Worker Cooperatives in Theory and Practice

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Abbreviations

ACAS	Advisory Conciliation and Arbitration Service
CAITS	Centre for Alternative Industrial and Technological Systems
CDA	Cooperative Development Agency
CPF	Cooperative Productive Federation
CSO	Cooperative Support Organisation
CWS	Cooperative Wholesale Society
DEMINTRY	Democratic Integration in Industry
ESOPs	Employee Stock Ownership Plans
GLC	Greater London Council
GLEB	Greater London Enterprise Board
ICA	International Cooperative Alliance
ICOA	Industrial Common Ownership Act
ICOF	Industrial Common Ownership Finance
ICOM	Industrial Common Ownership Movement
IPSA	Industrial and Provident Societies Acts
JOL	Job Ownership Ltd
LEGA	Lega Nazionale delle Cooperative e Mutue
MSC	Manpower Services Commission
NRCDA	Northern Region Co-operative Development Association
NUTGW	National Union of Tailor and Garment Workers
SCDC	Scottish Cooperative Development Committee
SCOP	Confederation Generale des Societies Cooperatives Ouvrieres de Production
SDP	Social Democratic Party
SNP	Scottish National Party
SUP	Socially Useful Production
TUC	Trades Union Congress

Introduction

In 1833 in Paris, during a lockout, the tailors' society opened a 'national workshop' to employ strikers and sell garments at cost...

In 1839, Owenite supporters from northern towns settled at Queenwood Farm, East Tytheley, Hampshire. Up to 45 adults and 25 children formed the community which was abandoned under threat of bankruptcy in 1845...

In 1884, a group of landless labourers from the north-east of Italy offered themselves as a labouring cooperative to drain the malarial marshes of the River Tiber...

Between 1951 and 1963, Ernest Scott Bader progressively handed over his successful chemicals company to the employees. He created a business which became the foundation of the Industrial Common Ownership Movement...

In 1956, in Spain, Father Jose Maria Arizmendi-Arieta inspired workers to take over a redundant factory. By 1982, over 18 000 people were employed by the Mondragon group of cooperatives and they had created their own network of financial and welfare services...

In 1974, two trade union convenors at the KME factory on Merseyside applied to the government for almost £4 million to turn their ailing company into a cooperative employing 913 people...

Since 1981, three clothing cooperatives have been formed on Tyne and Wear following factory closures, one still survives...

In 1983 in Britain, one new worker cooperative was being formed for every working day...

These diverse examples each illustrate one common theme: a desire to extend control over work. At the most basic level, the dispossessed seek to control the very existence of work itself, e.g. the workers who occupy their factory or the unemployed who start their own cooperative business. At another level, it is people seeking control over the work process, e.g. the employees who ask for a say in decision making or try to reorganize

their jobs to make them more interesting. Ultimately, it is a desire to change the whole basis of control and radically shift it towards those who now have so little.

Cooperation has encompassed each of these levels. Cooperators have ranged from those who simply wish to be able to exert enough control to create or preserve a job for themselves, through to those who have plans for the kinds of clothes we will wear, or food we will eat, in their brave new worlds. Cooperation offers a view of the world in opposition to the competitive individualism of capitalism, but it cannot be neatly packaged into a unified theory or a particular plan. Indeed, cooperation in practice has had to accommodate itself to the particular social and economic environment within which it finds itself. The likelihood of it developing a coherent ideology has all but faded completely. This is particularly the case for worker cooperatives. A worker cooperative is usually defined as a business owned and controlled by the people who work in it. In the nineteenth and early twentieth century the term *producer* cooperative was more commonly used, this reflected the fact that most were engaged in manufacture. It distinguished them from consumer cooperatives but the question of ownership and control exclusively by the workforce was not seen as a fundamental defining feature. In the twentieth century with the growth of service industries the term *worker* cooperatives denotes the increased importance of the role of the worker as owner rather than the activity in which the cooperative is engaged.

In a conventional business, ownership rests with those who have invested capital, and control lies with those same shareholders or their nominated managers. The opposite is true in a cooperative, and this is summarized in the famous cooperative maxim 'Labour Hires Capital, Capital Does Not Hire Labour'. But what does this mean in practice? How do worker cooperatives operate within a capitalist economy? What does it mean to say 'Labour Hires Capital' in this context? What do we mean when we say that workers can own and control the businesses they work in?

In answering these questions we find competing and sometimes contradictory views. For some, worker cooperatives are business organizations with an inherent potential to reach levels of efficiency that will enable them to outstrip capitalist enterprises on their own terrain. For others, cooperatives are the motor of change, they contain the seeds of a new society, and by education and growth they will eventually transform capitalism. As part of that process, cooperatives will transform those who work within them. Cooperation itself will lead to radical politicization and the adoption of new values. Counterbalanced to this is the view that worker cooperatives will be vehicles of self-exploitation, where cooperators will learn little but the harsh reality of the market place. The cooperatives themselves will degenerate so that they become indistinguishable from conventional businesses.

These contradictions ultimately derive from the much broader question of the relationship between democracy and efficiency. For worker cooperators, such a question is not a philosophical debating point, but central to the viability of their business. Commercial decisions often need to be made rapidly, leaving little time for discussion and debate. On other occasions, decisions will be made by a majority vote, which might leave a resentful minority to undermine their implementation.

At times, cooperation has seemed like a theory without practitioners; a vision of the future that has lost its way in the present. At others, cooperation appears a practice without theory. People work to create jobs for themselves, with little thought for a new moral order. Theory, practice and the questions to which they give rise are all central to an analysis of cooperation. The object of this book is to assess the visions of the cooperators in the light of their practice.

In our examination of the early cooperators (Chapter One), we find a period that begins with the dreams of Robert Owen and Charles Fourier, proceeds through experiments in building new societies, and ends with the sale of unadulterated food in cooperative shops. A period of consolidation by the consumer movement in Britain and producer cooperation in some sectors of the economy in various European countries, is followed by a new wave of post-war cooperation. This is examined in Chapter Two, where we find a clash between the ideals of 'alternative' cooperators and the pressures of necessity on those simply looking for a job. We also note how cooperatives re-emerged against a background of a much broader debate about industrial democracy and the extension of workers' control in industry.

Chapters Three and Four examine the problems that face cooperatives in a capitalist society that is not on the verge of transforming itself into a harmonious new world. Finding money and markets while retaining cooperative status are the two key issues. We will suggest that the genuine extension of democratic control to the workforce in a largely hostile economic environment poses almost insuperable difficulties. The room for manoeuvre for cooperatives under capitalism is severely circumscribed.

In Chapter Five, we turn to the issue of the effect of cooperative working on the individuals involved, particularly in a cooperative where the primary motivation is to obtain work. Is this a radicalizing or demoralizing experience? Using evidence drawn from our own case studies we examine the question of personal change by looking at how conflict is managed within cooperatives.

Chapter Six takes us almost full circle, as the theorists of a post-industrial society return to the issues that faced nineteenth century cooperators. Cooperatives appear to be at the centre of demands for either a new ecologically based economy or one of the many variants of market socialism. Yet cooperatives themselves appear to be adopted, in these

debates, as an unproblematic social form. There is little analysis of how they are to be organized or where they will fit into a radically restructured market place, or operate in its absence.

In our Conclusion, we suggest that cooperation as a theme is the inevitable antithesis of the competitive individualism of contemporary capitalism. The vision that it offers, of a new society where conflict is eradicated and everyone will have direct control of their own lives, is an enduring one. It is a vision that is constantly compromising itself with reality, and it is the working through of that process that is the ultimate theme of this book.

1: The Cooperative Heritage

Cooperative thought and experiments in cooperation did not begin with Robert Owen, although he is often regarded as the founder of the movement in Britain. Cooperation as the antinomy of competition has a much longer history both in practice and as part of Utopian theory. Cooperation in the sense of combining together to achieve a particular goal is clearly fundamental to any social grouping. Indeed, the word is part of most standard definitions of society:

> communal group of mutually dependent individuals; group whose members co-operate for a specific purpose or activity and share certain rules, customs etc. (Garmonsway, 1971, p. 667)

What is central about the word cooperation in this context is that it is seen in contradistinction to individualism. Thus, Utopian thinkers who are critical of the society in which they live have laid considerable stress on cooperation as an inherent alternative to competitive individualism. Kropotkin, for example, says that:

> the mutual aid tendency in man [*sic*] has so remote an origin and is so deeply interwoven with all the past evolution of the human race, that it has been maintained by mankind up to the present time, notwithstanding all the vicissitudes of history. (Kropotkin, 1955, p. 223)

It is difficult to trace these historical antecedents, which were often part of an oral tradition, but there has long been an emphasis on cooperation or mutual aid in radical thought. The desire for commonality has a long heritage and is the basis for many of the struggles in British and European history as can be seen from the sermons of John Ball preaching in the fourteenth century: 'My good people, things cannot go well in England, nor ever shall, till everything be made common' (Hampton, 1984, p. 51). Ball was hung, drawn and quartered in 1381 as a leader of the Peasants

Revolt which demanded justice and freedom and a share in the common lands. Thomas More's Utopia articulated the same theme in 1516 when he outlined a cooperative system of work and life as a reaction to the economic and agricultural changes that were occurring (More, 1961).

The desire for common land was taken up again during the English Civil War when Levellers and Diggers used the opportunity of the establishment of the Commonwealth to propose much more radical reforms. They did not all speak with one voice; they would identify different targets for their 'manifestos' and some were specifically opposed to egalitarianism (Brailsford, 1976, p. 525). However, common ownership of the land was a clearly identifiable theme which had its practical culmination in the colony established at St. Georges Hill and more than 30 communities in the Home Counties (Hampton, 1984, p. 199). Gerrard Winstanley attacked private ownership of land and suggested that landowners farm their own land without help from the peasants:

> If the rich will still hold fast this propriety of Mine and Thine, let them labour their own land with their own hands. And let the common people ... say the earth is ours, not mine, let them labour together, and eat bread upon the Commons, Mountains and Hills. (Hampton, 1984, p. 200)

Cooperation as a form of organization arose in more prosaic circumstances, but land and agriculture were to continue to play an important part in cooperative ideology: 'Cooperation, as far as we know, began with flour-milling and baking' (Cole, 1944, p. 14). Cooperative mills were established in the naval dockyards of Woolwich and Chatham in the 1760s as a response to the high price of corn and the existence of a local monopoly. In the 50 years that followed a number of other mills were established but hardly enough to constitute a movement. They were supplemented by a small number of cooperative stores but these were largely isolated and uncoordinated without firm social or ideological roots. The seedbed in which cooperation developed was the political tidal wave of the French Revolution, the change and disorder that accompanied the growth of capitalism and the emergence of an industrial working class.

Across Europe an optimism in the potential for social change encouraged by the French Revolution, and a desire to find a solution to the immediate problems of poverty and social collapse, led to a spate of Utopian schemes. Barbara Goodwin reminds us of the distinction between 'eutopia' (good place) and 'Utopia' (no place):

> the French Revolution suggested to some that the course of history *could* be diverted, and utopia (of a sort) *could* be implemented – in other words, that abstract ideals could be incarnated in society by deliberate human action. (Goodwin and Taylor, 1982, p. 15)

It was in these circumstances that a number of people emerged, to place their solutions before their respective populations, including a successful businessman with radical ideas for solving the 'problem of the poor' in Britain and a man whose family business was ruined by the French Revolution in France. The distinctiveness of the schemes of Robert Owen and Charles Fourier was that they advocated a decentralized approach based on independent self-governing communities.

Robert Owen (1771–1858)

Robert Owen, the son of a Welsh saddler, became a very successful mill-owner and created model conditions for his workers at New Lanark in Scotland. Later in his long life he devoted his time to the promotion of 'villages of co-operation' and forms of association for workers. The multifaceted nature of Robert Owen's contribution to cooperation makes assessment difficult. Marx condemned him as a paternalistic capitalist and Utopian who hindered the development of a spontaneous working class movement but, with others, praised him as the inspiration of the cooperative and trade union movements.

Owen was not only a writer, he was also an activist involved in cooperative labour exchanges and the early trade union movement. He was not a romantic who looked back at an idyllic past as the basis for his model of society, nor was he opposed to the development of mechanization, which he fully utilized in his own mills. Owen was, however, clearly at odds with a system which he said:

> has made man ignorantly, individually selfish; placed him in opposition to his fellows; engendered fraud and deceit; blindly urged him forward to create but deprived him of the wisdom to enjoy. (Owen, 1970, p. 233)

Owen's first step in rectifying such evils was taken at his own cotton mills in New Lanark which he ran from 1799 to 1829.

In establishing his mills Owen was faced, like other owners, with the problems of managing a hostile labour force. At this stage in the development of capitalism management was a rudimentary 'science'. Much production was, in any case, still carried out in homes or small workshops, and factories often used a subcontracting system to hire labour, leaving discipline to the foreman. Where direct employment was offered, work was controlled by rigid discipline, dismissal and fines. Owen adopted a different approach at his New Lanark mills:

> he threw the grounds open to the workers, built new houses and improved the old ones, erected new schools, started a shop at which

> unadulterated goods were sold at low prices, cultivated land for the supply of vegetables, reduced working hours and increased wages ... and in spite of these things, or because of them, he continued to make good profits. (Cole, 1944, p. 15)

And not only profits but, as another commentator observes, a workforce with 'a mechanical routine of life geared to production' (Gatrell 1970, pp. 39–40). Owen's system of discipline at New Lanark was also much more humane than other employers and he was not alone in believing that control at the workplace was linked with what happened to workers outside it. For example, at one private ironworks:

> The firm provided a doctor, a clergyman, three schoolmasters and a poor relief, pension and funeral scheme, and by his instructions and exhortations Crowley attempted to dominate the spiritual life of his flock, and to make them into willing and obedient cogs in his machine. It was his express intention that their whole life, including even their sparse spare time (the normal working week being of 80 hours) should revolve around the task of making the works profitable (Braverman, 1974, pp. 66–7)

Where Owen differed from other philanthropic (and not so philanthropic) owners was in his broader social concerns. Philosophically, Owen regarded people not as already damned by original sin and hence irredeemable, but as blank slates to be written on. For Owen as an environmental determinist (Goodwin, 1978) the organization of a community was not simply an aid to better production or even a concession to the welfare of employees but rather a way of shaping human lives. In Holyoake's term, Owen was a 'world-maker', wishing to develop a New Moral World, the name he gave to a journal he launched (Holyoake, 1879, p. 15).

Owen had a very clear vision of his new communities which, with the characteristic of his epoch, he carefully documented. They were to comprise between 300 and 2000 people; an association of 1200 would require between 600 and 1800 acres of land depending on the balance between industry and agriculture; houses would be built on a parallelogram pattern allowing for communal cooking and education. Owen even stipulated the style of dress of which he preferred the looseness of Highland or Roman.

As Barbara Taylor (1983) has pointed out Owen, like other theorists of the 'New Jerusalem', embraced the question of women's liberation. He was concerned that his communities should challenge existing attitudes towards domestic relationships, believing that a privatized form of marriage militated against a communal lifestyle. Owen advocated a collectivized family and domestic equality and most blueprints for

Owenite communities included nurseries. The London Cooperative Society promised that in its community all adults would perform housework in rotation (Owen, 1970, p. 229). Owen argued that it was the failure to collectivize family life that was one of the major reasons for the failure of the New Harmony cooperative community in the United States.

Owen's emphatic opposition to the family is amplified by the fact that Fourier independently developed ideas along similar lines in France. For Owen, the 'trinity of monstrous evils' were private property, irrational religion and marriage. His attack on marriage, like Fourier's, argued that it forced people into unions that denied their true sexuality and emotions. Owen placed responsibility for this at the door of the priesthood's refusal to allow divorce. The family also made its participants 'ignorantly selfish' and undermined marital relationships by too intense a proximity. The result was deception and prostitution. His solution was trial marriage and divorce which would have no adverse effects on the children because:

> As all the children of the new world will be trained and educated under the superintendence and care of the Society, the separation of the parents will not produce any change in the condition of the rising generation. (Morton, 1962, p. 168)

While these ideas may not satisfy feminists today, it is important to note that Owen and Fourier felt it necessary to address the 'woman question' at all. It was certainly a period when political rights were 'in the air' following the French Revolution and Mary Wollstonecraft's publication of 'A Vindication of the Rights of Woman' in 1792. William Thompson, in particular among the Owenites, supported women's rights wholeheartedly (Thompson, 1825). He claimed, however, that he was only recording the thoughts of another famous Owenite, Anna Wheeler (Pankhurst, 1954). Other cooperative supporters were less than enthusiastic. Holyoake refers to Owen's lectures on marriage, published in 1835, as a 'kind of perplexing thing' and 'unfortunate in tone, terms and illustrations', that gave 'an armoury of weapons' to cooperation's enemies (Holyoake, 1879, p. 139).

Owen's view of the establishment of his new communities was not one of class struggle and division but rather the creation of a new society on the basis that it was rationally superior to the old. Thus, society would be changed by the gradual spreading of 'villages of cooperation'. However, such villages could initially be created by anyone, including benevolent capitalists like himself. They might be based on industrial or agricultural production and there would be 'common sharing in the fruits of domestic labour' (Cole, 1944, p. 20). However, where 'outsiders' had helped to establish communities, Owen suggested that they might still receive a limited return on their capital. He also argued that while committees might be the best way to run working class communities other methods of government could also be appropriate:

> Those [communities] formed by landowners and capitalists, public companies, parishes or counties, will be under the direction of the individuals whom these powers appoint to superintend them, and will, of course, be subject to the rules and regulations laid down by their founders.
>
> Those formed by the middle and working classes, upon a complete reciprocity of interests, should be governed by themselves. (Owen, 1970, p. 229)

When Owen established his own community at New Harmony he:

> first insisted on a period of authoritative government under his control, and then gave away and handed over to the settlers the regulation of their own collective affairs. (Cole, 1953, p. 100)

Although Owen himself was hesitant in handing over control to the members of the community it is the question of democratic control which was to become a key part of later cooperative thought. Owen was not initially attracted by ideas of self-government or what might loosely be termed worker's control. His reforms at New Lanark were concentrated on welfare issues, not on giving his employees a say in management, or a right to control the productive process. His proposals for cooperative communities also envisaged autocratic control as well as self-government. Evidence of his basic paternalism was his intention, like Fourier's in France, to impress his ideas on a 'socialist Napoleon', a 'social genius' who would grasp and implement his ideas. He, like Fourier, failed to inspire the government of his day, but inspired instead a large group of adherents. Cooperative communities were founded at Orbiston in Scotland and Queenwood in Hampshire, as well as New Harmony in America and the Rahaline Community in Ireland. 'All failed, often accompanied by large, outstanding debts' (Thornley, 1981, p. 15).

Alongside the development of experiments in community living Owen also inspired an attempt to control the product of labour by the establishment of labour exchanges. These derived from Owen's early development of the labour theory of value, i.e. the value of a product lies in the amount of labour time invested in it not the amount of money exchanged. The first branch of the National Equitable Labour Exchange was created in London in 1832 and other branches followed in London, Birmingham, Liverpool and Glasgow. The exchanges issued their own labour notes as currency, based on hours of labour time. For a short period the labour exchanges 'enjoyed a remarkable success' (Cole, 1944, p. 31). According to Taylor the exchanges attracted thousands of workers:

> including thousands of women workers, who produced goods for labour exchanges, ran co-operative shops... and organised co-operative workshops. (Taylor, 1983, p. 88)

The labour exchanges were short-lived, although not necessarily financially disastrous. They declined with the collapse in the mid-1830s of many of the cooperatives that were both their suppliers and customers.

