of those meetings, and the second with the legislative framework within which the Societies had to operate. This latter aspect is dealt in the context of national legislation, and also of regional and local factors. The last eighteen pages of this part are headed "Newcastle and Malmo – from trading towns to industrial cities", and serve to emphasise the importance of understanding all the varying factors that have had an influence on co-operative developments in the two cities.

Part 2, headed "Co-operative retail services and Shopping at the Co-op" records the developments over some 80 years, of the Newcastle Society and then of the Solidar Society in considerable detail, and seeking to show how shopping at the Co-op. was a different experience for different generations of members. In addition to details of the establishment of branches by both organisations, their practices in relations to their Members' rights and duties are dealt with at some length, as are their practices of credit trading and of dividend payment. It is interesting to learn of the emphasis placed on member loyalty by the Solidar Society, and of its actions to have members understand the need for loyalty. How the Societies dealt with credit trading is given detailed attention, and includes the establishment and operation of "Mutuality Clubs".

These detailed comparisons continue in Part 3 with a look at Members' meetings, the records of those meetings through the Minutes, and at the various forums that operated in each Society. Attention is drawn to the practice of quarterly meetings in Newcastle, whereas in the Solidar Society

members only had the opportunity of an annual District meeting. An interesting aspect of this section of the book relates to “who is the Member”? it being questioned in the case of dual membership of husband and wife! The thrust of this part, however, is concerned with Member influence on decision-making, both before a routine was established and after, when some consistency of practice was in place. Anyone interested in the formalities of meeting procedure there is much to be gained from a reading of this segment of the book. The establishment of rules and standing orders and their relationship to legislative requirements are dealt with in a clear and understandable way. A final segment of this Part deals with the co-operative Forums that existed in Newcastle and Malmo – to quote from the book, “Forums are: places where members of Co-operative societies learned the workings of co-operation, its rules and culture, places where members could discuss and quarrel, mobilise or be mobilised, particular group interests, or just have a good time”. Consequently, there are references to the Guilds, British Federation of Young Co-operators, Co-operative Party, Education etc. in Newcastle etc. and similar bodies in Malmo, and to their influence.

The members’ economic involvement with their Society is dealt with in Part 4, which on the one hand is concerned with the raising of capital and on the other with the distribution of surplus. Clear differences of approach

between the two Societies are documented; funds and schemes made available to members are explained (death benefits, loans advanced against property), as is the differing approach to the funding of Education and politics. A major portion of this Part deals with the influence that members can have upon Society policy concerned with, for example, the provision of new services, shop modernisation programmes, dealing with complaints and in particular on dividend and pricing policy. It includes some well-documented examples, which illustrate the different approach taken by each Society, and make interesting reading.

The fifth and final Part of this highly readable book, entitled “The Workings of Co-operation”, begins with a series of questions, which the writer seeks to answer by reference to the outcome of the comparative study. The differences in the development of consumer co-operation in Newcastle and Malmo are explained by way of summing up and some analytical reflections follow. What is very apparent is that issues that are seen as being important in one Society are neglected in the other, and vice-versa.

The publication includes some six pages of historic photographs – England and Sweden; graphs are used throughout to illustrate points in the text, and sources are annotated on a page-by-page basis. An extensive Bibliography records both published and unpublished references.

100 Years Co-operative Credit Societies Act, India 1904 – A worldwide applied model of co-operative legislation: Proceedings of a Colloquium in Marburg, September, 2004

Edited by Hans-H Münkner

Published by the International Co-operative Alliance, Asia and Pacific, New Delhi. ISBN: 81-89550-00-4. Price: US\$30 INR 450 (including packing and postage)

Reviewed by Bob Briscoe, Programme Director, Centre for Co-operative Studies, University College Cork.

This is a surprising book. At first sight, the title suggests that it might be a rather dry, legal treatise, perhaps of little relevance to current struggles and triumphs of co-operatives, and most unlikely to keep the reader awake at night! In fact, this book turns out to be a page-turner: a veritable treasure trove of interesting stories and thought-provoking ideas. The subtitle – *A worldwide model of co-operative legislation* – gives a clue to its fascination.

The book fills a significant gap in the co-operative literature, a gap which had been noted by Margaret Digby, earlier of the Plunkett Foundation and a noted authority on co-operative legislation. She wrote:

A number of books have been written on co-operative law and ... the development of co-operation in particular countries ... But no attempt seems yet to have been made to explain or record the historical process by which this form of activity came to spread, in a comparatively short time, to peoples as diverse in race, in social structure, educational standards and economical needs as those which make up the Commonwealth. Nor has much wonder been expressed at which is, after all, a remarkable and unexpected occurrence.

