Introduction

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Early in July 2012 academics and active co-operators from across the world converged on The Co-operative Group’s then headquarters at New Century House in Manchester, UK, to attend a major international conference entitled ‘Mainstreaming Co-operation’. The theme was how co-operation internationally could renew itself and become once again the global force for positive economic and social change it had once been in the later nineteenth and early twentieth centuries. The central question was how co-operation could move from the fringes of orthodox economic, social and political thought to command a prominent position in the mainstream intellectual currents of the day. The conference was interdisciplinary, and focused on a wide range of historical and contemporary issues and themes in which co-operative models offered or had offered new ways of organising production, commerce and human society which became widespread and central to the wider functioning of societies.

The time for such an appraisal seemed particularly apt. In the later twentieth century co-operation as a business and social model had experienced retreat and defeats, especially in parts of the developed world which had been, a century or so earlier, the citadel of co-operative growth. This was especially evident in the field of consumer co-operation. Across Western Europe, in particular, consumer co-operative movements had lost market share to new investor-led and ruthlessly efficient and centralised retail chains, able to take advantage of large amounts of capital raised through the stock markets, and unhampered by the constraints of federal, regionalised business democracy which prevailed within the consumer co-operative movements. ¹ In countries such as Austria, France, Germany and the Netherlands, major parts of the consumer movement were swept away in the 1980s and 1990s, while
Mainstreaming co-operation elsewhere, notably in Italy and the Scandinavian countries, strategies were adopted which enabled those movements to hold their own.\textsuperscript{2}

In Britain, decline from the 1960s to the 1990s was arrested by new approaches in the first decade of the twenty-first century, but recent setbacks have resulted in all of the ground recovered being lost.\textsuperscript{3} Accompanying business difficulties, consumer co-operation experienced membership declines in many countries, weakening the democratic credentials of the movement, and in some cases ultimately leading to loss of co-operative status and conversion to mainstream investor-led models, as occurred in Germany in the 1980s. But perhaps even more damaging than this was an ideological assault on co-operation which led to a widening perception that it was a form of business and social organisation whose day had passed. The 1980s saw the establishment of a new ‘neoliberal’ intellectual hegemony in politics, economics and business, exemplified by the Thatcher and Reagan regimes in the UK and USA. This dismissed the mixed-economy ideas of the postwar Keynesian consensus, and reassessed the free market and competitive ethos of nineteenth-century capitalism, with its emphasis upon a small non-interventionist state, low taxes, minimal welfare and the dominance of the investor-led public limited company (PLC) or corporation as the only really credible and durable form of business organisation.

The ‘new’ philosophy was intertwined with globalisation, financial deregulation and the development of a dizzying array of new financial instruments and assets which, for a time, seemed to offer the prospect of efficient, self-regulating financial markets which did not need the intervention of law or national state agencies. In this brave new world, co-operatives came to be seen as outmoded forms of business enterprise, destined to lose out to the investor-led paragons of economic rationality. Co-operatives might emerge to plug temporary gaps yet to be filled by superior investor-led models, but in the long run they would cede to the natural winners in this neoliberal version of economic Darwinism. This new orthodoxy had real consequences. The privatisation of state assets found a mirror in the policies of demutualisation which swept across the Western world, with new legislation to empower management teams and other interested parties to lead the way in converting building societies and other mutuals into investor-led companies. In Britain, the 1990s saw the vast majority of building societies converted to mainstream banks, and some of those which did not convert mimicked the more reckless and speculative behaviour of the new converts in an effort to retain membership and market share – as The Co-operative Group was to discover to its bitter cost following its absorption of the Britannia Building Society in 2009.\textsuperscript{4} Meanwhile, the collapse of communism in
Eastern Europe and the former Soviet Union added to the discrediting of
the co-operative model, as many of the ‘co-operatives’ in those regimes
had been either absorbed into the communist state apparatus or set up
by them. Thus neoliberal economic theory, combined with the failure of
communism, served to inflict one of the greatest blows against the inter-
national co-operative movement in its history.