The development of Owenism cannot be confined to those who followed the plans he had outlined in his early writings. The rich philanthropists prepared to sink their capital into villages of cooperation were few and far between, but Owenites abounded. Many were attracted by Owen's later support for the newly emerging trade union movement. Owen was, for a short time, leader of the Grand National Consolidated Trade Union, which was an attempt to organize many unskilled and casually employed workers, which expanded and collapsed rapidly. As E.P. Thompson has argued, Owenism was not so much a movement as many different threads:

> The artisans with their dreams of short-circuiting the market economy: the skilled workers with their thrust towards general unionism: the philanthropic gentry with their desire for a rational, planned society: the poor with their dream of land or a zion: the weavers with their hopes of self employment: and all of those with their image of an equitable brotherly community, in which mutual aid would replace aggression and competition. (Thompson, 1974, pp. 883–4)

Owen's own contribution to cooperation resides as much in his inspiration and in his Owenite followers as it does in his own writings. For Owen, the New Moral Order within the cooperative community was all important. Cooperative shops, factories and labour exchanges were only important in so far as they advanced the development of cooperative communities. In practical terms it was those same consumer and producer cooperatives that were to survive and the communities that were to be short-lived. Nevertheless, Owen's aim of opposing the competitive individualism and exploitation of capitalism remains central to co-operative thought. Although he allowed for the external investment of capital in his cooperatives he proposed that it should have a limited return set by an established interest rate and not a variable return fixed by profitability. His early vision of cooperatives as a means of creating work and reducing dependency on the poor law has been echoed from the striking workers of the 1830s to the cooperatives of the 1980s.

Utopianism in France

Charles Fourier was born in 1772, just a year after Robert Owen, and shared a similar commercial background. He was not commercially successful and worked most of his life as a humble clerk. Fourier was

motivated by a profound hatred of the 'infamies of commerce' which were imprinted upon him by a spanking from his merchant father at the age of six:

> I was taught at catechism and at school that one must never lie; then they took me to the store to accustom me to the noble trade of deceit or the art of selling. Shocked by the cheating and deception which I witnessed, I began to take the merchants aside and tell them what was being done to them. One of them, in his complaint, made the mistake of betraying me and this earned a hard spanking. My parents who saw that I was addicted to the truth, exclaimed reproachfully: "This child will never do well in commerce." (Beecher and Bienvenu, 1983, p. 107)

For Fourier the challenge was:

> to find a new social order that insures the poorest members of the working class sufficient well-being to make them constantly and passionately prefer their work to idleness and brigandage to which they now aspire. (ibid., pp. 30–31)

Fourier's charge against 'civilization' was that it created both poverty and hypocrisy. Unlike Owen, he did not see potential benefits from industry properly administered. Fourier saw people as being driven by passions which should be harnessed rather than repressed. To repress passions was to invite deceit. His aim was to create harmony, a social order so organized that the gratification of individual desire served the common good. Fourier's self-imposed task was to create the conditions for harmony in human relations the way that Newton had indicated that harmony existed in laws of physics. He described his work as social (or celestial) mechanics. As Goodwin points out, such thinking was typical of his time:

> The magic of the harmonious ideal derives from the Enlightenment's post-Newtonian analysis of the universe as an interlocking whole, which rendered men [*sic*] and society subject to causal laws as are natural objects, and so pointed to the hope of universal harmony, and the need for a social science. (Goodwin, 1978, p. 10)

Liberation for Fourier was sexual as well as economic. Goodwin describes his vision as 'joyous hedonism' (ibid.). Marriage was an institution built upon wholesale deceit and like Owen he desired its total abolition. In fact the position of women was to be the yardstick by which the development of society should be judged; there should be 'no other pivot, no other guide than the progressive liberation of the weaker sex' (Beecher and Bienvenu, 1983, p. 194). The sexism of his language indicates that his view of women's liberation had its limitations.

Fourier's aim was to create communities that represent the full range of

human passions and, like Owen, he felt called upon to specify his plans to the smallest details. His community, called a phalanstery, was based on agricultural and craft production. It would comprise 1600–1800 people in order to encompass theoretically the full range of passions of which Fourier identified over 800. He thought that work was essentially attractive but this was destroyed by the compulsion to work in 'civilization'. The task for Fourier was to identify the passions associated with work and build them into his scheme.

The main desires associated with work were the desire to 'Cabal' and intrigue; the 'Butterfly' need for continually changing activity and the need for a 'Composite' as between work and relationships. All would be met by subdivision into small competing work groups in which the members were drawn together by affinity. Work tasks would be a matter of choice, although Fourier predicted what these would be according to age, sex or the composition of passions. Working, eating, child care and sex were to be communal activities. Despite his concern with the emancipation of women, Spencer notes:

> Fourier for all his talk of the freedom which women will enjoy in harmony cannot escape from a stereotype in terms of the work they will perform. (Spencer, 1981, p.90)

The phalansteries were not based on equality which Fourier believed to be a vicious corrupter of natural passions. Inequality, inherited wealth, and even an (honest) market would remain, but with a 'social minimum', basic subsistence level income for all. Fourier allowed for a return to be paid on capital invested in the communities, although this would be progressively taxed.

Like Owen, Fourier thought that his proposals for the communities were so obviously beneficial that people of wealth and power would support them. This was not to be the case and G.D.H. Cole records rather sadly that:

> Fourier constantly appealed to possessors of capital to understand the beauty of his system, and the joys of living under it, and to come forward with the money needed to establish communities on the right lines. He advertised for capital owners prepared to do this, asking them to meet him in a restaurant where, for years, he lunched in solitude, keeping a vacant place for the expected guest. None came. (Cole, 1953, p.67)

No doubt many were discouraged by the more fantastic elements of Fourier's work. He believed, for example, that the development of harmony on earth would lead to the realignment of the planets and the melting of the polar ice caps. The salt in the sea would be dissolved leaving it tasting of lemonade. Fourier's description of the phalanstery includes

descriptions of meat pie wars, consumption of nine meals a day and how to deal with perversions such as live spider eating. Despite these excursions Fourier, in addition to a very perceptive critique of commerce, anticipated the ecology movement by attacking the waste and environmental damage of industrialism. He preceded William Morris in arguing that labour was inherently attractive and that it was only the compulsion of capitalism that prevented individuals realizing that enjoyment. He also anticipated Freud by arguing that this compulsion was as much psychological as economic. He anticipated worker cooperative development in his thoughts on the organization of work and particularly his views on job rotation and the necessity of a coherent working group.

Although he never attracted a benevolent capitalist to his dinner table he did inspire Fourierist communities. A 'half way house' to a full phalanstery was established at Cond-sur-Vesgre, although Fourier distanced himself from its activities. Another Fourierist community founded by intellectuals failed because they were unable to perform the manual labour required by agricultural work (Cole, 1953, p. 73). His views had the greatest impact in the United States with at least 29 communities being founded on his principles in the 1840s, most of which were short-lived. Like Owen, Fourier's community experiments inspired the formation of producer and consumer cooperatives in later years (Lambert, 1963, p. 5). His work also attracted some supporters in Great Britain and, in its latter stages, the Owenite community at Queenwood was influenced by Fourier's ideas.

Although Owen and Fourier were both developing models for cooperative communities they had profound differences. Owen thought that people could be moulded by their environment for the benefit of the community as a whole. Fourier thought quite the opposite, that instinctual passions should be given full expression and that this would in itself produce harmony. Owen embraced the benefits of industrialism whereas Fourier was suspicious of them. Fourier retained private property in his communities whereas Owen favoured communal ownership. They knew of each other's work but it is doubtful if they met, although Owen did visit France on at least two occasions (Desroche, 1971). Owen and Fourier exchanged correspondence which became quite acrimonious on Fourier's part when points of disagreement were identified.

Owen did meet and influence another French Utopian, Etienne Cabet (1788–1856), who was exiled in London for 5 years. Cabet inspired the formation of several cooperative communities including one of the first to be set up in Italy (Earle, 1986) through his novel *Voyage en Icarie* (1840). Cabet's model, despite the communities it inspired, was state socialist rather than cooperative.

Producer cooperation

While the Utopian thinkers were developing their communal visions and their followers were attempting to put them into practice, the reality of economic circumstances and widespread industrial upheaval led to the formation of the first worker cooperatives. As well as forming mutual aid societies, stores and even communal resources such as milling, workers began to directly attempt to take control of their place of work. Hughes Sibille and Jean-Louis Ruatii (European Communities Commission, 1984, pp. F1–42) claim that France should be credited with the 'invention' of worker cooperatives. France had lagged behind Britain in industrial development, wages were two-thirds of those in Britain, and production was still largely in workshops which were coming under increasing competition from machines in the new factories. In periods of unemployment those hardest hit were skilled workers in the luxury trades such as silk and leather. Under these conditions a link began to be forged between the idea of mutual aid and the possibility of cooperatively organizing places of work.

In September 1830 a paper appeared in Paris called 'L'Artisan, journal de la class ouvrière', which called upon workers: 'Since you are ousted from your shops by machines, cease being workers and become masters instead' (Moss, 1975, p. 206). The paper put forward a proposal that workers could gain control of their own workshop if 100 of them each contributed two francs weekly. It should be remembered that they were appealing to the highly skilled and, until recently, comparatively well-paid artisan class. Moss considers that this suggestion was not taken from Owen or Fourier but appeared to have been independently developed by the working class printers who produced the paper.

In 1833 a series of strikes broke out among several trades – tailors, box-makers, last-makers, chair-makers, shoe-makers and glove-makers. In order to protect themselves and provide their subsistence they organized workshops to make and sell the goods of their trade. The shoe-makers aimed to employ all of their 45 000 Parisian craftsmen in one vast workshop. These workshops also had the advantage of providing competition for the existing employers and, therefore, what had started as essentially an *ad hoc* strike tactic became adopted as a clear mechanism of escape from the wage system. Money for the workshops was to be collected by mutual credit aid raised by the whole workforce. This approach was later popularized by Louis Blanc (1811–82) in 'De L'organisation du travail' (1839), which urged that the state should assist in setting up producer cooperatives so as to gradually replace the capitalist system.

Despite the political radicalism of the French Revolution the socialist idea had not taken root as yet in France either in its revolutionary or state

socialist form. Cooperation was the first concerted attack upon the new industrial capitalism. According to Moss:

> Within a theoretical framework that favored capitalist property, class conciliation and middle-class democracy, young Republicans had constructed an essentially working-class organization with a programme of worker's associations that would undermine the basis of capitalism and the industrial middle class. (Moss, 1975, pp. 216–17)

Another rapid growth of worker cooperatives took place in the wake of the 1848 revolution when 200 or more were formed. Like those formed in the 1830s the majority were short-lived and those that did survive were persecuted by Napoleon III. What did emerge was a close link between the cooperative workshops and the trade unions – they were both part of the same struggle and no conflict was seen between them until Marxist influence grew in the French unions later in the century.

Louis Blanc, in his attempt to find a wider audience for these initiatives, argued that the state should become the central planning agency for society and should support financially some industries through a structure of cooperative workshops. When he realized that there was very little hope of the state taking up such a challenge Blanc became an advocate of workers taking action themselves to establish cooperatives. Such cooperatives would have a further role in that they, rather than the state, should be the providers of welfare services.

Blanc's efforts at encouraging state intervention were not completely fruitless; he was influential in securing government contracts for a number of producer cooperatives and a small sum for their encouragement. The French government authorized departments to use them in manufacturing army and other public supplies (Cole, 1953, p. 174). This was the beginning of a long tradition of positive support by the French government (echoed in Italy) that was to prove important in the development of a significant producer cooperative sector in both countries during a period when it all but disappeared from the United Kingdom.

Blanc's interest in produce cooperatives drew him to the work of Philippe Buchez, 'the father of the French co-operative movement' (Cole, 1953, p. 177). Buchez had founded an association of cabinet makers in 1831 and was to influence the work of the English Christian Socialists. Perhaps most significantly he was one of the first to formulate a body of rules for producer cooperatives. Buchez argued that cooperatives could only, at first, be organized by craft workers. Machine workers could not leave their factories to set up on their own and would have to rely on trade unions for their protection.

Associations of craft workers would need to follow five basic principles (Lambert, 1963, pp. 285–90). First, they would elect democratically one or two workers to 'hold the signature of the company' (ibid., p. 286).

Secondly, the method of payment would be based upon skill and the traditional rates paid for the particular craft. Buchez was not an advocate of an equal wages policy but he was clearly concerned at the possibility of self-exploitation through the payment of wages below the market rate. Thirdly, the profits of the company would be divided equally, and 20 per cent would be used 'as relief or distributed among the associates proportionately to their work' (Lambert, 1963, p. 53). This principle for the distribution of surpluses was to become a key issue for both consumer and producer cooperatives. Buchez clearly did not see a need to compensate outside capital or shareholders. This was because he saw craft workshops as needing little capital, and he thought they would gain significant finance through the elimination of the 'contractor' and that state banks would provide initial funding. Buchez's fourth principle was that the cooperative's capital could not be removed by individual members even if the cooperative were to be dissolved. Finally, workers in the cooperative would have to become members by the end of their first year of employment.

Each of Buchez's 'rules' was to be of importance and debate within the cooperative movement in both the nineteenth and twentieth century. Indeed, Lambert suggests that Buchez 'lays down the basic principles of productive co-operatives', a 'theory originated in a foreign land' (Potter, 1891, p. 11) as Beatrice Potter rather xenophobically described it. Buchez's ideas were taken up by the Christian Socialists in Britain who were more influenced by cooperative thought in France than home-grown Owenism. One Christian Socialist leader, J.M.F. Ludlow, had been brought up in France and was influenced by the writings of Buchez and the many French examples of producer cooperatives.

European experience also influenced the Christian Socialists in another way, for they saw cooperation as:

> the surest protection for England from those dangers to society and property which the democratic wave is threatening to bring on many other nations. (Hughes and Neale, 1881, p. xiii)

Not only were producer cooperatives to be a bulwark against revolution but they were to regenerate moral, and in this case, Christian principles. The Christian Socialists lay claim to cooperation as:

> the true outcome of the christian religion . . . a new manifestation of the Counsels of God for the redemption of man out of the slavery of the flesh to the freedom of the spirit. (Hughes and Neale, 1881, p. 9)

In terms of the practical establishment of cooperative ventures such spirituality achieved little. Between 1850 and 1852 Christian Socialists sponsored 12 cooperative workshops. They supplied a considerable amount of capital for the ventures and gave the workers almost complete

autonomy in running their businesses. Each of the cooperatives collapsed within a short space of time. Their sponsors had been hopelessly naive and the cooperators received little practical guidance in areas such as management, marketing or finance. Such precarious businesses could not withstand the downturn in economic conditions and their failures were marked by considerable internal dissension. However, the Christian Socialists had restated the principle of producer cooperation against the increasing practice of widespread outside shareholding in producer cooperatives and the growth of the consumer movement:

> the momentous question of the future... is not whether the producers can be under better masters than before but whether they can be their own masters. (Hughes and Neale, 1881, p. 126)

Although the Christian Socialists were not yet thinking beyond the conventional organization of work, their words have a contemporary resonance when they argue that cooperative workshops would be run:

> by men [sic] who had a direct interest in the prosperity of the establishment and were thus stimulated to do their best to increase by good and quick work the sales their own share of benefit depended on. (Hughes and Neale, 1881, pp. 135–6)

In other words, not only could cooperatives be an agent of moral salvation but they would be more efficient than their capitalist counterparts into the bargain.

If the Christian Socialists' first legacy was to restate the case for producer cooperatives and become personally involved in their development, their second was to be influential in establishing the early legal framework for cooperatives. Until the Industrial and Provident Societies Act (IPSA) became law in 1852, members of 'Friendly Societies' had only been able to trade among themselves. It was now legal to set up a cooperative that could trade with outsiders. Furthermore, a society could raise subscriptions to:

> attain any purpose or object for the time being authorized by the laws in force with respect to friendly societies or that Act, by carrying on or exercising in common any labour, trade, or handicraft; or several labours, trades or handicrafts, except the working of mines, minerals or quarries beyond the limits of the United Kingdom and except the business of banking. (Bailey, 1955, p. 25)

The main beneficiaries of the IPSA were not the producer cooperatives, but the consumer cooperative societies.

The Consumer Movement

The Consumer Cooperative Movement may seem mundane following the rich historical and philosophical foundations of community formation. Certainly production and distribution have both been a part of the same cooperative ideology, but the control of work has had a greater philosophical attraction than the selling of good food. As Holyoake rather ironically puts it when talking of the 1820s:

> the term cooperation was used in the sense of communism. From implying concert of life in community it came to mean concert in shopkeeping. It was a great descent from the imperial attitude of world making to selling long-sixteen candles and retailing treacle. (Holyoake, 1879, p. 41)

Nevertheless, the consumer cooperatives do share in the historical legacy of cooperative thought, as is evident from the first principles established by the Rochdale Pioneers in 1844. Of the 28 original Pioneers who established the store at least half were Owenite Socialists and some, like Charles Howard, had been active in Owenite groups and participated in debates about the nature of cooperation. Cooperative shopkeeping itself had been as much a part of the early experiments as workshops or communities. While it is impossible to be accurate about numbers during the early period, Holyoake records figures of between 266 and 639 stores for the year 1830 with 'upwards of 20,000 persons' involved, though many were short-lived (Holyoake, 1879, p. 101).

The rules developed by the Rochdale Pioneers have been:

> central to the development of the producer, as well as the consumer, cooperative movement. The essence of the rules has been distilled into six main principles: open membership, democratic control, dividend on purchases, limited interest on capital, political and religious neutrality, cash trading, promotion of education. (Bonner, 1970, p. 309)

The Rochdale Pioneers also incorporated into their original objectives principles that were already well-established parts of cooperative ideology such as the Owenite principle of uniting production, distribution, education and government within a single community. They adopted and adapted ideas that came from the old ideals of a cooperative community, including purchase of land and building of houses as shared living accommodation, even though these were effectively dropped later.

What distinguished the approach of the Rochdale Pioneers was not that the ideas were new but that they gave the consumer an identifiable financial stake in the success of the society. William Howarth, in devising the Rochdale rules that distributed dividends on the basis of purchases, was

apparently unaware of previous similar experiments. Holyoake traces the payment of dividend back as far as cooperative bakers in Glasgow in 1822 and at a cooperative store at Meltham Mills in 1827 (Holyoake, 1879, p. 278).

In order for every consumer to be able to benefit from the dividend on purchases, membership of the society had to be open to all. This principle was reinforced by a commitment to religious and political neutrality, which prevented the societies from becoming embroiled in the political and religious debates that raged at that time. All members were to take part in the running of the society on an equitable basis as each was entitled to one vote. It was also decided that any capital invested would be remunerated at a fixed rate of interest, in accordance with Owenite principles. At a very practical level, the Rochdale Pioneers allowed no credit, insisting on cash payments for purchases. In return they sold good quality unadulterated goods.