100 Years helps us understand the amazingly rapid spread of state-sponsored co-operative movements across every continent, in environments as diverse as Nigeria and the Gilbert and Ellice Islands. The 1904 Act, introduced by the British Imperial Government in India, is significant because it was the model for state-sponsored co-operation in South East Asia and Africa. And after the Second World War, the 1904 Act became a template for the colonial governments of all British dependencies. Hans Münkner in his Introduction describes it as one of the first global laws and a prototype of a “developmental law”. It was a new approach to the socio-economic development of self-help co-operatives, sponsored by the British imperial government, and was an improbably but well-intentioned strategy to make amends for the

deindustrialisation of India’s well-developed cottage textile industry, which had been virtually shut down to protect markets for the British textile industry.

Ake Eden in his essay, *Oriental Economic Thought and Co-operative Development on the pre-colonial Indian Subcontinent*, addresses the question of how is it possible for a government to intervene effectively in co-operative development. He summarises the problem as follows:

Governmental interventions in co-operative structures and decision processes are usually the beginning of the end – or impetus to failure – for most co-operative organisations.

He also reminds us that top-down co-operatives have not worked very well even when under the charismatic leadership of inspirational entrepreneurs such as Robert Owen and Rabindranath Tagore. “Those co-operatives are mostly short-lived and they usually disappear with their leaders”. To underline his point, Eden describes a number of traditional forms of co-operation in India which predate Rochdale. He goes on to quote J H Wolff’s assertion:

The colonial powers saw the Eurocentric co-operative approaches to solving economic, social, legal and political problems as superior, and taught, imposed and enforced them in many parts of the world. There certainly would have been a modern co-operative movement in India without British interference, but it might have started much later and taken a different course.

To make government intervention work, a new type of civil servant was needed: an administrator with the skills and inclination to promote and nurture self-help co-ops without recourse to coercion. Münkner underlines the difficulties of the tasks confronting these unlikely social entrepreneurs:

To create a government department working by persuasion and advice rather than prescription and orders turned out to be difficult to implement and the idea of a

Registrar as head of such a department, working as a guide, philosopher and friend of co-operators rather than an inspecting officer, proved to be good, provided persons of the right calibre and qualifications to fill such posts were found and allowed to operate as “development entrepreneurs”.

But, finding the right person for such posts must have been difficult enough. Rita Rhodes contributes two fascinating essays which shed light on the origins, methods and attitudes of the pinstripe *development entrepreneurs*. In one, a paper entitled *Colonial Co-operatives through the Eyes of their Co-operative Registrars* she introduces us to an extraordinary cast of characters who combined administrative, nurturing and entrepreneurial skills. Her paper is also rich with memorable quotations from their thoughts on co-operatives and development. Here are just a couple of samples. The first is from W H K Campbell:

I am as brave as anyone when it is a question of losing a certain amount of government money in a good cause. The trouble with co-operation in new countries is that the stakes with which the game has to be played are the savings for the most part of very poor people ... If the stakes are lost, the effect on the owners and the resulting set-back to the prospects of the movement are serious beyond all proportion to the amount of money which was involved.

The second is from H Calvert:

The absolutely necessary principles are that people should agree to associate voluntarily on terms of equality in order to secure satisfaction of some common need. Human beings, and not capitalists, bind themselves together to “work each for all and all for each.” ... Co-operation stands out for moral uplift, for honesty and the homely virtues that count for so much in the daily lives of the people. It possesses the peculiar faculty of making virtue pay ... Moreover, morals of an individual cease to be a purely private matter for his own conscience, they become of importance to the whole community to which he belongs.

For Calvert fans, another bonus of this book is that it reprints Calvert’s Introduction to his book “The Law and Principles of Co-operation”, fifth edition, Calcutta, 1959.

For another angle on the role of the registrar,

several former co-operative registrars have contributed essays. Gary Cronan, former Registrar in the State of New South Wales and currently with the ICA, gives an Australian viewpoint. Another famous former registrar, Trevor Bottomley, together with Edgar Parnell, tell the positive story of co-operative development in Botswana, 1963/68. He and Cronan remind me of another highly effective co-operative registrar I was lucky enough to work with in Atlantic Canada. Fred Pierce, the former Registrar of Co-operatives in the province of Nova Scotia brought a passion and enthusiasm to his job, which was far beyond the call of duty. Fred was a proactive development entrepreneur, travelling round the remotest parts of the province, liaising with co-operatives of all kinds discussing problems and running road-shows for boards. In his spare time, he published and distributed pamphlets on new kinds of co-operatives and all aspects of governance. He has retired as registrar but is almost as busy as ever working as Development Manager in the Nova Scotia Co-operative Council.