By the early 1990s, therefore, according to the mainstream of contem-
porary economic thought, co-operation was a dying form of business
and social organisation. Economic theorists wrote of numerous theo-
retical problems with co-operatives: the so-called ‘horizon problem’, in
which individual co-operators struggle to put the collective interests of
their co-operatives before their individual interests in the arena of long-
term investment in the business; or the ‘Illyrian problem’ (mentioned in
Grant’s chapter 3 in this volume), in which members of co-operatives
refuse entry to new workers in an effort to retain their share of the
co-operative’s earnings. This leads to the development of two classes of
workers in the co-operative – member owners and employees – a state
of affairs entirely inimical to the ethical aspirations of co-operation, and
likely to constitute a slippery slope towards conversion to ‘mainstream’
investor-led status. In this way a new orthodoxy emerged in which
co-operation had little or no place. This was reflected in the gradual
fading of co-operation from the literature in academic business studies
and economics. This fading of co-operation from important parts of the
intellectual mainstream remains a problem, as will be made clear later in
this introduction and the chapters in this volume.

Yet, unexpectedly, the tide did begin to turn in the first decade of the
twenty-first century. The dominance of the investor-led model began
to be challenged, largely as a result of crises and problems in the inter-
national capitalist system, but also because of signs of durability and
revival in the international co-operative movement. Even during the
supposed heyday of neoliberal orthodoxy of the 1990s and early 2000s,
many social observers of the globalised and market-driven economy
noted that the corollary of the system was deepening divisions of wealth
and power between the very richest elite and the rest, with potentially
damaging consequences for social order and democratic legitimacy. To
some degree, the emergence of new-style left-of-centre ‘third way’ strat-
egies, such as that advocated by the Blair government in the UK after
1997, seemed to highlight that other business models than the dominant
corporate investor-led template deserved a place in the capitalist hier-
archy. The Blair government even sought to legislate for such alterna-
tives, through the Community Interest Company Regulations of 2005
and the Charities Act of 2006, which established a legal framework for
community interest companies, charitable incorporated organisations and the growing body of ‘social enterprises’ dedicated to the creation of a business sector with a distinctive remit to improve and strengthen society. The warning signs that investor-led organisations were not without their weaknesses were evident when the Enron scandal erupted in the USA in 2001. This proved to be an ominous portent for the future, and when the great international financial collapse of 2008 occurred, with the failure of Lehmann Brothers followed by state bailouts of major banks across the world, shortcomings in the governance practices of investor-led companies and their underpinning structures began to move centre stage. As the crisis unfolded, an interesting phenomenon became clear. In countries such as Italy and France, co-operatives proved highly successful at riding out the storm, with co-operatives creating many more jobs at a time of crisis than the private sector (see Sanchez Bajo and Roelants’ chapter 2, this volume). In Britain, The Co-operative Group had been steadily recovering following the Lanica crisis of 1997 and its reorganisation in 2000–01, and was not proving to be the failure once predicted. Consumer co-operatives in the Scandinavian countries were also holding their own, with quite spectacular levels of success being achieved in Finland. In addition, in Britain, the ‘liberalisation’ of education from local authority control, which had been gathering pace for some time, created new opportunities for schools organised on ‘multi-stakeholder’ co-operatives lines, a model that had enjoyed considerable success in Italy. By 2015, over 700 such schools had been created through reorganisation or were in the process of converting.