The mixture of traditional cooperative principles, involvement of the customers in running the store and good business practice, provided the successful long-term foundation for the consumer cooperative movement. Progress was initially slow both in Rochdale and for the movement nationally – by 1851 there were perhaps 130 societies, an average growth rate of only about 20 a year (Bonner, 1970, p. 59). The passing of the Industrial and Provident Societies Act in 1852 cleared away a number of legal restrictions and encouraged the growth of cooperatives as did the increasing levels of employment and growing prosperity of some groups of workers, particularly in skilled trades. As Cole argues:

> The number and proportion of the relatively prosperous were increasing, and it was among these that the cooperative movement made most of its recruits, and from them that it built up its working capital. (Cole, 1944, p. 112)

By 1881 there were 971 societies with a membership of over half a million (Bonner, 1970, p. 77). Expansion continued steadily so that by the start of the First World War there were 1385 societies with over 3 million members. By the beginning of the Second World War, although the number of societies had been reduced by amalgamation, membership stood at almost 9 million (ibid.). The cooperative stores expanded into a number of related activities, the Cooperative Wholesale Society (CWS) was established in 1863 and in the 60 years following a number of cooperative organizations were founded. In 1869 the first national cooperative conference established the Cooperative Union as a coordinating body for the movement. The CWS entered banking in 1872, although it was some years before this became fully established or, indeed, legal. In the following year the CWS began to establish its own units of production.

The CWS, as a secondary cooperative, was owned and ultimately

controlled by the consumer societies, who were reluctant to invest in businesses over which they had no control. The cooperative stores did not allow their own workers direct representation on their management committees (except as ordinary customer members) and, therefore, they were unlikely to allow the workers control of units of cooperative production. As a result, CWS production was owned and managed in a similar way to private firms and several worker cooperatives were formed during industrial disputes with the CWS, most notably Equity Shoes, which became a worker cooperative in 1886.

The development of producer cooperatives attached to the consumer societies accompanied a revival in producer societies in the 1860s and 1870s. Cole records 163 that started and failed and an additional 'dozen or two that survived' (Cole, 1944, p. 158). He goes on to add that:

> It is exceedingly difficult in this field to draw any clear line between experiments which can be regarded as falling within the veritable field of cooperation and other projects which, even if they were favoured and fostered by cooperative leaders, were not really cooperative in essence. (Cole, 1944, p. 158)

It is worth distinguishing between those cooperatives associated with the trade union movement, those associated with stores, those that were little more than joint stock companies, as well as the genuinely independent associations.

Trade unions and cooperation

Trade unionism and cooperation were integral parts of the same movement during the early growth of the working class under capitalism. The cooperative workshops formed in France during the 1830s were echoed in Britain. Holyoake records an announcement in 1830 of 'the first cooperative manufacturing community in London. The object appears to be to give employment to members' (Holyoake, 1879, p. 102). Lichenstein (1986(a)) claims that the earliest worker cooperatives in America were established during industrial disputes. Trade unionists were also likely to form a large part of the membership of consumer societies because, under favourable economic conditions, they were predominately skilled workers with regular incomes. Christian Socialists helped to increase the links between the trades unions and the producer cooperatives by encouraging the Webbs' 'new model union', the Amalgamated Society of Engineers, to invest in cooperative production. Other unions did the same, either directly or through the short-lived Industrial Bank. In the coal industry in particular, the boom in profits encouraged miners faced with industrial disputes to turn to establishing their own cooperative collieries. These

collapsed dramatically at the end of the coal boom as did all but about 20 of the other cooperatives in the economic crash of 1874–5.

Perhaps the most significant venture during this period was the Ouseburn Engineering Works on Tyneside, founded in 1871 during a strike for the 9-hour day (Jones, 1894 pp. 447–59). A local radical, Dr J.H. Rutherford, inspired the purchase of a derelict engineering works to set up a producer cooperative. Cole describes him as:

> a leading figure in the city [of Newcastle], an ardent supporter of Mechanics' Institutes and of popular culture, an enthusiastic cooperator, and, most unfortunately, a very bad man of business. (Cole, 1944, p. 163)

Rutherford encouraged investment from ordinary shareholders, the workforce itself, cooperative societies and the trade unions, much of the money being channelled through an Industrial Bank. The workforce grew to 800 within 6 months of the venture starting and the company had full order books by 1873. However, 2 years later, the works went into voluntary liquidation following industrial disputes, internal disagreements, inexpert management and financial arrangements that led to accusations of 'rank swindling' (Cole, 1944, p. 165). The failure was to have serious long-term implications with no single new cooperative venture being established in Britain on the same scale for 100 years. Oakeshott argues that:

> the losses sustained in it by the consumer coops and the trade unions are partly responsible for the cautious policies which they have adopted in their lending to producer coops ever since. (Oakeshott, 1978, p. 58)

The producer–consumer debate

The precise nature of the links between the consumer and producer cooperative movements were generating considerable debate by the 1870s and 1880s as the CWS began to establish its own workshops and the Cooperative Productive Federation (CPF) was set up. In essence, the debate was over who should control such producer cooperatives and how any surplus should be distributed. The choice was between control resting on shareholding, which could be open to all, shareholding restricted to the cooperative societies, shareholding restricted to workers in the enterprise, or a mixture of the latter two. Wider shareholding could mean that any genuine attempts at worker participation or control might be forced to take second place to profit maximization.

Apart from CWS production there were a number of independent

producer cooperatives that were little more than conventional companies with profit-sharing schemes. Some became labelled 'Working Class Ltds' and at their most notorious they used cooperation as little more than a cover for dubious profit-sharing schemes and anti-union policies. They were effectively joint stock companies which drew their capital from working class investment. They had little to do with the cooperative movement and generated profits and paid dividends on shares in the same way as a conventional company. Their only real link with the movement was that they often attracted investment from leading cooperators or consumer societies.

Concern about this form of corruption of the ideals of cooperation led to a debate about the superiority of consumer versus producer control. Some argued control should remain with the consumer because they represented the widest basis for democracy and were not restricted by the sectional interest of a trade. The opposing case claimed it should rest with the producer whose livelihood was in the cooperative and who created the wealth. The debate centred around not only practical issues of shareholding but represented a much wider argument about the nature of cooperation and its ability to avoid debasement or degeneration. The Christian Socialists were firmly committed to producer cooperation which they defended in dramatic terms:

> Consumption is primarily the animal element; production the divine. He shares the former with the meanest of creatures; the latter with his Maker. (Hughes and Neale, 1881, p. 124)

They go on to argue against the control of producer cooperatives by the stores:

> It is not only the right of productive associations to constitute themselves on their own basis, but that a preference should be given, for productive purposes, to associations of producers. Surely, if the productive side of the cooperative movement were to issue only in the benevolent mastership either of the wholesale or any number of cooperative bodies grouped in strict federations, we should have done very little. (Hughes and Neale, 1881, p. 126)

Beatrice Potter and the producer cooperatives

In the event, the main body of cooperation swung decisively in favour of the consumer. Producer cooperatives were regarded as both representing sectional interest and totally unpractical, whereas the stores were not only successful but they were democratic in having open membership. The basic point at issue was whether producer cooperatives could meet the wider

needs of the community and particularly the consumer without reverting to profit-motivated self-interest. The main protagonist was Beatrice Potter (later Beatrice Webb) who hammered home the coffin nails of cooperative production:

> Consider a railway managed on the system of the porters choosing the station master, the station master choosing the traffic superintendent, the whole body of employees choosing the board of directors! Those who have watched the inner workings of associations of this mould have realized the impossibility of this form of government in a highly organized industry . . . it is self-evident that all Associations of Producers, whether they be capitalist buying labour, or labourers buying capital, or a co-partnership between the two, are directly opposed in their interests to the interest of the community . . . I would add that it has been from no lack of intelligence and self-sacrifice that the Christian Socialists and their followers have failed to realize the ideal of a 'brotherhood of workers.' Their conduct has been admirable, but their theory has been false. From the first they ignored exactly those facts which Robert Owen realized; they overlooked the fundamental changes brought about by the industrial revolution, increasing returns from the use of large capitals, the elaborate discipline of the factory system, the skilled intelligence needful for securing a market under stress of competition. In truth, the individualist school of Co-operation, far from reforming the capitalist and competitive system of industry, have failed even to adapt themselves to it, except in so far as they have been proved false to the faith that is in them. For, to solve the industrial question of today by eliminating the *entrepreneur* transforming groups of producers into their own masters, belongs to the same category of opinions as the attempt to settle the land question by creating a body of peasant proprietors . . . The state of society in which the individual producer owns alike the instrument and the product of his labour is past praying for. (Potter, 1891, pp. 153, 156, 167)

Potter's judgements are clouded by her own political analysis which was developing towards her advocacy of state socialism, which she later shared with Sidney Webb. At best, she regarded producer cooperatives as heroic failures, an indication of the aspirations and abilities of those working class people who established them, but ultimately doomed to failure. To succeed, the producer cooperatives would have to adopt capitalist forms of business organization:

> while government by the worker proved a potent cause of commercial failure, commercial success promptly destroyed this

> peculiar form of government . . . by substituting (with or without the workers leave) the outside capitalist for the working shareholder. (Potter, 1891, p. 131)

Potter did not dismiss the 'Working Class Ltds' out of hand and while deploring their divorce from the cooperative movement argues that they 'materially forwarded the democratisation of industry by practice and precept' (Potter, 1891, p. 131). Her argument was that they helped to demonstrate 'that the working class are equal to managing and directing manufacturing industry' (Potter, 1891, p. 132). She also suggests that trade union involvement, where it occurred, helped to encourage the reinvestment of profits rather than their withdrawal to the benefit of a small number of owners.

Potter favours the development of state (as representing the community) control rather than workers' control, which she saw as individualistic or sectional. Her approach also carries with it the Victorian reverence for science and empirical data and she has no time for forms of work which 'hark back' to some golden era and neglect the reality of the industrial revolution. In this respect she notes how producer cooperatives are often formed in those areas of industry least affected by modern developments. Potter's view of producer cooperatives prevailed until the re-emergence of the debate on workers' control in Britain in the 1960s and 1970s. The Labour Movement became committed to socialism based on nationalization and to cooperation based on the consumer movement. Producer cooperatives were to become an ideological backwater as well as declining in numbers.

Critics of producer cooperation

Potter was not the only critic of producer cooperation. Holyoake also warned of the dangers of moving towards profit sharing which:

> at best invites [the labourer] to join the capitalist class as a shareholder, in which case he looks for profit, not from his labour, but from the labour of others. (Holyoake, 1879, p. 339)

Holyoake argued that the only real commitment in 'a labour co-partnery' must be reward to the 'labour co-partner' on the basis of their contribution to the whole. Capital must not be 'allowed to steal like the serpent of Eden from the outer world into the garden of partnership' (ibid., p. 338).

The attack on cooperation also came from socialists who saw it as diverting the aspirations of the working class from class struggle. Like Potter, Marx and Engels were unconvinced of the efficacy of cooperative development under capitalism although they also shared her respect for

those involved in the experiments. Their attitude to cooperatives was sometimes equivocal, although they were clear that they could not be regarded as an alternative to the class struggle. They believed that cooperatives were not an agent of revolutionary change, although they might be heroic precursors of a socialist commonwealth. Marx, in his statement to the International Working Men's Association in 1864, claimed that:

> Restricted... to the dwarfish forms into which individual wage slaves can elaborate it by their private efforts, the co-operative system will never transform capitalistic societies. (Marx, 1985, p. 2)

This could only be done by the transfer of state power to 'the producers themselves'. In spite of this view of the limitations of cooperatives, Marx was not without views on the sort he preferred and when he expressed these to the International Working Men's Association they were adopted in the following statement:

> We recommend to the working men to embark in co-operative production rather than in co-operative stores. The latter touch but the surface of the present economic system, the former attacks its ground-work. We recommend to all co-operative societies to convert one part of their joint income into a fund for propagating their principles by example as well as by precept, in other words, by promoting the establishment of new co-operative fabrics, as well as by teaching and preaching.
>
> In order to prevent co-operative societies from degenerating into ordinary middle-class joint stock companies, *societies par action*, all workmen employed, whether shareholders or not, ought to share alike. As a mere temporary expedient, we are willing to allow shareholders a low rate of interest. (Marx, 1985)

It is interesting to note that Marx shares with the Christian Socialists a preference for producer rather than consumer cooperatives, and with Owen the demand for a low rate of interest. He also favours the old cooperative precepts of education and example and shares Potter's views on the dangers of degeneration. Finally, Marx clearly saw cooperatives as shining examples of the organization of life under socialism:

> But there was in store a still greater victory of the political economy of labour over the political economy of property. We speak of the co-operative movement, especially the co-operative factories raised by the unassisted efforts of a few bold "hands". The value of these great social experiments cannot be over-rated. By deed, instead of by argument, they have shown that production on a large scale, and in accord with the behests of modern science, may be carried on

> without the existence of a class of masters employing a class of hands; that to bear fruit, the means of labour need not be monopolized as a means of dominion over, and of extortion against, the labouring man himself; and that, like slave labour, like serf labour, hired labour is but a transitory and inferior form, destined to disappear before associated labour plying its toil with a willing hand, a ready mind, and a joyous heart. (Marx, 1985)

Marx's views on the ultimate political role of cooperation were not shared by the anarchists in the International, who took their lead from Proudhon (1809–1869). His ideas set out clearly the kinds of social relations that favour the development of cooperatives. In a political programme that Thomas (1985, p. 183) has described as 'worker separatism', Proudon advocated the formation of autonomous working class institutions such as mutual aid funds and worker's credit societies. These organizations, rather than trades unions, would oppose capitalist industrialism. Proudhon disliked strikes and violence, and indeed any form of political action that engaged with the state, because he thought they all served to increase the latter's power. He argued that there was no benefit to be harnessed from any of the institutions of the state or capitalism.

Proudhon considered work to be the basis of social and moral cohesion provided that it was non-exploitative. It should therefore be carried out in federations of small workshops where people could work face to face. Finance would be raised through mutual aid and free credit. These workshops were only for men, however – women were to remain firmly in the home. Proudhon argued that capitalism could be circumvented by will and example and that the motivation to form his counter-institutions would come from the honest, responsible and decent values that were inherent in the human individual. At the 1866 Congress of the International in Geneva a group of Proudhonists declared themselves:

> opposed to strikes and to trade unions, they propounded the ideas of co-operation and particularly the organisation of exchange on the principles of mutualism. (Thomas, 1985, p. 276)

It was, however, the Marxist and labourist perspectives that prevailed in Britain.

During the time that the British producer cooperative movement fell into decline it began to take root in another country in Europe in which it is still the most successful today. Worker cooperatives were formed much later in Italy than elsewhere but were remarkably successful and enduring. For example, in 1884 a group of landless labourers from the north-east of Italy, inspired by revolutionary socialism, travelled across the country to Rome to contract to drain the malarial marshes at the head of the river Tiber. They were befriended and partly financed by King Umberto I

(leading to taunts of being 'the King's socialists') and eventually formed a community on the land following Etienne Cabet's teachings. The community survived until 1956 (Earle, 1986).

The cooperative movement in Italy grew quickly and in 1886 at a meeting attended by G.J. Holyoake and E.V. Neale from Britain, 248 cooperative organizations representing 74 000 members formed what was to become the Lega (Lega Nazionale delle Co-operative e Mutue). The role of cooperatives in public works also continued and in 1889 a law was passed in Rome that eased the way for more cooperative contracts, giving rise to a large number of successful and enduring cooperatives in the construction industry. Like the Christian Socialists in Britain, the Italian and French governments saw the potential of cooperatives to deflect political agitation into economic self-help. In 1862 Louis Bonaparte sent a delegation of French workers to the international exhibition in London to learn some 'moderation' and 'good sense' from the trade unionists and cooperators of Britain (Thomas, 1985). A direct result of this was the formation of a French branch of the International Working Men's Association, hardly what Bonaparte had intended. Since that time various governments in both countries have created an environment that helped worker cooperatives develop, as against the 'cold climate' that existed for them in Britain (Oakeshott, 1978).

William Morris and Guild Socialism

Despite these difficulties in Britain, there was a revival of interest in both community and producer cooperation in a wider context towards the end of the nineteenth century and the beginning of the twentieth. Much of this was inspired by an intellectual movement that urged the return to a 'simple life' based on agricultural production and craft-based work. The inspiration for these developments was found in the work of authors linked to the 'arts and crafts' movement which was itself a reaction to factory production under industrialism. Authors such as John Ruskin, William Morris and Edward Carpenter pictured an idyllic rural harmony based on community life. Looking back from the future, a character in Morris's Utopian novel *News from Nowhere* describes England's history:

> This is how we stand, England was once a country of clearings amongst the woods and wastes, with a few towns interspersed, which were fortresses for the feudal army, markets for the folk, gathering places for the craftsmen. It then became a country of huge and foul workshops and fouler gambling-dens, surrounded by an ill-kept, poverty-stricken farm, pillaged by the masters of the workshops. It is now a garden, where nothing is wasted and nothing is spoilt, with the

> necessary dwellings, sheds, and workshops scattered up and down the country, all trim and neat and pretty. (Morris, 1977, p. 254)

Morris's own socialism drew together his experience as a craft worker and company owner with an understanding of Marxism that focused on the alienation of workers from the product of their labour. Other supporters of the simple life were non-socialists or had their own particular interpretations of Marxism. Their proposed communities, harking back to Fourier and Owen, were also linked with sexual freedom. Some, like Carpenter, were homosexual, while others, such as Charlotte Wilson, were feminists. Much of the writing on women remained, however, deeply conservative. For example, a character in Morris's *News from Nowhere* questions the fact that women still served at table in the Utopia. He is answered in the following way:

> don't you know that it is a great pleasure to a clever woman to manage a house skilfully, and to do it so that all the house-mates about her look pleased and are grateful to her? And then, you know, everybody likes to be ordered about by a pretty woman. (Morris 1977, pp. 241–2)

The idealism of the country life and community living, however reactionary it may sometimes be, was carried through in a number of experiments:

> the agricultural colony at Stanthwaite ... established by H.V. Mills in the early 1890's; such anarchist communities as Clousden Hill and Norton; the Tolstoyan colonies of the late 1890s at Purleigh in Essex and Whiteway in the Cotswolds. (McCarthy, 1981, p. 10)

Others had been inspired by Ruskin and the arts and crafts movement to establish guilds of craftworkers. The Guild of Handicraft in the East End of London was established in 1888. For C.R. Ashbee, its founder, the Guild was to give working men (the women remained firmly wives) the opportunity to develop their whole selves through craft work and community activities. All the workers became eligible for membership of the guild and took some part in running it, although it could not properly be called a producer cooperative. Indeed, it had outside shareholders and registered as a joint stock company with a labour director elected annually by the Guildsmen, although Ashbee later found himself at odds with this approach:

> The combination of profit sharing with joint stock enterprise is, as far as the Arts and Crafts are concerned, unsound in principle ... The general effect of limited liability is to accentuate the line of cleavage between capital and labour, to dehumanize capital, to make of the shareholder more and more of an absentee. (Ashbee, 1977, p. 76)

In 1902 the Guild uprooted its workers from the East End of London and replanted them in a charming Cotswold village. Unlike the Owenite and Fourierist communities, the Guild was not to separate itself off from existing communities, it was to integrate with the supposedly idyllic life of the county people. The villagers themselves were much more circumspect (McCarthy, 1981).

The concerns of the community makers at the end of the nineteenth century were more limited than Owen and Fourier envisaged in their grand designs. There were no longer detailed expositions of how a new community was to be ordered, although food and dress remained interesting preoccupations. (Marsh 1982). Those involved had the much more limited aims of freeing themselves rather than liberating society. Those with a socialist background retained a commitment to working class action or, like Ashbee, involved them directly in the community. It was the legacy of this sort of activity that was to re-emerge in the 1960s with a resurgence of 'alternative' cooperatives concerned with personal liberation and, often, the simple life.

