

Power to the owners!

Patrick Gray surveys the crisis at the Co-op insisting the principles of the Rochdale pioneers must triumph over managerialism

The future of the Co-operative Group, accounting for over two-thirds of the consumer co-operative movement in Britain, hangs in the balance. Proposals for a new governance system are being hammered out. In September a delegate conference will decide what shape this system will take.

At a time when the very idea of democracy in the economic sphere is under attack from neo-liberal conservatives, much more depends on the outcome than the fate of one large company. Will the debate which followed the publication of Lord Myners' recent report shift power back to the Group's owner-members? Or will what is going on behind closed doors in Manchester amount to a managerialist coup, with all important decisions being taken in future not by, but on behalf of, members by rubber-stamped nominees who (however benevolent), are imbued with private sector aims and values?

An economic mono-culture?

A co-operative is not just a business that does good things. It is a specific type of structure, defined by the International Co-operative Alliance as an organisation both owned and controlled by its members. And it is this issue of control which, since its origins in Rochdale over 160 years ago, has meant that co-operation stands for something far more radical than just good quality goods at fair prices.

Do we stumble on towards an economic mono-culture, where all important decisions are taken by a highly-paid elite? Or do we aspire to live in a plural society where people grow strong taking decisions about their own lives and their own communities? If so, co-operatives are right in the front line, ensuring members have a meaningful say in running an organisation which they own, should determine the future shape of governance in the Group.

Fortunately, the image pro-

pounded in the Financial Times of the Group being led to ruin by vodka swigging 'commissars', is simply fantasy. Far from too much member control, the real problem was an undemocratic board too weak to rein in a headstrong chief executive pursuing a get-big-quick agenda far removed from the prudent defence of members' interests. Given a real say, grass roots members would never have agreed to food shops being neglected to pay for a lavish new head office or the co-operative name being sold off to Thomas Cook to fund adventures in the world of high finance.

Is it realistic to believe that a large retail organisation can combine democratic control with business success? The answer is an

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emphatic yes. In Finland, Italy and Switzerland, for example, co-operatives dominate the retail sector. In the UK, it is the most democratic independent co-operatives (including Midcounties with 450,000 members, turnover of £1.2 billion and a strong record of growth, profitability and community engagement) which are the most successful, not the reverse.

So what must we do to bring about a renaissance of co-operation in Britain where this far-reaching and revolutionary project began? First, The Co-operative Group must pay down its debt and establish a governance system which combines meaningful member control with informed and efficient decision taking. Second, co-operators must build a new consensus around the proper parameters for co-operative enterprise, giving managers clear ethical and business guidelines

within which to operate. Third, we must face up to the fact that we are no longer living in the 1920s. We must re-think our relationship to the world of politics and show that it is possible to campaign and be committed to radical change without being politically exclusive. Fourth, we must explore new ways of involving members and customers, giving them a bigger role in their co-operatives and communities.

There are, to be sure, areas where equity based business has advantages (arguably, in raising capital for example), but the co-operative model also has unique inherent strengths. Co-operatives are sustainable because they are not vulnerable to the vagaries of share price and the threat of hostile takeover. Their organic links with the communities they serve means they can be more responsive. Unlike the equity sector, where profit maximisation must rule, in co-operatives ethics and commercial success naturally pull together.

Genuine democracy?

Despite the horrors of the last 18 months, after decades of retreat, recent years have seen many positive developments. More societies have adopted genuine democracy; new areas of co-operative enterprise - energy supply and childcare in the case of my society - have emerged; and even the crisis in the Group has sparked a long overdue debate on governance. The Group is not the whole of the Co-operative Movement but it is a big part of it. If, against the odds, a settlement combining genuine democracy with business efficiency emerges out of Manchester in September it will be a big step towards the Rochdale Pioneers' radical vision of a community where everyone, rich and poor, shares directly in economic decisions which affect their lives.

Patrick Gray is President, Midcounties Co-operative