There were also signs of ideological reassessments amongst political bodies not traditionally favourable to co-operation. In the UK the Conservative Party, once the architect of the demutualisation and privatisation drives, rediscovered the benefits of co-operatives, mutuals and social enterprises during its long period in opposition from 1997 to 2010. Problems with privatised public services and the spectacular failures of many demutualised building societies (especially in the 2008 crisis) persuaded some Conservatives that there was room, after all, for co-operatives, mutuals and other non-investor-led organisations to flourish – especially in public services from which the state would have to retreat, following the massive financial retrenchment resulting from the debts arising from the huge state bank bailouts of 2008–09. From this emerged the 2010–15 Coalition government’s ‘Big Society’ strategy, in which co-operatives, mutuals, social enterprises and other ‘third sector’ organisations were to ‘spring into being’ to take over key services (libraries, leisure centres, playschools) previously provided by the local state. The idea of a non-state, non-capitalist third sector emerging in the wake
of the crisis also informed European Union strategy, with an important plank of its future plans defined as ‘social innovation’, with the object of increasing citizen participation in society and democracy via more direct engagement with the voluntary and social enterprise sectors.\textsuperscript{10}

Thus the Mainstreaming Co-operation conference in 2012, which coincided with the United Nations International Year of Co-operatives (itself a sign of renewed global interest in co-operative models), seemed to catch a changing intellectual \emph{milieu} on the brink of readopting ideas of co-operation and mutuality more or less rejected by the mainstream a generation earlier.\textsuperscript{11} Notably, the original impetus for the international year came from the developing world, as Mongolia was the resolution’s original sponsor in 2009. The first wave of support for the resolution also came from the countries of the developing world.\textsuperscript{12} After the resolution passed, Mongolia hosted the initial meeting of UN experts to plan for the year.\textsuperscript{13} The aim of the Mainstreaming Co-operation conference was to explore the possibilities of moving co-operative models of business and social organisation from the margins to which had been relegated, back into the mainstream of intellectual debate about business, social organisations, and the wider field of public and commercial ethics. It was recognised that while a new openness to such ideas was in evidence, this did not constitute a wider awareness of or acceptance that co-operatives and mutuels might have a continuous and substantial role to play in developed and developing societies. Business and economic textbooks remained firmly wedded to the investor-led business paradigm.\textsuperscript{14} The conference therefore explored how co-operative models had succeeded in the past in breaking down intellectual and political barriers, and had ‘won the high ground’ – often against entrenched, self-interested opposition. It sought to identify fields in which co-operatives were once again beginning to win ground – how they had achieved this, and what could be learned from it. The conference also focused on general strategies (historical and contemporary) for co-operation to win its place in the intellectual mainstream – and in fact changing that mainstream itself.

But no sooner had the conference happened, and the editors had set to work turning the conference proceedings into a publication, that events overtook them. The crisis in the British consumer co-operative movement, which began with the near failure of The Co-operative Bank in 2013, threatened to destroy all of the advances made since the difficult years of the 1980s. For a time even the survival of The Co-operative Group itself seemed in doubt. Realising that any book exploring the position of co-operation in relation to the mainstream which did not analyse the most recent and serious crisis in the history of British co-operation and its ramifications would be obsolete before it got into
print, the editors decided to allocate a chapter to examine the roots and results of that crisis, something which had to await the completion of the major reviews of The Co-operative Group’s affairs undertaken by Sir Christopher Kelly and Lord Myners during the course of 2014, and the outcomes of their recommendations. As a result, a volume originally planned for publication in 2013 has taken substantially longer to produce. But we think that, in this case, it is a substantially stronger and more relevant volume for its extended gestation period.