The anarcho-communist Kropotkin in his discussion of mutual aid saw merit in the medieval guilds:

> The medieval city thus appears as a double federation of all householders united into small territorial unions, the street, the parish, the sectors and of individuals united by oath into guilds according to their professions. (Kropotkin, 1955, p. 181)

Kropotkin praises the financial benefits of the medieval era: 'at no time has labour enjoyed such conditions of prosperity and such respect as when [medieval] city life stood at its highest' (ibid., p. 194). The assertion of the monarchist states over the independent cities effectively extinguished the conditions for mutual aid: 'the absorption of all social functions by the state necessarily favoured the development of unbridled, narrow-minded individualism' (ibid., p. 227).

Guild Socialism and syndicalism

In Britain, the guild socialists and syndicalists took up the task of developing ideas for changing the nature of work and achieving power for the workers. In the short flowering of the Guild Socialist Movement following the First World War there was an echo of Owen and Fourier in their basis for a new society:

> The Guilds(man)... desires not merely to provide a mechanism for the more equal distribution of material commodities; (he) wishes

also, and more intensely, to change the moral basis of society. (Cole, 1972, p. 159)

In essence the guild socialist argument was that while there should be state ownership of industry there should also be workers control. In this way the interests of people as consumers would be protected by government and as producers by their own self-management. For G.D.H. Cole, one of the leaders of Guild Socialism, the movement had its roots in the socialist tradition exemplified by William Morris, where work is not mechanistic servitude but an opportunity for self-expression. This could be best arranged through allowing workers to organize their own workplaces. The theory opposed both the state socialism of the Webbs, which seemed to leave little room for workers as producers, and the narrow economism of the trade unions. Trade unions were to form the basis of the guilds but not as owners:

> Guild socialism differed from Producers' Co-operation in basing itself on public ownership of the industries that were to be brought under Guild control and in repudiating the profit basis and all forms of profit sharing. The Guild workers were to receive not shares but standard pay determined by agreement between the guilds and the state as the owner of the means of production. (Cole, 1944, pp. 284–5)

Given that the state was never to take the degree of public ownership necessary while the guilds were in existence, those that emerged were effectively producer cooperatives in spite of Cole's strictures. The major expression of guild socialist principles came in the building industry in a few short years at the beginning of the 1920s. The system of government funding for new houses made it almost impossible for companies to make a loss and at their peak the building guilds employed well over 4000 workers. There were other guilds in the furniture industry and tailoring, but by 1923 the Guild Socialist Movement had ended as a practical experiment.

Alongside Guild Socialism, syndicalism emerged and this also took workers' control as a central precept. Syndicalism grew in the French trade unions around the turn of the century and exerted some influence on the Labour movements in Britain and the United States. The essence of syndicalism was that revolutionary socialist change would be effected through a trade union movement organized along industrial lines. As one group of South Wales miners argued in relation to their own industry, their trade union should be:

> A united industrial organisation, which, recognising the war of interest between workers and employers, is constructed on fighting lines, allowing for a rapid and simultaneous stoppage of wheels throughout the mining industry. (Unofficial Reform Committee, 1973, p. 22)

Such an approach may seem to take us a long way from worker cooperatives but, like the supporters of Guild Socialism, the syndicalist vision of socialism focused on workers' control. The South Wales miners argued for democratic control by the workers of the mining industry as their ultimate objective. Their approach was opposed to nationalization which simply exchanged one set of employers for another and they argued for direct control at a local level through the election of officials at each pit with coordination being maintained through a Central Production Board.

Syndicalist influence was always limited within the British labour movement but it was further reduced as the depression of the 1930s decimated trade union strength and it became abundantly clear that they could not be converted to revolutionary agencies of the class struggle. The demand for workers' control was not to return until 50 years later and it became linked with both the growth of the shop stewards' organization and the re-emergence of producer cooperatives. While both Guild Socialism and syndicalism were largely confined to groups of intellectuals and a small number of workers in industries such as building and mining, they contributed to the long-term debate about how workers could have a direct say in running their own industries.

The ending of the influence of syndicalism and demands for workers' control heralded a period of economic crisis where producer cooperatives, it is argued:

> quite literally disappeared from the agendas of reformers, trade unions and working people. Those who felt drawn to comment were wholehearted in recommending that workers' co-operatives should be consigned to the dustheap of history. (Bate and Carter, 1986, p. 59)

In fact, a few cooperatives that were started in the boom of the 1880s survived, and some even struggled on until the 1980s. These cooperatives were grouped around the Cooperative Productive Federation (CPF) and were largely concentrated in three industries: printing, clothing, and boots and shoes. Robert Oakeshott records the figures as: '112 in 1905; seventy one in 1913; sixty four in 1924; fifty in 1936; forty four in 1950; thirty seven in 1960; twenty six in 1970; sixteen in 1973. (Oakeshott, 1978, p. 65)

Themes of nineteenth century cooperation

Nineteenth century cooperation was both a movement for social change and a reaction to the upheavals of industrial capitalism. The growth of individualism in capitalist society was seen as a threat to communal values and many of the early Utopian theorists turned to a romantic backward-looking view of society based on the rural village or the medieval guild. Others wished to harness the benefits of industrialism but place them

within a communal framework, rejecting the one-dimensional view of the individualized producer or consumer in a competitive market. Co-operators and their supporters saw themselves not simply as workers or consumers but as creators of a new world, as examples to others that cooperation could be a successful alternative to industrial capitalism. This optimism embodies a world view that is essentially consensual:

> the notion of harmony implied a distinctive view of social relations according to which a great premium was placed on the capacity of members of society to live together without conflict and with common interests, united by ties of true love and affection. One of the most usual ways of presenting the future was in the image of a large, happy family, and in the case of some utopian socialists, notably Owen, Fourier and the Saint-Simonians, this actually implied superseding the traditional, more limited nuclear family. (Goodwin and Taylor, 1982, pp. 124–5)

In the years that followed the end of the 'enthusiastic period' (Holyoake, 1875, p. 70), the cooperative movement began to slip into primarily economic activity around production or consumption and lose sight of its wider vision. At the same time, cooperation became one of a number of competing ideologies in opposition to capitalism. The newly emerging working class banded together to oppose the new factory owners and whole communities rose in rebellion against economic privation. There were demands for rights of free association and the political franchise. The relationship of the cooperative movement to these wider political demands has been ambivalent and reflects its own class origins. Cooperation has two histories; on the one hand, there were the ideas of the cooperative thinkers, mainly wealthy and middle or upper class and, on the other, the actions of working class people in forming mutual aid societies, cooperative stores and workshops in order to protect their basic conditions of subsistence.

There is no evidence that the workers of Lyon or Paris in the 1830s were steeped in the ideas of Fourier or Owen (Moss, 1975). Even in Rochdale, the home of the first successful consumer society, it was need rather than inspiration that drove them forward:

> Rochdale was a town in which all the evils of industrial society were rampant in the 1840s. Wages were low, strikes and lock-outs were frequent, unemployment was rife, people incurred debts in obtaining the poor quality and often adulterated food they ate. (Bailey, 1955, p. 17)

The beleaguered people of Rochdale responded to the call of Chartists and Radicals as well as the Owenites, but their cooperative store was based on very practical rules – no credit, dividend on purchases, democratic control. As Bailey points out, in 1844 Robert Owen was 73 years old:

> His ideas had become more and more exalted and millenial. As Owen was dreaming himself beyond the practical affairs of this world, the Rochdale Pioneers were laying the foundations of a Co-operative Community of a non-Owenite type. (Bailey, 1955, p. 78)

Although the Rochdale Pioneers adopted a policy of political and religious neutrality in order to avoid getting embroiled in partisan debates, they set aside 2.5 per cent of their surplus for educational purposes and still had as their long-term aim the establishment of the cooperative commonwealth. Where the Utopians and the practitioners did come together in the cooperative communities the results were often disastrous, as in Owen's grandiose plans for the community at Queenwood in Hampshire (Hardy, 1979, p. 53). The communities even where notionally democratic were strongly influenced by leading participants. However, as Goodwin and Taylor point out, this was perhaps necessary in that '[t]here is abundant evidence to show that the most successful utopian communities in the nineteenth century were also the most authoritarian' (Goodwin and Taylor, 1982, p. 137). Todd also shows how an anarchist commune in Tyneside failed because of a lack of structure and organization among other reasons (Todd, 1986).

The history of cooperation is threaded with dualities. The paternalistic desire of the visionaries to create a way of life that would overcome the poverty of the working class conflicted with their fear of the political power of that class if it mobilized independently. This was most overt in the case of the Christian Socialists. For the working class itself the desire to transcend their present conditions conflicted with the more pragmatic need to create organizations that could provide a means of survival in the harshness of those conditions. These dualities essentially rested on the question of the political role of the working class. Revolutionary socialists from Marx onward have despaired of the cooperative movement as a means of achieving social change. The pragmatic formation of cooperative stores and workshops were seen as a means of accommodating capitalism by attempting to insulate their members from the realities of the conflict between capital and labour.

This debate is most acute for worker cooperatives because they are formed in the very arena in which class struggle is assumed to take place, the sphere of production. The mutual aid and consumer societies were formed from the disposable income of the working class, they were not to be a direct source of the income of the membership (although of course some people did work in them full time). In Britain, France and Italy, from their earliest formation, worker cooperatives were identified with the radical struggles of the working class. Nor was political involvement restricted to Europe; the same was true in America where cooperatives were formed as early as 1790:

> From their inception American co-operatives were part of the movements for radical social change in opposition to capitalism and the wage system. The Workingmen's Protective Association and the Knights of Labour, both precursors of modern labour unions, organised workers' co-operatives and consumers' co-ops in the latter part of the century.
>
> In the early part of the twentieth century, co-operatives spread at an even faster pace. The Socialist Party's Co-operative Information Bureau was instrumental in organising co-operatives all across the nation. The United Mine Workers organised union-operated co-ops in most mining towns, and by 1916 even the American Federation of Labor was organizing them. (Ehrenreich and Edelstein, 1983, p. 408)

During the nineteenth century, as the working class became incorporated into the body politic, the cooperative movement became associated with social democratic as well as socialist or anarchist politics. The relationship with trade union movements has sometimes been difficult, particularly where revolutionary socialist groupings are dominant. The French trade union movement embraced the cooperative movement in its early stages of development only to nearly split over the issue in 1871. The Italian trade union movement has always had a close relationship with the cooperative movement, although there have been problems over whether cooperative workers need strike when all the workers in an industry are called out (Earle, 1986).

Britain is the only Western country which has a political party founded on the cooperative movement. The Cooperative Union established a parliamentary committee in 1912 and by 1919 after considerable debate, this had become the Cooperative Party. It emerged at roughly the same time as the Labour Party, with which it made an electoral agreement in 1927 (Carbery, 1969).

Communalism

The foundation of the ideas of the Utopian thinkers was the re-establishment of the communal values of mutual aid within an appropriate communal setting. This vision was lost when the movement turned later to more practical problems and started to organize within the existing social framework. The values of mutuality were retained within the consumer society or workshop and the cooperative organizations tried to bring them to the notice of the wider population. In 1883 the Women's League for the Spread of Cooperation (later to be renamed the Cooperative Women's Guild) had as one of its aims:

> To keep alive in ourselves, our neighbours, and especially in the rising

> generation, a more earnest appreciation of the value of Co-operation to ourselves, to our children, and to the nation. (Webb, 1927, p. 21)

The spirit of communalism and mutual aid was kept alive in anarchist thought, particularly in the work of Kropotkin. Communalism was a difficult concept for cooperation to retain in the face of the three themes of radical nineteenth century thought identified by Goodwin and Taylor (1982): community, cooperation and association. The pull between community and association (in the form of trade unions and working class movements) meant that cooperation had to choose between organization at the level of the independent community or form wider associations based on individuals as producers or consumers within society. It chose the latter course.

Feminism

Fourier and Owen, like Saint Simon, promoted ideas of sexual liberation that both enthused and outraged sectors of public opinion in the early part of the century. They ensured that there was a place for Eve in the 'New Jerusalem' (Taylor, 1983) until she was overwhelmed by Victorian 'respectability' in the mid-nineteenth century. Both Fourier and Owen attacked marriage as an institution, acknowledged women's sexuality and paid some attention to domestic labour in the communities. The interesting question is why the issue was raised? For Fourier it was his hatred of deceit and the inhibition of the passions. Marriage was guilty on both fronts – it encouraged deceit, selfishness, quarrels, boredom and adultery as well as fracturing the 'natural work group' by separating off domestic labour. For Owen it was the privatizing effects of marriage that militated against communal life. In his lectures on marriage he claimed that:

> With these persons it is *my* house, *my* wife, *my* estate, *my* children, or *my* husband; *our* estate: and *our* children *our* house and property. . . . No arrangement could be better calculated to produce division and disunion in society. (Taylor, 1983, pp. 39–40)

Owen became even more convinced of the destructiveness of marriage when he ascribed the failure of his community experiment at New Harmony in America to the disharmonious effect of having too many married couples. Barbara Taylor argues that Owen and Fourier together with Saint Simon attacked the foundations of masculinity itself: 'Masculinity was indeed at the heart of the ideology of competition against which the utopian socialists pitted themselves' (Taylor, 1981, p. 143)

While the Utopians were considering the role of women, working class

women themselves were leading food riots and joining and supporting strikes. After 1815 there were a network of Female Reform Societies supporting Jacobin principles. By the 1830s the working class supporters of women's rights had declared for Owenism, and the Equitable Labour Exchanges attracted thousands of women workers who ran cooperative stores and workshops. In 1832 the 60-strong Society of Industrious Females cooperatively exchanged clothing in Owen's Labour Exchange in Grays Inn Road. Other women workers made buttons, shoes, lace and gloves (Taylor, 1983, p. 88).

This flowering of feminism was short-lived – women had not yet clearly established themselves as separate from their domestic roles and the sexual freedoms they proposed posed too great a threat to the newly developing respectability of the working class family. Nor did the commitment to feminism remain within the cooperative communities. Kropotkin, giving advice to a newly established anarchist community in an article in a radical newspaper in 1895, claimed that the position of women had been ignored:

> In most communities this point was awfully neglected. The women and girls remained in the new society as they were in the old – slaves of the community: Arrangements to reduce as much as possible the incredible amount of work which women uselessly spend in the rearing of children, as well as in the household work, are, in my opinion, as essential to the success of the community as the proper arrangements of the fields, the greenhouses and the agricultural machinery. (Todd, 1986, p. 19)

This lack of attention to the role of women was replicated in the consumer societies. Despite the fact that the first principle of the Rochdale Pioneers was one person one vote, in practice women did not take part in the affairs of the societies. In some cases rules were changed to exclude women or only accept them as members with their husband's permission. The formation of the Cooperative Women's Guild in 1883 began the process of breaking down the doors.

> the great company of hitherto silent, unschooled women, who have patiently studied to develop such natural gifts as oratory as they possessed in order to help forward the interests of their sex. (Webb, 1927, p. 72)

Women began to attend the quarterly meetings of the consumer societies and by 1891 there were six guild members on management committees of cooperative societies. Women's progress was still very slow and even by 1960, although two-thirds of the consumer cooperative society members were women, they only made up one-fifth of the management committees (Ostergaard and Halsey, 1965, p. 87).

Conclusion

Nineteenth century cooperation cannot be regarded as a coherent movement, but rather as part of a much larger opposition to the development of industrial capitalism. Cooperation was also divided within itself. Some supporters saw community experiments as a vanguard for a new society, while their critics saw them as a diversion from the class struggle. Producer cooperatives were seen variously as heroic organizations doomed to failure, the embodiment of Christian values or merely the reflection of sectional interests. Consumer cooperation, which was ultimately to dominate the movement, was either the reflection of the interests of the whole community or else organized to meet mundane everyday needs. These contradictions remained central to the development of cooperatives in the twentieth century.

2: The Resurgence of Cooperation

The Second World War halted the development of cooperation across Europe. The largest sectors in Italy and France were either destroyed or recreated on a fascist model. In Britain, cooperation was already dominated by the consumer movement while the producer cooperatives had either disappeared or been led up the blind alley of Guild Socialism. It was against this background that producer cooperation was to re-emerge and eventually find a level of support unprecedented in the nineteenth century.

The post-war rise of co-operation can be seen in three broad stages. First, there was a period of reconstruction after the war which showed marked contrasts in different countries depending on the pre-existing cooperative traditions. Secondly, there was the emergence of a broad 'alternative movement' which embraced worker cooperatives as one element of its critique of industrial capitalism. Thirdly, there is the current desire for job generation following the sharp rise in unemployment from the late 1970s. These two latter themes reflect the longstanding arguments about cooperatives as simply a means to employment or as the precursors of a new moral order. Within these broad stages of development emerged an infrastructure of support for cooperatives that had two major dimensions. First, it established a legal structure that gave cooperatives an identifiable status and, secondly, support organizations were established. These developed either as voluntary federations spawned by the cooperatives themselves or derived from national or local state funding.

Rebuilding cooperation

British producer cooperation was at a marked disadvantage compared with other continental countries. Italy has the largest cooperative sector of any European country with many of its roots in the socialist and labour

movements. Mussolini's fascism could not completely destroy a movement that was so well-established and it re-emerged in spectacular fashion in the immediate post-war years. Earle records that 9000 cooperatives were set up between August 1944 and September 1946 and the total reached 23 000 by 1949, with almost 5 million members (Earle, 1986, p. 30). The new Italian constitution included an article supporting cooperatives and the Ministry of Labour included a directorate-general for that sector. The state also provided support for some cooperatives working on projects in the 'national interest', such as building cooperatives to meet the country's acute housing shortage (Thornley, 1981, p. 159).

Cooperation had also been well-established in France in the nineteenth century and a federation had been formed specifically for worker cooperatives from 1884 which became the Confédération Générale des Sociétiés Coopératives Ouvrières de Production (SCOP). In 1918 the Government created a national council to promote cooperation and in 1931 preferential contracting was instituted, whereby local authorities were to give contracts to cooperatives rather than private firms if the prices were equal. In any event 25 per cent of all contracts were to go to cooperatives. Government legislative and financial support for cooperatives has continued in both France and Italy in marked contrast to the experience in Britain, where the re-emergence of worker cooperatives lacked such strong cooperative sectors and well-established traditions.

The lack of a producer cooperative 'movement' in Britain meant that there was no means of taking advantage of the expanding post-war economy. In 1945 the Cooperative Productive Federation (CPF) had only 44 cooperatives in membership and even this small number declined further to 32 a decade later. The CPF had, in any case, been formed from a position of weakness in the nineteenth century when the consumer cooperatives were the dominating force in the movement. In consequence, there was a lack of political pressure for state support of cooperative production apart from basic legislation to give a legal status to friendly societies. The post-war Labour government did not change this position, because it was firmly wedded to a view of socialism based on nationalization and the welfare state. There was little room for Guild Socialism or workers' control and no hope of encouragement for workers' cooperatives. The Cooperative Party was dominated by the interests of the consumer societies, and following the electoral pact of 1927 was effectively a branch of the Labour Party. Consumer cooperation was an important economic sector as well as a powerful political pressure group and any production that it carried out was owned and administered by the cooperative societies through its wholesale sector. The Cooperative Party had, however, opposed the nationalization of the banks and insurance companies post-1945 because of their interests in these sectors.