A fuller discussion of co-operative development in North America is addressed by Prof Ian MacPherson, in his essay *Globalisation in Another Time*. He traces the international links and networks that coincided with the rapid development of co-operative credit in North America as well as in India. According to MacPherson, an important linkage between India and North America was Henry Wolff’s book, *People’s Banks: A Record of Social and Economic Success*.

Although the 1904 Co-operative Credit Societies Act, India, was based on Britain’s Friendly Societies and Industrial and Provident Societies Acts, Madhav Madane, in his interesting essay, *A Century Indian Co-operative Legislation: From state control to autonomy and to state partnership*, notes an extraordinary contravention of co-operative principles. In the section of the Act on voting rights, members with unlimited liability were each entitled to one vote, whereas those with limited liability could have as many votes as were prescribed by the by-laws of a Society! He goes on to reassure us that India’s provincial co-operative acts have done away with this original provision and now stipulate one vote per member irrespective of shares held!

There is much more to enjoy in 100 Years ... I hope I have said enough to whet your appetite.

The Pit and the Pendulum; a co-operative future for work in the Welsh valleys

By Molly Scott Cato

University of Wales Press, Cardiff, ISBN: 0-7083-1869-X, 274 pages

Reviewed by Nadia Johanisova, Masaryk University, Brno, Czech Republic

This is a remarkable book, combining a cool head with a warm heart in assessing the complex phenomenon of unemployment, its causes, effects and remedies in an area crippled by coal mine closures in the eighties and nineties. In an introductory passage, the author states some of the reasons for undertaking her research:

My training in social research, as well as my inherent nosiness, led me to wonder what the people making up the labour force there might think of their situation ... I was astonished to find that nobody had asked them.

So she did ask them, first via questionnaires which drew over 200 responses, then by conducting more informal, in-depth interviews with 47 people. The respondents were drawn from a sample of employees in the study area: public, private, and co-operative, small and large. The questions revolved around the level of satisfaction workers felt with their own jobs, the value they attributed to different types of work and their priorities in choosing their occupations. Other interesting issues arose in the in-depth interviews.

The answers are in Chapters 5 and 6 and form the kernel of the book. We glean a vivid picture not only of workers' attitudes to their jobs, but also of the lifestyle, values and aspirations of a people whom economists are only too apt to place on the scrap-heap for not having adjusted to a globalised world. From Cato's research a more realistic portrait emerges: the typical Rhonda Cynon Taff inhabitant values solidarity, job security and altruism over individualism and quick profit, and might thrive if offered community-focused jobs with an inclusive management structure established along co-operative lines. This impression is further strengthened in Chapter 7, which describes the history and current situation of a local co-operative success story. Tower Colliery was bought out by its workers after facing closure in 1995 and has not only emerged as a successful business, but has significantly contributed to the strengthening of both the local economy and local confidence.

An important theme running through the book is foreign direct investment. While the policy has

met with some success in the number of jobs created, its overall effectiveness has been questioned in recent years, especially after the 2003 scandal featuring LG, the Korean firm which pocketed £248m in public subsidies, then reneged on its promise to provide 6,100 jobs in the region. In Chapter 3, the author provides well-researched information on problems connected with inward-investment job creation in Wales, which include not only insecurity of employment, but also the low-skilled and low-paid character of the jobs and their essential incompatibility with the mentality of the miners, used to strenuous, dangerous but autonomous work with a high degree of mutual support and camaraderie. Less measurable yet very important is the impact on local self-confidence, an attitude of "we need foreign saviours, so are probably too inadequate to resolve our own problems".

While subsidies from the public purse are taken for granted in the case of large foreign companies, they may not be forthcoming for a local co-operatively managed company. At the time of writing, Tower Colliery was deliberating whether to risk a major investment in developing further coal reserves. It was doubtful if the company could afford the investment but non-investment would mean closure, which, as Cato emphasises, would lead to "a colossal blow to confidence in the Valleys". Yet it was far from clear whether a public subsidy would be available. The fact that it seems to be economically acceptable to fund an Asian company but not the expansion of a local colliery highlights the hidden value judgements behind purportedly disinterested economic decisions by government.

In the last chapter, which I personally found very interesting, the author draws on her own values, her economic erudition and the results of her research to suggest some non-mainstream, but credible and achievable answers to the Valleys' unemployment problem. Essentially, she calls for a "Robinson Crusoe approach to policy-making".

When Robinson Crusoe arrived on his island ... he assessed what was available and decided how to make use of these things to

increase his well-being. I suggest that we begin to follow this example in Wales, where the response has rather been to expend most of our effort in building one raft after another, all of which have sunk without trace on the merciless seas of international competition.