So what are the main themes of the book? Firstly, the ways in which co-operative ideas have won support in the past, and clues as to how they might do so again in the future, figure very prominently. Here it is necessary to sound a note of caution. The aim is not to offer examples of successful and expanding co-operative practice as blueprints or approaches to be universally replicated. A resounding aspect of co-operative development has always been its adaptation to social and economic conditions which are specific to particular social, cultural and historical contexts. The editors reject the notion of a simplistic co-operative blueprint or approach as something which can be universally transplanted, and few of the contributors to this volume seek to proselytise specific models. Of course, it may well be that co-operators reading this book will draw their own conclusions and adapt ideas to local circumstances – but it is not the intention of the editors to actively campaign in favour of this or that model. Furthermore, the question of ‘mainstreaming co-operation’, in the sense of winning wider intellectual, legal and political acceptance of co-operation across the world, is not merely a question of developing successful models. Sanchez Bajo and Roelants’ chapter demonstrates that it is not merely a question of co-operation and mutualism adding to the mainstream of economic ideas and business models, but of their substantially changing many of the underlying assumptions behind the mainstream; not least in the replacement of the hegemony of neoliberal ideas and the investor-led organisational model with a plurality of models, in which a wide range of potential forms of organisation might coexist. They point to the continuing success of co-operative models during the post-2008 crisis in which ‘mainstream’ capitalist organisations struggled, offering the example of co-operatives such as Desjardins in Canada and Mondragon in Spain. On a similar theme, Grant, in chapter 3, pinpoints the central problem of how co-operative ideas might not only dominate in the intellectual mainstream, but also exercise greater purchase over the popular imagination. For him, it is a central question of agency, of how co-operative ideas might gather sufficient momentum to challenge neoliberal orthodoxies. For Grant, this requires the development of effective networks of co-operative advocates and institutions, able to promote
co-operative ideas in a co-ordinated, self-supporting and coherent way. He points to the effectiveness of such networks in promoting feminist ideas since the 1960s, and how they have moved the interests of women into the mainstream of modern thinking.

This question of championing co-operative ideas is also a very strong theme in the historical chapters. Yeo’s chapter on G. J. Holyoake (chapter 4) is a classic study of one of the movement's most successful nineteenth-century proselytisers. Yeo celebrates Holyoake’s ability to project co-operation to a diverse range of audiences, including politicians as well as the educated middle class more generally. This was achieved not through writing alone, but through a variety of media, including graveside speeches! Yeo contends that Holyoake was probably the most effective proponent of a non-Marxist, non-revolutionary socialist alternative to the prevailing capitalist order, and that his skills as a highly flexible and creative communicator were complemented by his ability to combine practicality and moral purpose in the construction of his messages. Holyoake’s argument was not just that co-operation offered a more rational and materially beneficial way to organise society, but that it was also ethically superior. Yeo argues that one of the most powerful ways in which the co-operative idea can have modern appeal is by stressing this ethical as well as rational foundation. Yeo argues that here lies the way, in particular, to appeal to the young, through a set of ideas which can offer a moral and social dimension conspicuously absent from the selfish and profit-maximising individualism of neoliberal theory. That such an appetite exists for an ethical economic alternative is evidenced by the growth of support for Green movements across the globe in recent decades, and arguably in the UK by the surge of support for Jeremy Corbyn for the Labour leadership in the summer of 2015.

Vernon’s chapter (chapter 5) also explores an important past example of how the British co-operative movement sought to maintain the currency of its ideas through education. Vernon explains how, by the 1890s, the Co-operative Union, the political and educational wing of the movement, had become concerned about the decline of educational opportunities provided by retail societies. This decline was in response to the growing role of the state in the provision of education – especially for children – as exemplified by the 1902 Education Act. The Co-operative Union was deeply concerned that co-operative values and history were likely to be marginalised in state curricula which focused on mainstream beliefs – in history in particular, there was especially strong concern that this would lead to new generations filled with a patriotic, imperialist and nationalist perspective of the country’s past, with little or no awareness of working-class history and the place of co-operation in it. Vernon
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explains how, to combat this, the Co-operative Union developed and promoted a range of accredited courses aimed at adults and children to offer an alternative view of history, with working-class movements and co-operation firmly embedded in it. Vernon contends that its impact, though difficult to measure with precision, was substantial and, until 1930 at least, helped ensure that new cohorts of co-operative members had some sense of the ethics and historical origins of the movement. Here was a national initiative which sought to keep co-operation as part of the educational and cultural mainstream.