Consumer cooperation retained its early roots in the working class and

became a significant part of the community in some areas of Britain. Its money helped establish cooperative halls and funded festivals, pageants and organizations such as the Women's Guilds and the Woodcraft Folk. From a contemporary perspective it is perhaps difficult to realize the size and importance of the consumer cooperative sector. In 1956 the High Street cooperative stores accounted for 11 per cent of the total retail trade in Britain and even by 1972, when the new phase of worker cooperative development was well under way, the consumer societies had over 12 million members with a sales turnover of £1 150 000 000 (Mellor, 1980). For many people cooperation was a way of life:

> My mother was a Co-operator, and although she didn't belong to any Guild – she used to preach Co-operation with the best. She was always talking about Co-operation and of course we wouldn't dare go anywhere else but the Co-op shop when we were sent shopping. Ooh no! So she was a Co-operator of the old school, and we were brought up in that atmosphere. (Salt *et al.*, 1983, p. 5)

The British consumer movement was also the inspiration for the formation of the International Cooperative Alliance (ICA) in 1895. In 1934, the ICA identified what became known as the six Rochdale Principles and has continued to redefine and clarify the principles of cooperation. In 1972 its revised rules declared that:

1 Membership must be voluntary and without 'artificial restriction' or any social, political, racial, religious or sex discrimination
2 There should be one member one vote at General Meetings
3 Share capital, if any, should receive only a fixed and limited rate of interest
4 Profit should be distributed on a fair and reasonable basis some equally amongst members, some re-invested and the remainder allocated to 'common services'
5 There should be a commitment to the education of members and the general public
6 There should be cooperation between cooperatives with the aim of unity of action by cooperators throughout the world

In spite of, and to a large extent because of, the legacy of consumer cooperation in Britain, it was clear that any further development of producer cooperation would have to come from a new direction. That was to emerge in both Britain and Spain in the 1950s from a Christian tradition that had long been a part of cooperation. In Spain, the civil war and fascism had preceded the European War and the Basque region, as the heartland of Republicanism, had suffered the most bitter repression. In 1956, a Spanish priest began an experiment which was to have considerable impact on

cooperative development in the rest of Europe. Jose Maria Arizmendi-Arieta had been inspired by his study of Robert Owen and the Rochdale Pioneers to encourage workers in the town of Mondragon to set up their own worker-managed enterprises. Five graduates from the technical college which had also been supported by the priest bought out a small bankrupt factory and founded the first cooperative, Ulgor. By 1959 the original workforce of 23 had expanded to 170. The establishment of a savings bank which became the Caja Laboral Popular provided the financial foundation for a rapidly expanding cooperative sector in the Basque region.

This sector operates on two tiers. First, there are the primary cooperatives engaged in production of a variety of manufactured products including electrical goods, refrigerators and machine tools. The difficulty of obtaining funding and the need to provide social and welfare services led to the establishment of secondary cooperatives of which the most important is the Caja Laboral Popular, which Eaton describes as:

> A kind of overlord of the whole co-operative movement in the region, laying down in the form of a rigid (but rescindable) contract of association with itself, a "democratic governing structure" and a code of practice for each co-operative. (Eaton, 1979, p. 33)

The Caja provides about 60 per cent of the funding for new cooperatives but it is a feature of the Mondragon system that workers themselves must make an investment. This can amount to around £2 000 (Eaton, 1979, p. 34) and provides a very clear incentive to workers' commitment to the cooperative's success.

Participation by workers in Mondragon cooperatives is mediated through a committee system and Bradley and Gelb suggest that 'The organisational structure of a typical Mondragon production cooperative does not differ too greatly from that of a capitalist organisation' (1987, p. 79). However, they remain within the traditional spirit of cooperation by electing the directors on the basis of one person one vote and making them ultimately accountable to the general assembly. There is also a works council system which effectively replicates the role of trade unions which have little presence within Mondragon.

The Scott-Bader Commonwealth

Christianity was also the inspiration for the earliest post-war regeneration of producer cooperation in Britain. Unlike the Catholic Father Arizmendi, Ernest Bader was a Quaker and a successful businessman. He formed part of a heritage that stretched from the Christian Socialists of the nineteenth century to Quaker industrialists, like Cadbury, with their tradition of

paternalistic management. In 1951, Ernest Bader decided to transfer the ownership and control of his chemical company to the workforce through the creation of the Scott-Bader Commonwealth. The shares of the company were to be held in trust for the workforce, and a system of democratic control of the enterprise was devised to enable genuine worker participation in decision-making. The system was one of indirect democracy rather than workers' control and there remained a firmly established management structure. As with the Mondragon cooperatives, ultimate control rests with the whole commonwealth membership at a general meeting. However, there are four other committees which influence the running of the business: the company board which decides policy, the commonwealth board which checks and plans overall development, the community council which balances the desires of the workforce with the needs of the business, and the trustees which includes outside interested parties and acts as arbitrator in cases of dispute (McMonnies, 1985, p. 20).

The Scott-Bader Commonwealth was the foundation and inspiration of other developments. The company's money provided the basis for the establishment of Demintry – Democratic Integration in Industry. In 1971 this organization became the Industrial Common Ownership Movement (ICOM), which has played a significant part in British cooperative development. One of its most important contributions was the formation of Industrial Common Ownership Finance (ICOF) in 1973 with financial support from the Scott-Bader Commonwealth. A small number of other companies directly followed Scott-Bader's example. The Bewley family handed over their cafes to the workforce, the Jones family of Northampton their jewellers shops and the Spreckley's their Landsman Mobile Caravan business. However, this never became a large movement and most of the further expansion in cooperation was as new businesses rather than conversions.

The alternative movement

The successful development of cooperation in post-war Europe had been in those countries with firmly established movements and support structures. The growth of the alternative cooperative movement had a much broader impact and resurrected debates that had lain dormant since the nineteenth century about the ability of cooperatives to achieve radical change. Those who formed the alternative cooperatives were generally young, middle class and well educated. They formed part of the same generation that protested against the values and economic structures of post-war industrial capitalism that culminated in the May events in Parish in 1968.

A significant element of this alternative culture was the challenge to

existing methods of business organization. Profitability was seen as taking second place to democratic control and the nature of the product or service. In Britain this led to a new generation of cooperatives in sectors such as wholefood retailing, radical bookshops, printing and publishing, theatre and video, and alternative technologies which focused on environmental protection. Such cooperatives tended to be committed to more radical methods of work organization based on non-hierarchical decision-making structures, the rotation of jobs and equal pay policies. They were sometimes linked with either formal or informal political groupings based on anarchist, socialist, feminist or ecological principles.

In Italy and France these new cooperatives grew alongside the already well-established sectors. In countries like Britain, West Germany and the United States they provided a new impetus for either non-existent or moribund cooperative movements. In West Germany, a network of business projects were initiated in the alternative sector (European Communities Commission, 1984, pp. FRG30–FRG42). Although the new projects did not necessarily adopt formal cooperative status they share many of their characteristics such as collective ownership and democratic management. They also have a strong commitment to providing a socially useful product or service and aim to pay an income equivalent to the general level of wages. An estimated 80 000 people now work in 11 500 such projects in Germany, backed up by a mutual aid network, *Netzwerk Selbsthilfe*, which has 350 000 active sympathizers. The latter tend to be middle-class professionals prepared to pay higher prices for goods because they consider their purchase as a gesture of support for the alternative projects. By this fact alone, they constitute the most significant clientele of the projects.

In the United States, the cooperative tradition extends back as far as the eighteenth century. Whereas American producer cooperatives were linked closely with trade union and labour organizations, the consumer societies were less radical in orientation. State support was given to some cooperatives in the 1930s but:

> These co-ops grew and conglomerated much in the style of corporate capitalism and today some of the largest agri-business corporations are co-operatives based on capitalist structures and goals. (Ehrenreich and Edelstein, 1983, p. 409)

The United States had also been the base for some nineteenth century experiments in cooperative communities such as the Owen-inspired New Harmony. As in Europe, the new wave of cooperative development was associated with an alternative movement. Lichtenstein (1986b, pp. 57–8) suggests that cooperatives are just one subcategory of non-hierarchical organizations in the American context and he groups them with communes, social service collectives and social movement organizations.

Ehrenreich and Edelstein note that the cooperatives were grouped within particular economic sectors:

> In the 1970s, food co-ops spread through many communities. Virtually every city has at least one, with over 600 in New York State. Estimates vary but there are at least 3,300 new-wave co-operatives in the United States. (Ehrenreich and Edelstein, 1983, p. 410)

> The co-operatives are also restricted in the members that they attract: participants are young (average age 27.7 years), educated (51 per cent have college degrees, and an additional 34 per cent have some college education), and white (93 per cent)... In short, the movement is a distinctly white middle class phenomenon; the low salaries and erratic uncertain career paths exclude, by self-selection, most minorities and all but a handful of those from working class origins. This movement is one of the direct successors of the social upheavals of the late 1960s. (Jackall and Crain, 1984, p. 94)

Such a description could be translated with little change to the European alternative cooperative sector until the end of the 1970s when job generation became as significant a factor in cooperative development as non-hierarchical organizational styles.

Workers' control

In Britain, as in much of Europe, the emergence of the alternative cooperatives coincided with a new period of trade union strength and industrial militancy. In an interesting parallel with the cooperative practice of keeping decision-making as close as possible to those who will be affected, the British trade union movement had been shifting bargaining power downwards in significant sectors of the economy. The growth of shop steward organization was symbolized by the election of Jack Jones and Hugh Scanlon to the leadership of their respective unions in the late 1960s. Their strength lay in shop floor organization, which they continued to encourage from their new positions.

Whereas there can be no doubt that the majority of trade unionists saw this new collective bargaining structure as simply a different mechanism to achieve the same instrumental ends, others invested it with far greater significance. The Institute for Workers' Control (IWC) was founded shortly before the Labour government was elected in 1964. Although its early members were mainly socialist journalists and academics, in 1970 over 1000 attended its conference, including a large number of trade unionists (Hyman, 1974, p. 241). The IWC was essentially a forum for the exchange of opinion and two of its leading members, Ken Coates and Tony Topham, have recorded the essence of the discussions:

> In general terms, there emerged during the 1960s two diverging strands of opinion and policy. One challenged the whole tradition of the wasted years since the 1920s and aimed to build a new movement for workers' control, and the other searched for a new formula to give the appearance of democracy without too much of the reality, through forms of workers' participation. (Coates and Topham, 1974, p. 55)

The latter system of participation was rejected by many shop stewards who had the power to go well beyond it. In particular, the new era of productivity bargaining which began in the early 1960s demanded detailed discussions on a whole range of issues well outside the traditional negotiating areas of pay and hours. Although a clear definition of workers' control never emerged, it certainly demanded more than mere participation in management decision-making. According to Coates and Topham, the movement could take many forms:

> It may result in new and far reaching reforms of institutions or laws, it may take the form of direct action, the setting up of workers' councils or the occupation of factories. It may take altogether more modest forms, such as the framing of laws regarding trade union rights, or the setting up of workers' representation in or alongside the existing decision-making centres of industrial power. (1974, p. 62)

The combined effect of the alternative ideologies and the workers' control movement had significant implications for cooperative development. The first was to rejuvenate ICOM whose previous base had been in Scott-Bader and the small number of conversion cooperatives. The second was to be the inspiration for political support for three experiments in large-scale rescue cooperatives in the mid-1970s.

The Industrial Common Ownership Movement

For some alternative cooperators the links with the traditional trade union movement and labour politics were regarded as a betrayal of their new approach. They saw those movements as characterized by hierarchical structures dominated by men and unsympathetic to their own initiatives. They turned instead to their own resources and those of the conversion cooperatives and, most particularly, Scott-Bader. ICOM became increasingly a pressure group for worker cooperatives and effectively eclipsed the older Cooperative Productive Federation which had long been in decline. ICOM had no formal political allegiance and tried to maintain an all-party approach, although the movement's sympathies were much more likely to be with the Liberals and Labour rather than the

Conservatives. A statement by ICOM summed up the political position in 1974:

> The Labour Party has been pledged for more than 50 years to replacing capitalist ownership by common ownership without doing anything very effective about it. Working for a nationalised industry today is much like working for any other large company and a sense of participation and unity of purpose is often conspicuous by its absence. The Conservative Party like to talk about partnership in industry without being prepared to do much about it. The Liberal Party have been talking about co-ownership in industry for a quarter of a century but tend to reject their own reports, and do not now have a clear or radical policy in this area. (ICOM, 1974)

The organization's main centre of activity was in London, although its national office was in Leeds. It made some efforts to counter this imbalance through the development, from 1977, of a regional branch structure, and ICOM North eventually attracted 3-years' funding from the Rowntree Trust in the early 1980s. The local ICOM organizations tended to represent alternative cooperatives and placed considerable importance on decentralization, both in principle and as a means of involving the new cooperatives in ICOM's work (Thornley, 1981, pp. 43–5). This tension between the older conversion cooperatives and the new alternatives did not disrupt ICOM's political lobbying, which led to important legislative changes.

Federations

Part of the growth of alternative cooperatives was the development of cooperative federations. Such joint organizations of cooperatives had been fundamental to the sector's growth in both France and Italy, but the CPF in Britain had been of minimal influence in comparison. Historically, the British consumer cooperative movement represents a good example of the way in which cooperatives addressing a particular market can combine successfully to enjoy the benefits of a large-scale organization, while remaining democratically accountable to the locality in which they operate. Local cooperative societies retained effective control over their stores and dividends, while forming part of a larger movement with its own factories and banking division. Modern day producer cooperatives federate politically through ICOM but there is also room for commercial federations, e.g. worker cooperatives may increase trade for each other by purchasing their goods or services from other cooperatives where possible. The development of cooperative trading networks can also offer some degree of insulation against the fierce competition of the market by

offering one another favourable trading terms in return for stable orders.

Cooperatives can federate commercially in a number of ways. A group of cooperatives might combine their purchasing power to secure better deals from suppliers or they might collaborate on a joint marketing strategy to bid for bigger and better orders. More fundamentally they may set up joint production and wholesale organizations. An example is the Federation of Northern Wholefoods Collective (FNWC). This was established in 1978, embracing small retail cooperatives and the wholesale warehouses. The latter were Suma, based in Leeds, Maggie's Farm in Durham and Green City in Glasgow. A levy of 1% was placed upon member cooperatives and used to finance new or existing shops requiring financial assistance. Thornley has documented the turbulent early days of FNWC which went into decline in the early 1980s (Thornley, 1981, p. 107). Federations can also enhance the political impact of co-operatives; the Federation of Radical Booksellers aims to 'promote the distribution of a wide range of non-sexist, non-racist literature committed to radical social change' (CDA, 1984, p. xv).

The wholefood cooperatives and radical booksellers are, however, facing increased competition as their market niche becomes invaded by the large multiples. Federations still remain relatively undeveloped in Britain and it is state-funded cooperative support organizations (CSOs) that have taken on many of their functions. The latter did not develop, however, until the rapid growth of unemployment began in the mid-1970s, and while they have often been staffed by people with backgrounds in, or sympathizers with, either the alternative movement or the workers' control movement, their services are largely required by job creation cooperatives and they are discussed later in this light.

Phoenix cooperatives

From the end of the 1970s, economic restructuring across the Western capitalist economies led to increasingly high levels of unemployment, as is clear from Table 1. Unemployment expanded rapidly from the low levels of the 1960s. At the same time economic growth was slowing, the increase in gross domestic product in the seven major industrial economies fell from an average of 4.5 per cent a year between 1968 and 1973 to 2.7 per cent between 1973 and 1979 and to only 2.3 per cent between 1979 and 1985. Job losses were not evenly spread throughout the workforce and there were much higher levels in traditional manufacturing sectors such as heavy engineering, shipbuilding and the extractive industries.

In Britain, France and the United States, as in many of the other capitalist economies, many workers responded to plant closures by factory

Table 1 Unemployment rates in selected countries

	1964–73	*1974–9*	*1980–85*	*1985*	*1986*
US	4.5	6.7	8.0	7.1	6.9
Japan	1.2	1.9	2.4	2.6	2.8
Germany	0.8	3.2	6.0	7.2	6.9
France	2.3	4.5	8.3	10.1	10.3
UK	2.9	5.0	10.5	11.2	11.1
Italy	5.5	6.6	9.2	10.5	—
Canada	4.8	7.2	9.9	10.4	9.5
Belgium	2.3	6.3	11.3	11.2	10.8
Netherlands	1.3	4.9	10.1	10.6	9.9
Spain	2.6	5.2	16.6	21.4	21.0
EC average[a]	2.7	4.9	9.5	11.1	—
Major seven[b]	3.1	5.0	7.1	7.4	—

[a]Germany, France, UK, Italy, Belgium, Netherlands, Spain only.
[b]US, Japan, Germany, France, UK, Italy, Canada.

occupations, and this was sometimes followed by conversion of the company into a cooperative. These 'phoenix' cooperatives were often short-lived and also relatively large in size compared to the alternative sector. In the United States there were a number of cases of workplaces that were rescued from closure through the efforts of workers often with the backing of their communities. There were successful purchases of

> an asbestos mine in Lowell, VE (the Vermont Asbestos Group); a furniture manufacturing plant in Central New York (the Mohawk Valley Community Corporation); a knitting mill in Saratoga Springs, NY (the Saratoga Knitting Mill); a machine tools factory in Indiana (South Bend lathe), and a textile firm in Lewiston, Me. (Bates Fabrics) among others (Toscano, 1981, p. 16).

In France, there was also a period of industrial militancy and factory occupation. In Britain, the pattern for occupations had been set by the Upper Clyde Shipyard (UCS) workers who fought the closure of their company through a work-in. In the 3 years following, over 100 other factory occupations took place (Coates, 1976, p. 11). Of these, one relatively small one had a much larger significance for cooperative development.

In 1972, a group of women took over the Sexton Son and Everard shoe factory in Norfolk when it was faced with closure. Once it became clear that a private company rescue would not be forthcoming, the women decided to run the factory as a cooperative. Fakenham Enterprises occupies a pivotal point in modern cooperative development in Britain, as within it, a number of trends that had been growing in the previous decade

coalesced, not only within cooperation and the trade unions, but also within the women's movement. The fact that it was women who were taking the action was in itself sufficient to attract considerable support from feminists. When the workers changed their products from shoes to leather bags, it was in part a reflection of their product market within the feminist movement. Women were also attracted by the fact that the workers had adopted the cooperative form which appeared to represent an alternative to male-dominated hierarchical structures.