South Wales, Cato asserts, has a wealth of resources. The challenge is to tap these resources in the interests of the locals rather than distant corporations, and to go with the grain of the local culture rather than against it. Strategies would include re-evaluating coal, coal, water and renewables as strategic resources rather than market commodities, “capital anchoring” in the sense of converting firms vulnerable to closure to worker ownership, creation of local currencies, emphasis on true local community participation in community regeneration, and providing finance and expertise for small and medium enterprises, the non-profit sector, social enterprises and credit union development. To counter the local problem of a booming black economy, it is suggested

that Rhondda Cynon Taff should introduce a basic income pilot scheme: locals would receive a basic income whether or not they have a formal job. By freeing them from the poverty trap, this might prove more effective in boosting official employment figures than “hotlines to report on neighbours”.

The Pit and the Pendulum is a scholarly publication replete with data, yet one can sense the author’s passion bubbling not far beneath the surface. In fact, her values actually do surface in an initial passage on methodology and broad intellectual scope.

Upon finishing the book I felt that despite the differences between Wales and the Czech Republic, this book might well have been written about us. Yes, over here foreign direct investment is not working very well either. *The Pit and the Pendulum* maps a different route, banking on local land and people rather than foreign companies. Perhaps if we take this path our valleys will also grow greener again.

How to Form a Co-operative Self-Help Organisation - a manual for persons desirous to form a co-operative and promoters of co-operative development

By Hans-H Münkner with contributions by Peter Wardenski,

Published by Marburg Consult für Selbsthilfebeförderung, 2005. Price Euros 10

Reviewed by Peter Yeo, Past Tutor at Co-operative College and overseas development Consultant

The objectives of the manual include “to represent state of the art on the promotion of co-operatives” ... “to learn from experience, to avoid common mistakes and to build on successful approaches identified during the past several decades”. Hans Münkner is well equipped to tackle these tasks. Working with him recently renewed my admiration for the depth of his knowledge, and for something even rarer – his ability to recall relevant details just when they are needed.

There would be many more successful co-operatives in the world if the ‘common mistakes’ Münkner warns against had been avoided. For example:

- Forming a Self-Help Organisation is a learning process. But such a process is not a matter of one-way transfer of knowledge from an external ‘expert’ to local beneficiaries. It is a process of knowledge-sharing among partners.
- There is no single model for the development of Self-Help Organisations ... models differ even from one village to another.
- When assessing human resources available ... one should not only think of household heads, landowners or persons carrying out any business, but also of women, young persons and the elderly.
- Encouraging development by offering easy money tends to create “self-help organisations for acquisition of external aid”

There are other objectives clustered round the concept of providing an international draft which can be translated and localised for use in particular countries. To this end, there is an admirable glossary and a list of abbreviations. An intelligent translator whose English was less than fluent could handle the job. The book could be used as a trainer’s manual, a textbook for courses for co-operative promoters and managers, a reference book for planners, and as a source book for people designing co-operative education programmes based on modern media and study groups. In many

cases, it would be advisable for aid donors to save money by financing local people to do this work rather than by sending out ‘experts’ to provide guidance which could more economically be drawn from Münkner’s book.

Part 2 of the book is an ambitious attempt to cover financial and organisational management in 35 pages. It might have been better to cover fewer topics in greater depth. For instance, the sections on cash flow projection or balance sheet ratios could be expanded sufficiently to enable more people to use these techniques. This would be more useful than passing references to topics such as ‘market philosophy’, or truisms such as “A large number of small enterprises admittedly suffer from marginal incomes or inability to expand”.

An explanation of who the book is for, and of its purposes, curiously comes towards the end rather than at the beginning. We are told that to encourage a ‘step by step’ approach some repetition is needed. So we have very similar feasibility study checklists repeated on at least four occasions. Readers might have taken more notice if there had been one list of the common elements with additions as necessary as we move on through the process.

There is one surprising omission. How do we make co-operatives useful to the very poorest and to very small groups? Some of the techniques described in the manual just do not work for them. Nevertheless, experience shows that they can benefit from co-operative self-help groups. The manual’s insistence upon an “annual audit by a qualified auditor” perhaps needs to be modified, to a discussion of the ways in which money could be kept safely.

Very small groups cannot have the separate Supervisory Committees advocated in this book. They may not even differentiate between general meeting and committee meeting, but there are techniques by which they can combine democracy with efficiency. The best Grameen schemes provide good experience of how to use external finance without undermining local democracy and local saving. There is also much positive experience of modifying ‘open

membership' by excluding men or by excluding all but the very poorest. If there is, somewhere, experience of teaching men the attitudes which tend to make women so much better at running small co-operative self-help organisations, it would have been good to refer to it.

The book admirably meets its main objectives. These suggestions for improvement should not

be taken as encouragement to someone to write another international manual in the near future. For the next decade or so, people working in development of co-operatives would do better to concentrate on using the wisdom that is in Münkner's book and on following his advice to localise it.