But other chapters offer worrying examples where opportunities were missed – and are being missed – to keep co-operation as a solid component of the intellectual and popular mainstreams. Vorberg-Rugh’s chapter (chapter 6) and that by Rawlings and Shaw (chapter 7) expose a historical failure to address issues of gender inequality within the British co-operative movement which arguably have contributed to its marginalisation. Vorberg-Rugh shows the largely negative response of the British movement in the nineteenth and early twentieth centuries to the efforts by the Women’s Co-operative Guild and others to increase women’s participation in co-operative democracy. She demonstrates that, despite co-operatives’ longstanding commitment to gender equality in membership, in practice many women were excluded from membership and leadership positions despite the movement’s dependence on a predominantly female customer base. Nor was this solely a British phenomenon. Rawlings and Shaw’s comprehensive survey of women and leadership in the global movement reveals similar historical and contemporary inequalities, though there is also evidence from some parts of the world that these are being challenged. What is notably worrying and disappointing, however, is the lack of academic research into this area – which is surely essential if it is to be tackled systematically. The basic question here of course is how will it be possible to mainstream co-operation if it fails to mainstream women into leadership positions within the global movement? How will it be possible to fulfil the mission of co-operation to provide a vehicle for deeper democratic participation in societies through economic control, as cited in Sanchez Bajo and Roelants’ chapter, if it perpetuates the gender inequalities of the existing mainstream?

Whitecross, in chapter 8, exposes another historical failure to promote co-operation in a key arena. Her study of the failure of the Co-operative Party to significantly shape the economic policies of the Labour Party in the 1930s and 1940s, fashioning for co-operation a firmer position within Labour’s overwhelmingly statist version of democratic socialism, reveals that it was not merely a result of Labour’s strong predilection
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for state socialism over voluntary association, but also an unwillingness on the part of the wider co-operative movement itself to press the more assertive strategy favoured by many Co-operative Party activists. An important opportunity to stake out a significant claim to the political legitimacy of co-operation, as a movement worthy of serious consideration as part of the mainstream of state economic policy, was largely missed. One might reflect that this frequently sterile political alignment with Labour also served to alienate the main Conservative opposition party which, after all, dominated government for much of the twentieth century. Somehow, the movement contrived to fashion for itself a ‘lose–lose’ situation in parliamentary political terms. Parliamentary and party politics, after all, are also part of the mainstream. These historical and contemporary failures to promote co-operation in fields such as parliamentary politics and gender illustrate that, at times, the movement can be its own worst enemy. One might add that the Co-operative Union’s efforts to sustain a sense of co-operative history and culture in the first half of the twentieth century also seems to have atrophied in later years.

A second important theme in the book is to explore where contemporary co-operatives and other forms of collective enterprise seem to be offering new opportunities for the movement, and fresh forms of organisation which might be adapted to new contexts. A pivotal chapter in this respect is by Mills and Yeoman (chapter 9), which offers a review of some new forms of mutual organisations in Britain, especially in the provision of public services, which might be adapted to a wider range of enterprises and organisations. They cite the development of ‘polyvocal’ or ‘multi-constituency’ forms of mutual organisation to bring together different (sometimes opposing) interest groups in joint representation on the governing body. The examples they cite include Rochdale Boroughwide Housing and NHS Foundation Trusts. They see this as a model capable of much wider application, resulting in public services which are much more responsive to consumer needs and interests. One might add that the co-operative school movement of recent years in Britain has very much followed this multi-constituency approach. Some even advocate it as a possible model that The Co-operative Group might emulate. Hughes’ chapter on co-operative approaches to health care (chapter 10) fleshes out some of these themes of using co-operative models to engage patients in the development of their own care, and offers several major examples of how this works in practice in Australia, the USA and elsewhere. McCusker (chapter 11) focuses upon the spread of the co-operative model among professional architects, arguing that this is a model which is attractive as it both helps architects to adapt to a frequently difficult
economic climate and offers collegial forms of work relationships which are beneficial for the working patterns of the profession.