Fakenham's link with the cooperative developments of the previous decade came through the financial support and managerial expertise provided by Scott-Bader when the new cooperative was launched. Although the women's own trade union was a small one, which had not been a significant part of the movement towards shop stewards' power and workplace bargaining, Fakenham Enterprises received considerable moral support from the trade union bureaucracies and more practical financial contributions from rank-and-file members. However, the reality of Fakenham Enterprises is a long way from the myths with which the various parties wished to surround the women's fight at the time. Wajcman points to an issue that is at the heart of the new generation of worker cooperatives:

> The survival of the Fakenham co-operative for as long as five years was attributable solely to the self-sacrifice of the women involved. In this it was not unusual. Few co-operatives have been commercially viable: most survive through the collective efforts of the workforce, who tolerate low pay, unpaid overtime, and poor working conditions. In conditions close to sweated labour, members of co-operatives spend much of their time worrying about how their individual enterprise, and with it their livelihood, will survive. (Wajcman, 1983, p. 186)

The Benn cooperatives

Of similar symbolic importance were the three so-called 'Benn cooperatives' of the mid-1970s. Meriden Motor Cycles, The Scottish Daily News and KME at Kirby were all formed in response to the closure of large unionized companies. Each received considerable government support, although all three were underfunded. However, the primary motivation of the trade unionists involved was to save the factory and jobs with very little commitment to the cooperative form:

> In all cases (except possibly one), the thrust and leadership which eventually resulted in the establishment of the co-op came from the

> shop floor. Yet in no case . . . does there seem to have been any strong initial feelings in favour of the co-operative form. (Oakeshott, 1978, p. 108)

The degree of enthusiasm with which the cooperative idea was taken up by the workforce varied. The Scottish Daily News was too short-lived (barely 6 months) for any firm conclusions to be drawn. It was also dominated for much of its life by commercial considerations and the question of whether an outside businessman, Robert Maxwell, might become the dominant force within it. At KME worker involvement and commitment appears to have been undermined by the key trade unionists at the plant acting as surrogate managers. As Tony Eccles has commented:

> The workers were a decent bunch of people who wanted a job and a wage. They hadn't really asked for a co-operative and its accompanying turmoil. They had some initial enthusiasm that things would be different in the co-operative in an unspecified way – perhaps happier and there are commentators who claim that only the leaders' behaviour caused the optimism to wilt. Yet the enthusiasm wasn't translated into a positive drive to face up to KME's needs. The wages improved and so did performance, but co-operators seemed strangely incurious about their prospects leaving more and more control in the hands of their leaders. (Eccles, 1981, pp.383–4)

The Meriden Motor Cycle cooperative also began with an occupation and, like KME and the Scottish Daily News, money from Tony Benn's Industry Department was vital to the establishment of the business. However, central to the cooperative's relative success was an external market for the product and the system of internal democracy. The cooperative adopted an equal wage policy and abolished supervisory posts:

> As a consequence of this decision and the other democratic and egalitation arrangements they have achieved an enthusiasm among the workers, with every man his own inspector, which has meant good productivity at high quality. (Oakeshott, 1978, p. 109)

Meriden was the most long-lasting of the three experiments and it struggled on for 10 years before closing.

Trade union action

Alongside the factory occupations the trade union movement had sought and gained a response from the Labour government to its increased demands for higher levels of involvement in company decision-making. The outcome was a Committee of Inquiry on Industrial Democracy

chaired by Lord Bullock. This report was the antithesis of the arguments that alternative cooperators had been making for small-scale initiatives and direct control at the point of production. Instead, the Report concerned itself with the generation of a framework for board-level participation by trade unionists. The unions themselves were ambivalent about travelling in such a direction. Arthur Scargill, then leader of the Yorkshire miners and later to become President of the National Union of Mineworkers, said very clearly:

> I'm totally opposed to workers' control. Totally, because I believe that workers' control is a recipe for collaboration.... This is a measure, in my opinion, that is designed to frustrate the real aspirations of the working class. (Scargill, 1985, p. 27)

Other trade unionists were less political but equally opposed. Unions like the engineers and the electricians had built their strength on their shop stewards and preferred a system of industrial democracy that rested on the continuous extension of collective bargaining into more and more areas of decision-making.

Of much greater affinity to the alternative cooperative movement was the argument set out in the workers' plan developed by shop stewards at Lucas Aerospace. Between 1970 and 1975 the company lost 5000 of its 17000 jobs and in 1973 a combine committee was formed, bringing together shop stewards from all 13 sites. In 1974 a delegation visited Tony Benn at the Department of Industry and from this meeting the idea of an alternative corporate plan based on socially useful products began to be formulated by the shop stewards. The objective of the plan was twofold:

> firstly to protect our members' right to work by proposing a range of alternative products on which they could become engaged in the event of further setbacks in the aerospace industry. Secondly to ensure that among the alternative products proposed are a number which would be socially useful to the community at large. (Elliott 1977, p. 61)

In essence, the normal defensive demands of trade unions to save jobs was being united with a more proactive and political trade unionism that began to bridge the gap between the producer and the consumer. It also rejected the traditional approach to public ownership. As one shop steward put it: 'we need to change the concept of what we mean by nationalisation' (Wainwright and Elliott, 1982, p. 7). Although the alternative plan supporters were less clear on the structures necessary to replace the bureaucratic nationalization they so firmly opposed, their activities did bring about a change of attitude within the Labour Party, as Tony Benn has noted:

> I say without fear of contradiction that if these movements had not occurred when they did and in the form they took, the Labour manifesto of 1974 would not have reflected any aspirations beyond the ordinary ones of more Morrisonian Public Ownership. (Coates, 1976, p. 75)

The development of other alternative plans along the Lucas lines was encouraged and assisted in this by a number of local trade union resource centres such as the Centre for Alternative Industrial and Technological Systems (CAITS) established in February 1978 at North East London Polytechnic. CAITS had direct links with the Lucas Shop Stewards' Combine Committee and one of its members was a joint controller of the centre. Against the background of declining employment and the rethinking of the direction of trade union activity, a new political and legislative framework for worker cooperatives was developing.

The political framework for worker cooperative legislation

In Britain, unlike other parts of Europe, financial and legislative support for cooperatives was weak, reflecting a lack of political commitment to the cooperative form. Existing legislation dating from the nineteenth century was not designed for worker cooperatives and did little to encourage their growth. The resurgence of cooperative growth however, has met with a favourable response from all the major political parties in Britain, although the main legislative and political support for cooperative development has come from the Labour Party. Growing pressure from the consumer societies for positive government support for cooperation and the growth of the alternative and conversion cooperatives led the Labour party to open a discussion of cooperation in its 1970 election manifesto. In a section on industrial reorganization and planning, the following short paragraph occurs:

> We also stress the contribution that can be made by co-operative enterprise. This is already a large sector in the economy, and operates on democratic criteria which we would like to see extended. The Labour Party is therefore considering the establishment of a Co-operative Development Agency to give added strength to the rationalisation and development of co-operatives. (Labour Party, 1970, p. 4)

It is plain from the context that the paragraph is primarily referring to the consumer cooperatives, with its reference to a 'large sector' and the problems of rationalization. The consumer cooperatives, in the face of a drastic loss of trade, were engaged in a massive rationalization programme

for which they hoped to gain government support, while at the same time being very wary of direct government interference. However, the statement of policy could be used as a basis for worker cooperation and the Cooperative Development Agency which was eventually established did in fact work extensively in that field rather than the traditional consumer sector.

In 1976, a Labour MP, David Watkins, introduced a Private Member's Bill which became the Industrial Common Ownership Act. This Act was the result of successful lobbying by ICOM and, according to David Watkins, provides:

> for the first time a proper legal definition of what constitutes enterprises of a common ownership and industrial co-operative nature. This ends the legal limbo in which common ownership companies and worker co-operatives have found themselves whereby they were neither provided for in company law nor in industrial and provident society legislation. (Watkins, 1978, p. 2)

The Act simplified the registration of cooperatives and created a loan fund of £250 000 to which 'relevant organizations' could apply. Much of the money went to ICOF, although other organizations such as the Scottish Cooperative Development Committee (SCDC) received funds. It was clear, however, that much more development-oriented legislation was needed.

In 1977 an all-party working group was established under the direction of the small firms division of the Department of Industry to investigate the feasibility of creating a national cooperative development agency. Its deliberations, which were presented in October 1977, had a majority and minority report. The majority report, supported by the larger more established sectors such as the consumer movement, and agriculture and fisheries argued for a Development Agency with a fund for advice to cooperatives, a non-partisan approach and an appointed Board. The minority report representing the smaller underdeveloped sectors such as ICOM, the National Federation of Credit Unions and the housing cooperatives argued for a much more comprehensive cooperative development fund to give direct financial support particularly in the underdeveloped areas and with a strongly cooperatively oriented Board appointment policy. The majority report was accepted and in 1978 the Cooperative Development Act was passed by a Labour government. The Board of the subsequent Cooperative Development Agency did not even have a nominee from ICOM and was subject to much criticism. The agency has, however, consistently received government funding despite the election of a Conservative government in 1979.

Support for cooperative development was also growing at local

authority level particularly where the Labour Party was in control. In this climate the Labour Party nationally moved cooperative development to a more central point in its economic policy and in 1980 produced a pamphlet entitled 'Workers' Co-operatives' in which it saw them as a pre-figurative form of socialism:

> We believe that the co-operative form of organisation offers a true socialist approach to economic planning and development. While we may not achieve socialism in Britain overnight... co-operatives offer the chance of establishing local examples of socialism to chart the way. They enable us to practise socialism in our current mixed economy, and, better still, give us an ever-widening circle of workers, experienced and trained in self-management and with the practical knowledge to help extend the frontiers of socialism. Not only will they know all too well the deficiencies of capitalism and private enterprise but can guide us more safely from their islands of socialism till we reach the shore of the socialist mainland. (Labour Party, 1980, p. 5)

In its election manifesto of 1983 the Labour Party advocated the right of workers to buy out their firms if the majority wished to do so, and in 1985 it issued a Charter for Jobs which gave cooperative development a central plank in its economic programme. (Labour Party, 1985). The 1987 election manifesto said that the Party would 'encourage the establishment and success of cooperatives of all forms' (Labour Party, 1987, p. 6).

By this stage the Labour Party did not retain its sole political role as supporters of cooperatives. Indeed, for the Liberals and the Social Democratic Party, cooperatives had become an even more central feature of their economic strategy. They are seen to represent a 'third option' between public ownership and private capital. The Liberal Party argued that it had:

> for a long time recognised that the small co-operative enterprises, organised under a system of common ownership represents a model of Liberal principles in action in industry. (Liberal Party, 1985, p. 4)

By the time of the 1987 election, the Liberal alliance with the Social Democrats had made cooperatives a major policy feature. The SDP said:

> We need more small businesses and a vibrant "third sector" of employee owned enterprises to enrich our economy and our society. Co-operatives can be innovative and job creating, and they offer those willing to meet the challenge a high level of individual freedom. (Social Democratic Party, n.d., p. 6)

Moreover, cooperatives were seen as an alternative to Conservative

policies of returning state industries to the private sector through privatization:

> The formation of co-operatives by employees in the public sector should be encouraged. Particularly where there is a direct relationship between the consumer and the provider of services, for example in British Rail catering or housing estate repairs, services could be more efficiently provided by employees organised in co-operatives. (Social Democratic Party, n.d., p. 25)

To support these initiatives the Alliance parties proposed a range of legal and financial incentives and support services. The SDP also suggested that workforces be given the right to the first option on purchase when a private company was faced with liquidation or a public service with privatization.

For the Conservative Party such a major role for cooperatives was never regarded as a political option but it had shifted towards giving them significant support. In the first place, it had retained the national Cooperative Development Agency, although it had changed its personnel to represent a more 'business like' approach and kept a tight reign on its budget. Essentially, Conservatives regard cooperatives as part of the small business sector of the economy. The latter is characterized by its flexibility, low wages and little, if any, trade union organization (Rainnie, in press). Thus:

> Co-operatives represent the Victorian values of Smilesian self-help; the unemployed creating their own jobs in a market place, the rigours of which will ensure that any genuinely radical reorganisation of work will rapidly take second place to economic survival. (Stirling *et al.*, 1987, p. 22)

Smaller political organizations were also joining the parade of cooperative support. The newly emerging Green Movement saw the cooperative form of ownership as an appropriate organization for an ecologically sound future. The Scottish National Party also argued for the 'third way' of cooperative development and suggested that community cooperatives would be appropriate to areas of rural Scotland. The Party's annual conference in 1980 adopted a programme of wide-ranging support for Scottish cooperatives as the basis of job creation:

> Above all, the SNP policy for co-operative enterprise is part of a new deal to destroy the pessimism that claims that unemployment is here to stay. For self-help makes new jobs. (Scottish National Party, 1980)

Support for cooperatives also came from the political right with the

National Front seeing them as a base for 'white jobs for white people'. It has argued that:

> In a future nationalist Britain, workers' co-operatives would fill the gaping hole that currently exists in Britain's economic structure. Those companies that have gone beyond the ownership of the original entrepreneur and are in the hands of faceless shareholders – with no real knowledge or interest in how the company is best run – would be handed over to its workforce. (National Front, 1986)

The National Front even goes so far as to suggest that 'Mondragon provides a living example of NF policy working' (ibid.).

In one cooperative covered by our research there was a National Front member and, although there was no direct evidence that she was attempting to increase the Party's influence, the cooperative, by majority vote, refused to admit her to membership, and she left. Such a development poses a clear conflict with cooperative principles based on non-discrimination: should she have been admitted to membership on the principle of open membership and political neutrality, or did her politics so offend against those principles that she should be refused? The cooperative obviously thought the latter.

As cooperatives have found support right across the political spectrum, each party has sought to shape them to its own particular world view. For the Labour Party they are a different form of social ownership, a way of promoting the principle of public ownership without the political and administrative problems of the nationalized industries. For the Liberals they are a way of promoting a mutually responsible partnership between consumers and workers. For the Conservatives they are a way of introducing a sense of commercial responsibility into the workforce, by opening the workers to the reality of market forces. Approximations to the cooperative form have also found favour – such as employee share ownership schemes, management buyouts, and public sector workforces tendering for their work under privatization schemes. This raises fundamental questions about the legal framework of cooperatives and the means by which their defining features may be determined.

Cooperatives and the law

In broad terms, the legal position of cooperatives has covered three main areas: cooperative status, organization and finance. Cooperatives have developed a diversity of legal forms depending on the existing legislative framework and the advantages of adopting one particular form as against another. In the United States, for example:

> In some cases, such as the original Vermont Asbestos Group (VAG) the firm simply has a conventional ownership structure where a majority of the owners are employees. In many of the urban centers and college towns across the country, there are a number of loosely structured, worker-run collectives or co-operatives which might be legally organised as partnerships, statutory co-operatives, non-profit corporations or for-profit corporations. (Ellerman, 1984, p. 257)

The choice that an individual cooperative makes is likely to be based as much on pragmatism and convenience as it is on ideological preference. Thus, it may be more straightforward to register as a conventional small business and where there is no pecuniary reason to do otherwise, many cooperatives will take that option.

However, many industrial nations have adopted legislation that allows businesses a distinct legal status as cooperatives. In Italy, the civil code of the constitution guarantees cooperative status, and The Netherlands also has legal coverage in the civil code. At the other end of the spectrum, cooperatives in Britain and Ireland have effectively the same status as other businesses, although they would normally register under their respective Industrial and Provident Societies Acts (IPSA). In Britain, the Industrial Common Ownership Act (ICOA), passed in 1976, reinforces and clarifies the provisions of the earlier legislation.

The legislative framework covering the organization of cooperatives is equally diverse. Britain and Ireland are probably the least interventionist nations, while in other European Community countries there is a considerable amount of legal control. For example, a number of nations, such as Italy and Belgium, stipulate that cooperatives should hold general meetings and that decision making should be on the basis of one member, one vote. In France, Germany and Spain, among others, there are legal requirements concerning the establishment of management committees or supervisory boards. In Italy, it is stipulated that the majority of the workforce must be cooperative members, whereas in Spain only 10 per cent can be non-members. In Britain, it is for cooperatives to make their own rules. However, the IPS and the ICO Acts provide that cooperatives must have rules covering certain areas if they are to register. The ICO Act stipulates that common ownerships must only allow employees into membership and everyone should have an equal vote on controlling bodies (Thornley, 1981, p. 183). In practice it would be difficult to legislate in detail for the internal organization of cooperatives. It would also be difficult to police, and ineffective unless, for example, contracts were withheld from cooperatives which did not conform to the legal criteria.

Financial legislation regarding cooperatives can take two forms. First, there is the question of the assets of the organization and how they are to be controlled and, secondly, there is the issue of making public funds

available to cooperatives. On the first point, there is such variation that only a few can be mentioned by way of illustration. In Italy, the maximum interest paid on shareholding is restricted to 5 per cent. In Germany, Italy and Spain, no cooperator may withdraw their shares when leaving, instead they may be reimbursed, although often only at a nominal value. Spain, France and Italy also have laws concerning the distribution of profits, all of which stipulate that a certain percentage must be transferred to the cooperative's reserves. The ICO Act in Britain does not allow members of registered common ownerships to benefit financially if the business is dissolved. It also says that the profits of the company are to be used for the benefit of its members, although it makes no detailed provisions for how this is to be done. Where cooperatives adopt model rules such as those developed by ICOM, the process of registration is considerably cheaper and this helped the spread of ICOM cooperatives in the years after the Act, although they may not subsequently take an active part in ICOM as an organization.

On the second point of making public funding available specifically for cooperatives, there is little legal support in Europe. In general, cooperatives must rely on the loans and grants that are available for other small businesses. However, cooperative support agencies or federations, where they exist, can encourage and advise cooperatives to make the maximum use of such facilities and may, therefore, indirectly channel funds into the cooperative sector. It has also been suggested that the European Economic Community could make funds available for cooperative training and development:

> A European Co-operative Development Fund should be set up. If, to start with, it had at its disposal £25 million a year at 1982 prices, that would clearly not be a large amount .... But, bearing in mind once again the shortage of resources which characterises co-operatives, it could still act as an important stimulus (European Communities Commission, 1984, p. 52)

It is estimated that by 1980, £1.35 million had been provided to the cooperative sector in Britain under the ICO Act and the subsequent Cooperative Development Act.

Support organizations

The 1978 Cooperative Development Agency Act represented the first commitment to cooperative development at governmental level in Britain, but a groundswell of support had been growing in local authorities and a number of pioneering developments had taken place in the mid-1970s.

Scotland was at the forefront of this and in 1976 the Scottish Cooperatives Development Committee (SCDC) was created. Since it covers the whole of Scotland, SCDC is quite different from the vast majority of British cooperative support organizations which are locally based. Whereas the latter are funded largely by their local authorities, SCDC is supported by the Scottish Development Agency and the local authorities of the areas in which SCDC is most active. Under the pressure of job losses and industrial collapse, economic development had become a high priority for many local authorities throughout the whole United Kingdom and, as they tended to be in the older industrial areas, they were usually Labour-controlled. voluntary Cooperative Support Organizations (CSOs) started to emerge, sometimes linked to ICOM, sometimes independent, often formed by Labour Party activists. Local authorities such as Wandsworth pioneered the direct support of cooperative enterprises, operating at first within the framework of the Town Hall bureaucracy. In 1975, Cumbria Council supported the appointment of one of the first full-time cooperative development worker posts attached to its Community Development Project. As a consequence of all these activities, the pressure for local authority funding for local CSOs became intense. Gradually, across the country, local councils agreed to fund full-time Cooperative Development Agencies (CDAs) and by the mid-1980s there were 80 in total. Despite some differences in funding, organization and nomenclature, all local authority funded units will be referred to as CDAs and the wider term CSO will be used to describe all cooperative support organizations regardless of origin or funding.

The new local CDAs found the much reduced National CDA largely irrelevant to their activities and set up a national coordinating network of their own. However, a major political question was the relationship of the new CDAs to ICOM. ICOM was concerned that the institutionalization of the CDAs and the pressure for job creation would undermine the principles of common ownership for which they had fought. In particular they were concerned that cooperatives formed so hastily in the desperate battle against unemployment would be unable to exhibit a truly cooperative spirit. A very practical problem arose in that participation in local CDAs by ICOM cooperators would be unlikely not because of disaffection but because people earning a living in cooperatives have little energy to spare for attending meetings, even locally. Eventually there was an exchange of representation between the two organizations at national level. Other local developments included the initiative taken by the Trades Union Congress in Wales. Following a visit to the Mondragon cooperatives in Spain, they established a development and training centre to encourage worker cooperatives. Their motivation was not unlike that of the local authorities, as their feasibility study records:

A recognition that the scale of the collapse in employment opportunities in Wales in 1980–81 would require more than orthodox remedies to put right:

That part of the long standing vulnerability of the economy in Wales lies in its dependence upon external economic decisions, and that the development of home-grown co-operatives is one way of beginning the reduction in this dependence;

That worker initiatives needs fostering and developing and that the necessary support needs a special catalyst to mobilise and focus it (Wales TUC, 1981, p. 116)

Another major advance in cooperative promotion was the policy of the Greater London Enterprise Board (GLEB), which set up a London Cooperative Enterprise Board with an initial budget of £1 million. It declared:

> We are especially keen to encourage co-ops as an alternative model to normal capitalist enterprises because of their democratic structure. Their flexibility also opens up employment opportunities for women with children, and for members of the ethnic minority communities in London whose chances of work have been most severely affected by the current recession. For the unemployed, co-ops offer the chance to create jobs which suit their skills and interests (GLEB, n.d., p. 3)

These new organizations created a structure of support that was vital for the final post-war stage of cooperative development, the emergence of cooperatives as a means of creating work.

There have been other, smaller agencies promoting cooperative development. Job Ownership Ltd promotes 'worker ownership' and offers assistance to potential or existing companies interested in establishing worker-owned enterprises. It strongly supports individual investment in the cooperatives, along Mondragon lines. The Cooperative Advisory Group is a London-based consultancy undertaking commissioned work from local CDAs, local authorities and the Greater London Enterprise Board. It offers specialist advice on business problems and is a registered cooperative itself.

A new realism

The continued impact of high unemployment has formed the basis of the most recent phase of cooperative growth. The expansion of job creation cooperatives marks a return to one of the themes of worker cooperation from the nineteenth century. Workers in response to deteriorating

economic conditions attempt to enter, or return to, the labour market by forming cooperatives. However, the cooperative form is also the repository of a range of ideological dreams which also have their nineteenth century echoes. Under present conditions, it is likely that the new cooperators will be more concerned about creating a job as a means to an income and a decent standard of living than the creation of a new society. The job creation cooperatives of the 1980s have expanded at a rapid rate. A 1986 report from the European Parliament states that:

> it is not easy to estimate the number of co-operative undertakings in the European Community. Of the approximately 120 million people working in the non-military sector in the Community, approximately 3 to 4 million work in co-operatives, in other words almost 3% of the total of people in gainful activity (European Parliament Reports, 14, 28 May 1986)

This, however, is a general estimate which includes credit unions, agricultural and neighbourhood or community cooperatives. If we exclude these categories and concentrate exclusively on worker cooperatives, the number is drastically reduced:

> There are estimated to be some 14,000 productive co-operative partnerships in the community employing more than 520,000 people (of whom approximately 433,000 are members). This number rose rapidly in the 1980s. In Italy, where the number doubled in five years, in Britain an average of five new co-operatives were set up every week, and in France co-operatives expanded at the rate of 20% a year. These co-operatives are mainly active in the industrial sector but are also extending into services. The number has doubled in almost all the Member States in a decade. However, they remained of limited economic importance (ibid.)

As with all international comparisons it is important to establish that there is a reasonable degree of homogeneity and that we are considering comparable units. Throughout Europe, there are practical differences in the legal status and forms of organization among worker cooperatives. Nevertheless, worker cooperatives recognized as such by the European Community conform to two basic criteria. They must embrace:

(i) the principle of democracy, and
(ii) the principle of identity of persons.

The former demands that the organization is democratically run with all members having equal voting rights in decision-making, and management must remain accountable to the membership. Identity of persons is perhaps a more nebulous concept, stipulating that:

> all persons working in a co-operative are, as a rule, also shareholders. The size of a member's holding does not dictate his [*sic*] influence (voting power) in the co-operative (ibid.)

This definition does not preclude the possibility of equity shareholding: perhaps deliberately, it avoids the issue. It states that workers are usually shareholders, but this principle is interpreted quite differently in various countries. Contrast the nominal £1 which is the maximum shareholding stake under ICOM model rules in Britain, with the £1500–2000 required to join the Mondragon cooperatives in the Basque region of Spain.

Debates about the relative merits in the practical interpretation of cooperative principles do not, however, overly interest politicians and policy-makers concerned with economic regeneration. The current popularity of worker cooperatives in these quarters arises from their perceived potential contribution to economic stability. This is true throughout Europe, at the level of the EEC, and for most member states at a national, regional and local level. A 1986 European Parliament Report recommended the establishment of a liaison office within the Commission to coordinate information and experience of cooperative development within the community. It also recommended that cooperatives be given greater opportunities to obtain financial incentives offered to small firms in general for the following reasons:

> at a time of recession in which undertakings are closing and working people being laid off, there has been a steady increase in the number of cooperatives and of people they employ. . . . There is therefore no doubt that co-operatives have helped to stabilise the labour market in the community. . . .
>
> In the productive cooperative associations sector, a substantial percentage were created out of undertakings in difficulties: in France, 322 co-operatives, or 25% arose out of the revival of undertakings of this kind; in Italy, the majority of new industrial cooperatives were created out of small manufacturing units facing severe difficulties; the same happened in Britain and Germany. It should be pointed out that undertakings revived in co-operative form are usually in sectors moving into a new stage of economic and technological development. (European Parliament Reports) op. cit., p. 11)

Figures for individual European countries are also fraught with difficulties. In Italy, the Lega claimed to have almost 4 million members in 1986, although only 200 000 of these were employed in cooperatives, because many members in housing, consumer and social insurance and welfare cooperatives are not themselves cooperative workers. In Britain, until quite recently, reliable statistical information about the worker

Table 2 British Cooperative formations

Year	*No. of cooperatives*	*Still trading*	
		No.	*%*
Existing pre-1976		36	
1976	15	14	93
1977	15	9	60
1978	46	37	80
1979	39	31	80
1980	48	38	79
1981	59	33	56
1982	99	61	61
1983	152	111	76
1984	210	182	87
1985[a]	190	185	97
Unknown	38	25	62
Total	911	762	

[a]1985 data provisional.

cooperative sector was difficult to acquire. The establishment of a worker cooperative database by London ICOM in the mid-1980s represents a significant and welcome development. Regularly updated, it processes data gathered on worker cooperatives, associated organizations, individuals, buyers and information resources (ICOM, 1986). Attempts to supplement the basic statistics with more detailed, qualitative information have been made by distributing questionnaries to all cooperatives. Typically, for this method of collecting data, the response has not been overwhelming, and there are inevitable omissions as a result.

Keith Jefferis of the Open University's Cooperatives Research Unit has used the database to compile an overview of British worker cooperatives. He defines the latter as common ownership enterprises registered under the Industrial and Provident Societies Acts or the Companies Acts. Excluded are community cooperatives, partnerships and unincorporated collectives (Jefferis, 1986, p. 2). Perhaps more contentiously, he also excludes registered cooperatives which do not employ at least one full-time worker. Jefferis estimates that, at the end of 1985, there were 911 producer cooperatives trading in Britain. Their growth since the passing of the Industrial Common Ownership Act in 1976 is illustrated in Table 2. Although the national growth is impressive, quite pronounced regional variations are evident, as Table 3 shows. Such pronounced disparities are explained by a number of factors. London, for example, has a network of cooperative support organizations, usually funded by local authorities as

Table 3 Regional distribution of British cooperatives

Region	*No. of cooperative workers*	*No. of cooperatives*	*Failure rate (%)*
London	1279	193	24
East Midlands	887	54	27
Yorks and Humberside	454	66	29
Scotland	390	50	22
North West	382	66	20
South East	372	28	22
Wales	270	40	25
North	265	45	24
West Midlands	235	51	23
South West	149	24	11
East Anglia	79	10	15

part of their employment generation programmes. Before the abolition of the GLC in 1985, the Greater London Enterprise Board proved a valuable source of expertise and funding. London is also a major centre for the arts and, as revealed in Table 4, entertainment and cultural cooperatives are a significant and fast growing category.

Conflicting regional figures are, however, available from the reports of regional Cooperative Development Agencies. According to Table 3, there were 45 cooperatives trading in the Northern region of England at the end of 1985. The annual report of the region's CDA, published in the summer of that year, suggests that there were 52. (Northern Region Cooperatives Development Association, 1985). In Scotland the SCDC boasts a figure of 62 Scottish cooperatives as opposed to the 50 given in Table 3. Perhaps one explanation for the higher figures produced by the regional CDAs is the pressure they face from the funding authorities to prove that they are effective as job creation agencies. This might encourage a degree of overstatement.

CSO support is clearly important to new and existing cooperatives with over 50% reporting that they had received substantial assistance during formation. Even those established without CSO assistance often turn to them for support at a later date (Jefferis, 1986). The vast majority of British worker cooperatives are very small, with only about 50 employing more than 20 people (ICOM, 1986). Jefferis estimates that the national average is four workers. Figures can therefore be distorted by one or two cooperatives. As Table 4 illustrates, there are only 2 cooperatives left in the chemical industry, but this sector employs most cooperators. The Scott–Bader Commonwealth stands out as a giant not only in the chemical

Table 4 Distribution of British cooperatives by industry[a]

Sector	*No. of start-ups*	*Still trading*		*No. of workers*
		No.	*%*	
Chemical industry	3	2	67	549
Entertainment and cultural (film, video, music, theatre)	88	78	89	470
Retail – food	62	31	50	419
Clothing manufacture	47	32	68	314
Building	77	53	69	305
Printing	62	48	77	267
Instrument engineering	4	4	100	237
Wholesale – food	16	13	81	143
Catering	35	30	86	141
Publishing	24	20	83	136
Mechanical engineering	14	13	93	132
Education and training	20	14	70	120
Transport	17	14	82	110
Architects and surveyors	22	20	91	105
Computers and business services	28	21	75	87
Retail – books	24	19	79	79

[a]As at end of 1985.

sector, but in the whole cooperative movement.

Despite their recent numerical growth, it is nevertheless clear that worker cooperatives remain dwarfish in economic terms. Their annual turnover by the end of 1985 was estimated at £200 million (ICOM, 1986), but this is disputed by Jefferis' more conservative estimate of £150 million, with an average turnover of £80 thousand.

Conclusion

Cooperation cannot be divorced from the economic and political climate within which it grows. This environment is bound to have profound effects on the type of cooperative that is formed, its ideological predisposition and its chances of success. The growth of worker cooperatives is also dependent on the degree of support that is provided either from within the movement itself or from state-funded support organizations. Thus, in France and Italy, the post-war years of economic reconstruction provided a basis for cooperation that was based on a well-founded tradition, some state support and the existence of independent cooperative organizations.

Table 5 Trends in cooperative development in Britain

Period	*Economic and political developments*	*Cooperative developments*
1950s and 1960s	Relative economic prosperity. Conservatives replaced by Labour governments between 1964–70. Growing trade union strength and movement for workers' control	Consolidation of European cooperatives. Development of Mondragon. Scott-Bader Commonwealth. Beginnings of alternative cooperative movement
1970s	Job losses in manufacturing. Conservative government followed by Labour (1974–9). Industrial militancy and development of 'socially useful' plans	Consolidation of alternative cooperatives. Establishment of ICOM. Legislative framework established in Britain. Benn cooperatives
1980s	High unemployment levels. Conservative government. Weakening of trade union movement	Job creation cooperatives. Establishment of CSOs

In Spain, the developments came a decade later and were initially confined to the Mondragon region where the development of a popular cooperative bank was the foundation for growth.

Post-war Britain lacked the strong regional identity of the Basques and the support structures of Italy and France. Britain's traditions were dominated by consumer cooperation and the Labour movement's approach to social ownership had become firmly centred on nationalization. It was not until the 1960s that British cooperatives began to develop and this coincided with the growth of alternative ideologies across Europe and the United States. The reaction to the recession and economic restructuring of the 1980s saw a very different type of cooperative sector emerge. The focus shifted from the quality of working life to the creation of employment. These broad developments are summarized in Table 5.

The rapid development of post-war cooperation has brought with it a wide variety of cooperative forms. We have already seen the difficulties encountered in the nineteenth century in attempting to classify different types of company under the 'venerable name of cooperation'. Similar difficulties are inherent in developing typologies at the end of the

Table 6 Cooperative types by origin (from Stirling *et al.*, 1987)

Conversions	An existing traditional company chooses to change its organizational form to that of a cooperative
Phoenix	A cooperative that has grown from the ashes of a company closure
New start-ups	These may be either the ideologically inspired alternative cooperatives or those created as a response to unemployment

twentieth century. The most common approach has been to base cooperative identification on the circumstances of their origin. This gives us the sort of classification found in Table 6.

Such an analysis is of limited use in developing an understanding of cooperation. What it tells us is that workers have chosen the cooperative form, or had it thrust upon them, in a range of economic circumstances. It tells us little of the nature of those cooperatives except by inference. Thus, a conversion cooperation is likely to be a relatively successful business at the time of the change and there is a strong possibility that it will adopt a form of representational rather than direct democracy. This will allow the previous owners some residual control and is also likely to mean that pre-existing forms of management structures are retained. A phoenix cooperative is likely to have arisen from a workplace struggle which may well have had trade union involvement. This can mean that the new cooperative will be more likely to have traditions of opposing management than being a part of it. There is also a strong likelihood that the phoenix cooperative will have to face the same financial difficulties that dogged the conventional business from which it arose.

The new start-ups may take one of two forms. In the 1960s the alternative cooperative prevailed with its emphasis on work organization, the type and quality of its product and policies such as equal pay and job rotation. The period of high unemployment from the late 1970s saw the growth of job creation cooperatives which were very unlikely to be primarily motivated by a strong commitment to cooperative values. A classification that is derived from the circumstances in which a cooperative is created can, thus, have only very restricted explanatory value. Of much more importance is the extent to which traditional cooperative principles of democracy can, and do, develop. This requires a very different sort of typology to enable a clear picture of post-war cooperative development to emerge. One which relates to the degree of development of participative structures takes us much closer to the question of workplace democracy, which is at the centre of cooperative analysis. Table 7 suggests an

Table 7 Cooperative types by structure (from Stirling *et al.*, 1987)

Small business	A low commitment to cooperative values and limited democracy
Participative	A commitment to develop some democratic decision-making within the constraints of the market and overtime
Ideological	A commitment to cooperative principles at the expense of profitability

alternative typology as an indicator of the degree to which a business can be classified as a cooperative.

As we have argued this approach rests on analysing the commitment of the workforce to cooperative principles and the extent to which they have extended democracy within their organization. Thus, a small business cooperative is one where the introduction of democratic working methods is minimal and the workers have a low commitment to them. This type of cooperative is often associated with those whose primary purpose is job creation. In such circumstances, cooperative principles are secondary to the establishment of a viable business and it may even be the case that the cooperative form has been nominally adopted simply as a means of securing access to the support agencies. Participative cooperatives are ones where the workforce show a commitment to cooperative principles, although their adoption may be hindered by the lack of adequate skills or the constraints of generating sufficient income to survive. Such cooperatives may, however, at least attempt to change traditional management structures and methods of work organization.

For ideological cooperatives, the principles of cooperation are an end in themselves. In such circumstances, the cooperative is often only looking to 'break even' rather than generate profits, and they have sometimes been associated with terms and conditions of employment below the general level. How far such democratic structures are able to emerge cannot, however, simply be determined by the motivation of individual cooperators. The establishment of cooperatives in a generally hostile capitalist economic climate imposes considerable constraints on the development of workplace democracy.

3: Worker Cooperatives in a Capitalist Economy

Capitalism is a system of private ownership of property where the allocation of resources is determined by power in the market place. Cooperation as a philosophy presents a challenge to capitalism at each of its defining points. Where capitalist ownership is individual and vested in entrepreneurs or shareholders, cooperative ownership is essentially collective. Power in a capitalist enterprise is related to financial involvement and may be highly concentrated, whereas in a cooperative it is related to work and should be distributed equally. Under capitalism, the surplus generated is distributed through profit towards those who have made a private financial investment, whereas in cooperatives the surplus is distributed either to the workforce (worker cooperatives) or the purchaser (consumer cooperatives). In a capitalist enterprise work is organized to produce goods or services in a way that maximizes profits. Cooperatives may have other aims. They might prefer to produce goods or services that are less inherently profitable but may also be less damaging to the environment. They might also organize work in a way that is less efficient but more personally rewarding.

In short, capitalism is geared to a market system which distributes surpluses towards individual profit in the most efficient manner possible. Cooperative philosophy favours collective ownership within a mechanism which distributes surplus to the worker or consumer and organizes work in a way that is inherently rewarding. As we have seen, cooperators have sometimes attempted to develop their alternative through withdrawal from the capitalist system. They have established communities and labour exchanges as experiments in cooperation. However, these have generally been short-lived and cooperators have been left with the dilemma of operating within a capitalist market place on the basis of a philosophy which challenges some of the basic tenets of the market system.

The point at issue is the essential relationship between cooperatives and

capital. Can worker cooperatives ever operate in a capitalist economy in a way that does not undermine their fundamental defining principles? The 'degeneration thesis' suggests that cooperatives must succumb to the logic of the market and the motivations of capital, and its supporters have embraced all shades of socialist opinion from Marx to the Webbs. The Webbs believed that worker cooperatives must inevitably capitulate to the forces of the market and thereby follow their own interests as producers, against the superior interests of the consumer, if they were to survive in the capitalist economy:

> Democracies of producers, as all experience shows have hitherto failed, with almost complete uniformity, whenever they themselves sought to win and organise the instruments of production. In the relatively few instances in which such enterprises have not succumbed as business concerns, they have ceased to be democracies of producers, managing their own work, and have become, in effect, associations of capitalists... making profit for themselves by the employment at wages of workers outside their association. (Webb and Webb, 1914, p. 133)

The Webbs' critique operates at two levels. First, that there is an inevitable economic pressure from the logic of capital and that the producer cooperators will suffer a change of class identification. That is, they will become worker capitalists. The arguments adopted by sceptical socialists such as the Webbs is shared today by non-socialists of the worker capitalism school.

Worker capitalism

Bradley and Gelb have made a strong case for the promotion of employee ownership as a means of curing the ills of capitalism from problems of efficiency to the survival of the free market. Their main argument is that employee ownership makes the link between the needs of commercial enterprises and the desire for representative democracy. The limitation of their framework is made clear by their acceptance of representative, rather than direct democracy, as the defining factor. Their definition of cooperatives is also limited, as they see a fine and uncertain line between employee-owned firms and worker cooperatives, so that 'worker ownership' is:

> a form of industrial organisation where, generally speaking at least a part of the equity is owned by members of its workforce who also assume a considerable degree of responsibility for the commercial survival of "their" enterprise, although they may have little formal

control. (Bradley and Gelb, 1983, p. 4)

They see the rise of the phoenix cooperatives and similar schemes not as a radical response but rather as a reactionary one seeking to preserve current conditions of labour:

> Worker takeovers of declining firms have not aimed at undermining existing political and economic arrangements, but represent a quite conservative response (ibid., p. 5)

They argue that many medium sized firms in particular are often not uneconomic in themselves, but represent a tax write off or suffer the problem of being the offshoot of a larger corporation. Noting the problem of the failure rate for small firms, they argue that the transfer of potentially viable firms to employee ownership would be a means of halting industrial decline. It would also avoid the problem of unionization. They are clear about the benefits to capital of the 'discipline' of worker cooperatives:

> In some cases pay levels fell and manning and demarcation limits went by the board, contributing to substantial cuts in operating costs. Workers' co-operatives arising out of a bankrupt firm have sometimes been able to reach consensus on a wider set of labor arrangements than conventional firms. In fact, the ability of so-called "co-operatives" to overcome constraints to the setting of internal wage levels (for example, by volunteering a portion of the wage as an equity contribution) provides one explanation for their evolution out of a bankruptcy *in a labour constrained situation even when workers actually hold little or no equity and exert even less control.* (Bradley and Gelb, 1983, p. 36 – our emphasis)

They go on to make the cynical observation:

> if the assumption of the surface trappings of co-operation and its rhetoric permits workers to sell their labour more cheaply than they otherwise would be constrained to do, a "pseudo co-operative" may also appear to be superior to a conventional capitalist firm. (ibid., p. 36)

A similar case is made by Booth, who argues that worker cooperatives will solve the problem of the enervating effect of corporate bureaucracy (Booth, 1985). He argues that the corporate-bureaucratic form of business organization arose as a means to control labour, but is now inefficient and sluggish in comparison with cooperatives which embody the classic values of capitalism:

> Western societies place a high value on the notions of democracy, property ownership and the payment of value created in production

> to those carrying out the tasks of production. These values are embodied in the structure of the producer co-operative. Moreover, the co-operative is an organizational form capable of meeting the internal challenge of employee demands for autonomy in work and participation in enterprise decision-making, and the external competitive challenges demanding higher levels of productivity, product quality and innovation. (Booth, 1985, pp. 309–310)

The evidence presented to support Booth's assertion is the Mondragon experience, while Bradley and Gelb look at the Employee Stock Ownership Schemes (ESOPs). Such eulogies for producer cooperatives as compatible with capitalist values occur because the examples they use, while bestowing ownership, give limited or no control to the worker. To have a workforce that not only accepts the right of management to manage, but also puts money into the firm must be a capitalist's dream. In fact, the person who initially suggested employee stock ownership schemes in America published his ideas as 'The Capitalist Manifesto' (Kelso and Adler, 1958).