Schröder and Walk’s study (chapter 12) of the role of co-operatives in promoting environmental protection, most notably in German housing co-operatives, focuses upon the role of the co-operative model in promoting education and member participation – both crucial ingredients for embedding environmental sensitivities and awareness in modern organisations. Hannan’s chapter (chapter 13) makes a similar point about the beneficial aspects of the participatory behaviours which co-operatives promote. She discusses the role of co-operatives in addressing poverty in the developing world. Rejecting assertions by some scholars that co-operatives are not inherently poverty-reducing organisations, Hannan’s study of dairy co-operatives in Kenya shows that they do have important, if indirect, poverty alleviating qualities. She makes the point that it is the changes in wider behaviours which co-operatives inculcate which are crucial in bringing these wider benefits. Active dairy co-operators were much more likely to engage with other collaborative poverty-reducing initiatives, because they had become accustomed to participatory practices. Democratic participation, collaboration and network building were all by-products of co-operative formation and involvement which brought wider benefits.

Pérotin’s timely reassessment of worker co-operatives (chapter 14) is one of the most significant and revealing chapters. She points out that a number of key assumptions are commonly made about these types of co-operatives by economists and business academics. The orthodoxy suggests that they are smaller than most firms, and frequently under-capitalised – essentially small, niche firms which do not offer a credible alternative to ‘mainstream’ small and medium enterprises (SMEs). But Pérotin’s review of worker co-operatives across a range of countries is revelatory. In fact, she demonstrates that worker co-operatives match ‘mainstream’ firms for durability, and that they are found in most industrial sectors. She rejects the notion that they are systemically under-capitalised, and asserts that there is strong prima facie evidence that many are more productive than their mainstream equivalents, largely because of their capacity to motivate workers through their control of the enterprise. Her conclusion is portentous for the subject of this book – worker co-operation is a viable alternative to private ownership for SMEs, suggesting that the model could be much more successfully mainstreamed in Britain, as it has been in Italy and Spain.17

Considine and Hingley’s chapter (chapter 15) provides an encouraging example of a contemporary British co-operative, the Lincolnshire Co-operative Society, where conscious and strenuous efforts have been
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made to sustain a commitment to the wider values of co-operation among employees and members, and to promote wider awareness of their benefits. The results of this have been impressive, not just in terms of commercial performance, but also in the wider benefits which these values have brought to the community, through engagement in a wide variety of educational, charitable and community-oriented activities. They present the society as an example of the creation of ‘shared value’ whereby a commercial organisation engages in activities which both enhance the well-being of the wider community and the commercial prospects of the organisation. Considine and Hingley demonstrate that the co-operative model is especially well placed to fulfil this function of shared value, and that as an objective it is almost uncannily compatible with the values and principles of co-operation. Lincolnshire Co-operative Society provides a potent example of how co-operation can recapture an important part of the mainstream of wider public awareness of co-operation and its benefits. The organisation is seizing an opportunity to move co-operation firmly into the mainstream of ‘Big Society’ thinking about social and economic regeneration, and the way is open for others to follow.

What emerges in total from this volume is a sense of the ways in which the opportunity presented by the more promising climate presented for co-operatives which has emerged might be turned to lasting advantage – how it might be consolidated into an era in which co-operative and mutual forms of organisation are not only grudgingly accepted, but seen increasingly as a viable alternative to the neoliberal consensus which has dominated since the late 1970s. There are ideas here which offer much for further thinking and development. But the final chapter is included as a hedge against hubris. The Co-operative Group crisis in Britain is a sobering reminder that co-operatives are always vulnerable to a multitude of types of failure – whether through commercial incompetence or a loss of co-operative ethics and direction. Such problems are not new, and many co-operatives in many countries have experienced crises, from which some have not recovered. The chapter seeks to offer some thoughts on how such catastrophes have been addressed in the past, discussing the specific origins of the British crisis and its potential legacy for the future. For while the scope for co-operation to break into and even dominate the intellectual mainstream is real enough, so also is the danger of overreach and loss of focus. Co-operation still has enemies as well as friends. If it is to truly become the new intellectual force of the twenty-first century it must learn from past mistakes as well as create new and novel approaches to a fast-changing global environment.
Notes


12 Personal conversation with Dame Pauline Green, President of the International Co-operative Alliance.