Levin has a much more cynical view of the American experience, seeing ESOPs as a means of raising cheap money for the firm. On Levin's evidence, the impetus for an ownership trust generally comes from the management. The money is borrowed commercially and management appoint trustees. Gradually the firm pays off the loan and dividends are paid to the workers who are allocated shares in the fund. The notional price allocated to the shares is usually very high so that the size of the loan is maximized. The firm gets tax relief on all the payments, so effectively the loan is tax free. The workers have to be with the firm for a long time, say 10 years, before they can qualify to hold shares and they only get their value when they retire. There is a tendency to incorporate the fund with a pension plan so that if the firm becomes bankrupt the workers could lose everything, because there is no obligation on the firm to insure the fund. The shares only have to be voting shares if it is a public company and they are held disproportionately by white collar workers:

> Although the major social arguments for ESOPs are based upon giving workers a stake in their firms and the capitalist system, the actual formation of ESOPs and their promotion seems to be attributable to their advantages in raising capital at lower cost for the firm through using employee pension funds for this purpose. (Levin, 1984, p. 250)

Levin gives the example of the South Bend Lathe company in Indiana where at one point the president of the company was also the Chairperson of the Board of Directors, Chairperson of the ESOP committee, a Director of the bank that acted as trustee for the committee and was responsible

himself for choosing the Board of Directors and the ESOP committee. In 1980 the workers went on strike to protest about the lack of even rudimentary information, in a firm in which they owned two-thirds of the invested shares.

ESOPs do, of course, only partially fulfil the fundamental cooperative principles of worker ownership and control. According to the political perspective of the observer, they represent either a corruption or an alternative interpretation of the spirit of those principles. For some, they can be seen to represent the best of both worlds: a degree of worker ownership and participation combined with strong managerial control. The latter point brings us back to the Webbs who, like Marx, argued that modern industry had become so complex and with so little autonomy for the worker that self-management was technically and psychologically impossible (Tomlinson, 1982, p. 48). Anarchist theorists on the other hand have always been optimistic about the ability of individual workers to take control of their own lives, but the claims of writers like Kropotkin were difficult to sustain in the face of the combined assaults of the Marxists and the Fabians.

The Marxist debate – workers' control or workers' exploitation?

Marx, like many of his followers, was ambivalent about cooperatives and could heap praise and condemnation in the space of a single Address (Marx, 1985, p. 2). Engels reflects this confusion by seeming to support what are recognizable as job creation cooperatives. In a letter to August Bebel in 1884, Engels urges him to try to get the German government to pass legislation that would enable workers:

> to purchase, on their own or the state's account, factories etc. whose owners cease operations in times of crisis or because of insolvency or which for other reasons are put up for sale, and operate them co-operatively and in this way introduce the gradual transition of the whole of production to co-operative ownership. (Union of Consumer Cooperative Societies, GDR, n.d., p. 46)

In another letter to Bebel (January 1886) Engels warns of the problem of class identification:

> that we must make extensive use of the co-operative enterprise as a middle stage in the transition to the full communist economy has never been doubted by Marx and me. Only, the matter must be so arranged that society that is, at first the state, remains the owner of the means of production so that the special interests of the co-

operative, *vis-à-vis* society as a whole cannot gain a foothold. (ibid., p. 47)

This suggestion by Engels had its echoes in the Guild Socialist Movement whose advocates propounded workers' control through the trade unions with ownership of industry by the State (see Chapter One).

Lenin distinguished between the class interests of proletarian as against bourgeois cooperatives, on the basis of the political complexion of the membership. In his Address To The Rural Poor in 1903, he described bourgeois cooperatives as societies for buying cheap and selling profitably. He pointed out that in both consumer and agricultural cooperatives it was only the better off who could participate. Nevertheless, he saw cooperatives as an important transitionary form and in a speech delivered to the Moscow Central Workers' Cooperative in 1918 claimed that 'the cooperative movement is a huge cultural legacy that we must treasure and make use of' claiming that 'Socialist society is one single cooperative'. However, in the same speech, he warns of Menshevik influence and describes cooperatives under capitalism as 'associations of mainly petty bourgeois people', turning the interests of the people into the interests of a group of individuals and losing their sense of direction. 'With purely commercial interest as their guide, the cooperators often forgot about the socialist system that seemed to them to be too faraway, or even unattainable.' It was Lenin who in the original version of 'The Immediate Tasks of the Soviet Government' (March 1918) saw 'the cooperative as a small island in capitalist society' (Union of Consumer Cooperative Societies, GDR, n.d., p. 29)

The debate about the political and economic significance of worker cooperatives in a capitalist economy continues to rage. They have been described as a transitory form on the road to socialism, the third sector of a mixed economy, and a force for worker capitalism. Outright scepticism about the value of worker cooperatives in a capitalist society is now largely confined to the revolutionary left. They argue that cooperatives are vehicles for self-exploitation and ultimately illusory in their promise of secure jobs and workers' control. These criticisms are most cogently expressed by Ernest Mandel:

> if the decision making and advantages of each particular factory are left to the workers of that factory to deal with... a situation of blatant inequality is created within the working class, and when there exist inequalities, it follows that the collective struggle of the working class as a whole for its common interests is broken down by the internecine struggles of different groups of workers.
>
> It is thus to deceive the workers to lead them to believe that they can manage their affairs at the level of the factory. In the present

> economic system, a whole series of decisions are inevitably taken at higher levels than the factory, and if these decisions are not consciously made by the working class as a whole, then they will be made by other forces in society behind the workers' backs. (Mandel, 1975, p. 38)

This is disputed by other commentators. Tomlinson, for example, argues that too direct an assumption is made about the relationship between capitalist society and specific capitalist forms by those adopting a left-wing hostility to cooperatives:

> This is the assumption that the form of enterprise management is an effect of operating in a capitalist economy, and therefore a co-operative whatever its intentions and formal internal organisation would *have* to operate in a similar way to survive. (Tomlinson, 1980, p. 59)

The crux of the argument lies in the constraints imposed by the need to survive in a capitalist economy. Tomlinson argues that:

> Whilst co-operatives operating in a predominately capitalist economy are hemmed in by, for example, the need to get finance, or the need to sell their goods at prices which will provide a positive cash flow, they are not so tightly hemmed in as the common Marxist argument suggests. They have to have a concern for financial survival but this does not mean that to successfully achieve this there is only one way, "the capitalist way" (Tomlinson, 1982, p. 35)

While those cynical about the possibilities for worker cooperatives may be too inflexible in their thinking, it is also important to keep in mind the warnings of the Webbs and others. Merely to be registered as a cooperative may mean very little – Earle's evidence from Italy is that many private companies register as cooperatives because of legal and financial benefits (Earle, 1986). Those who form job creation cooperatives may have very little understanding of the principles of cooperation. Approaching a debate about the pressures upon worker cooperatives in a capitalist economy must take account of both the complexity of modern capitalism and the varying size and strength of cooperative structures. A perspective needs to be adopted which recognizes unevenness of capital and heterogeneity of the realities of the operation of worker cooperatives in a capitalist economy. These questions need to be analyzed in the context of the availability of finance, access to the market and control of the labour process.

Finance

Raising finance can be a major obstacle for any new business, but the issue raises particular problems for worker cooperatives. Traditional firms raise money through equity shareholding where money invested receives interest only if the company is successful. For a worker cooperative equity shareholding challenges the principle of 'workers hire capital, capital does not hire labour'. It also challenges the independence and integrity of the cooperative as the history of producer cooperation shows from the Rochdale Pioneers' ventures into cooperative production onward. Even where the workers themselves invest money there is a potential threat to the rest of the cooperators. If some invest more than others they may convert themselves into traditional owners. For this reason, ICOM Model Rules state that shareholding by worker members shall be limited to a £1 share and if the cooperative is wound up the proceeds must go to another cooperative.

Like all forms of business, cooperatives require a secure financial base to succeed. As a result of their constraints in raising finance through equity shareholding, there has been a tendency for cooperatives to suffer from problems of under-capitalization and high-gearing. The latter refers to a situation in which a business must repay high levels of loan interest irrespective of commercial performance and ability to pay. As we have seen in Chapter One, this was a significant concern of early cooperators and model rules from Owen onwards often referred to a fixed rate of interest payable on loans. A worker cooperative can get into a vicious circle where under-capitalization and lack of access to investment finance relegates them to a marginal existence in highly dubious sweatshop conditions which may reinforce their inability to raise loans. Secure, well-paid jobs in a pleasant, healthy work environment are unlikely to be forthcoming if access to the right type of finance remains problematic.

The need to find 'benign' funds for cooperatives has, of course, long been recognized, as witnessed by the growth of revolving loan funds and the ICOF share issue. In some European countries some equity investment in worker cooperatives is allowed, but there is considerable apprehension in Britain that to abandon the 'no equity shareholding' principle would require a fundamental reappraisal of the traditional relationship between ownership and control in a worker cooperative. In the absence of equity shareholding, finance can be raised in a number of other ways including:

(i) loans from members,
(ii) loans from other supportive individuals,
(iii) loans from banks,
(iv) grants and loans from local and national governments,

(v) loans from within the cooperative movement,
(vi) loans from other mutual aid agencies such as trade unions or friendly societies.

Loans from members

Oakeshott, among others, has argued that loans from members are fundamental to the generation of high levels of commitment among the workforce and it is a requirement in some cooperatives such as Mondragon (Oakeshott, 1978.) There is a danger that this may mean that only those with resources can join, but loans in Mondragon are available through the Caja Laboral for those with no savings. This system has proved less popular in Britain where the Mondragon requirement has been attacked as 'buying' a job. In a job creation cooperative the requirement to 'buy' the right to work would seem harsh to someone to whom work would otherwise be denied. In Britain, it is still more common for individuals to *choose* to invest in their cooperative. Loans from individual members does not entitle them to any extra voting power and their loans will be paid at an agreed, fixed rate of interest.

It is possible that those lending money to the cooperative will identify more closely with its commercial success and possibly be less concerned about the basic principles of cooperation. Resentment might occur if these people feel that the others are not supporting 'realistic' commercial strategies necessary to ensure the security of their investment. Investing members might also try to restrict the future admission of employees which could lead to a high ratio of non-members. Investing members might also take a policy decision to admit to membership only those who commit finance or at least make it obvious that only those with money would be welcomed. Those without investments would continue to work in the cooperative, but have no membership (i.e. voting) rights. Thus the cooperative would become structurally indistinguishable from a conventional small firm. This was the sort of situation that the Webb's warned against and which many nineteenth century cooperatives experienced. The ideal would be parity of loans as between members but it is unlikely that all members will have similar resources.

There is one other kind of 'loan' cooperative members make and that is 'sweat equity'. Often in the starting-up period members put in long hours for very little pay. It could be argued that this is common for many small businesses but it sets a difficult precedent for a cooperative – sweat equity may undercut the pay of workers in traditional firms and can lead to a false assumption that the business is viable. There is also the danger that sweat equity will cease to be a short-term expedient and become a central feature of the financing of the business.

Loans from individuals

In the nineteenth century a number of producer cooperatives were launched with the support of well-wishers, such as the Christian Socialist E.V. Neale. William Thompson attempted to leave his whole estate to the promotion of cooperative ventures but his family contested the will for so many years the money was lost in legal fees (Pankhurst, 1954). For most would-be cooperators today, borrowing money from friends and family is the only possibility, but this is fraught with difficulties. The lender may want to feel personally involved in order to secure the safety of the investment. The lender's relative in the cooperative may feel obliged to keep an exceptionally close eye on decisions. If the cooperative fails it may harm personal relationships. It is unlikely that any external investor, no matter how rich or willing, would not wish to have some involvement in the running of the company.

Loans from banks

Worker cooperatives in Britain have found it very difficult to get loans from commercial banks and even the Cooperative Bank has set very commercial terms. Where banks do make loans the problem of high-gearing arises and personal financial commitment by cooperative members is likely to be sought. Banks tend to support the theory that a small business is more likely to prove successful if participants have a personal financial stake. Lack of savings does not, of course, necessarily prove absence of commitment or an unsound business proposal. Nevertheless, banks are notoriously wary of such requests for finance. The inability to accept equity shareholding puts cooperatives in a very difficult position in negotiating loans.

Banks will often ask for personal guarantees from the cooperative members as collateral such as their home if they own it. Such 'guaranteed' loans do not afford limited liability and those involved might stand to lose their possessions if the bank decides to foreclose on the cooperative. One Scottish cooperative decided that it was not in a position to eliminate such guaranteed loans altogether, but each member signed a statement accepting proportional liability. Such an agreement spreads the burden more widely, but does not solve the problem. Guaranteed loans are often a last resort when all other potential sources of finance have been exhausted. In recent years, fortunately, that pool has widened with the advent of various governmental loans and grants for cooperatives and small businesses generally.

Loans from government agencies

In Britain the main focus of public expenditure in this area has been cooperative development and training. Apart from the initial £250 000 under the ICO Act, there are no national funds for cooperative investment. Cooperatives usually have to compete alongside traditional firms for loans or for government programmes such as the Enterprise Allowance Scheme. A variety of loans and grants targeted at certain industries and geographical areas are also available: a manufacturing cooperative intending to establish itself in an inner-city area would find a variety of possibilities open to it. In areas where the local authority is strongly committed to cooperative development as a feature of its overall economic development strategy, there might exist a special loan fund for cooperatives in addition to local authority funding of a CSO. The latter will refer requests for finance from potential and existing cooperatives to the loan fund where interest rates are likely to be lower than those offered by the banks.

Britain has no equivalent of the Italian ex-Marcora Act of 1985 where the government can give three times the capital contributed by workers from failing companies to form a cooperative, if they can provide a minimum investment of approximately £1600.

Loans from within the cooperative movement

Industrial Common Ownership Finance Ltd operates a revolving loan fund, the revenue of which came originally from successful cooperatives such as Scott-Bader and the 1976 ICO Act. ICOF also adminsters revolving loan funds on behalf of several local authorities. Interest rates to borrowers compare favourably with commercial banks and this requires some sacrifice on the part of the lender. In 1987, ICOF launched a campaign to increase its funds by attracting 'benign' investment of £500 000 worth of 'Cooperative Shares'. Their Prospectus declared that:

> unlike normal shares, ICOF plc's Co-operative Shares are not designed to be exploitative financial investments. However, the shares should attract a modest annual rate of return,* and should be redeemable at their face value in ten years time.
>
> In the meantime, shareholders can be satisfied that their money has been put to good work, creating worthwhile co-operative ventures and sustaining valuable jobs.
>
> *not expected to exceed 6%. (ICOF, 1987, p. 7)

Finance companies generally are finding that there is a clear market for 'ethical investment' portfolios and ICOF could prove successful in raising money this way. As at December 1986, ICOF's general fund (open to

applications from all areas of the country) had a lending capacity of £186 000. The injection of a further £500 000 would clearly be a substantial contribution to this fund. Again, Britain has nothing to match the strength of the cooperative savings in the Caja Laboral in Spain, the only bank specifically for producer cooperatives. The Mondragon cooperatives are uniquely able to set up in high-technology industries because of the collective benefit of the communal savings of the people of the region.

Loans from other mutual aid agencies

Britain, like France and Italy, has a long history of mutual savings. Richardson Campbell (n.d., p. 204) records that in 1889, 2390 Building Societies had assets of £60 776 508. Producer cooperatives were, however, unable to tap into these resources and the Cooperative Bank was closely linked to the Consumer Societies. In 1889, the 2133 consumer societies had £35 099 370 in their funds (ibid., p. 220). The LEGA as the earliest and largest cooperative federation in Italy faced similar problems because most of the rural savings banks had strong Catholic attachments and were not happy to lend to organizations with socialist roots (Earle, 1986). The Cooperative Bank in Britain has adopted a more positive policy towards producer cooperatives in recent years and has operated a scheme which lends £1 for every £1 the cooperative can raise. Even this can prove difficult for cooperatives where the members have been unemployed and have quite literally no resources.

Recently in Britain there has also been willingness by some trade unions to financially support cooperatives. Some of these ventures have, however, failed and the trade union movement may well be wary in the future and prefer the more secure route of investment through ICOF or the Unity Trust Bank set up by the trade unions themselves. If secure sources of finance cannot be found then the proud cry of labour hires capital has a very hollow ring and the question of the meaningfulness of the idea of 'worker ownership' is at stake. For many British cooperatives, worker-ownership is a notional rather than practical state. Although no equity shares have been issued, many cooperatives can find themselves effectively 'owned' by banks, local authorities and other sources of finance. These institutions have no need to be shareholders to exercise power. Effective control can be exerted by demanding, for example, that certain conditions be met before agreeing to extend an overdraft. A local authority is likely to attach conditions to loans and grants such as requiring that cooperatives locate themselves in specific premises.

For many worker cooperatives and, in particular, job creation cooperatives, the reality is one of common ownership of debts rather than capital. Although the sentiments behind the 'no equity shareholding'

principle are understandable, it might be argued that conformity with the letter of this rule is actually undermining the spirit. If sympathetic sources of equity finance could be raised through pension funds or trade unions, for example, cooperatives could reduce their dependence on the more hostile traditional financial sector. Moves in this direction have already been made. Relaxation of the 'no equity shareholding' principle has already been implemented in some cooperatives to allow equity share distribution to supportive organizations. The national CDA has produced a set of rules for use in such situations, but traditional supporters remain suspicious of abandoning this long-established, fundamental principle.

What is clear is that the traditional definition of cooperatives as businesses *owned* and *controlled* by those working within them cannot be interpreted literally. Cooperatives that are, in theory, owned by the workforce can be effectively 'owned' by banks and local authorities, which can severely compromise control by the workforce. Finance will also be a major determinant of the market sector a prospective cooperative can enter. If access to finance is significantly restricted, cooperatives will be forced into low-capital, low-yielding labour-intensive work and prevented from entering the high-capital, high-tech, more profitable fields. Overall, the direction of most cooperative finance in Britain has been towards training and development rather than direct investment in cooperatives themselves. This can reach a ludicrous situation where, for example, a knitting cooperative could obtain funds for management advice, but not to buy wool. There seems little chance of a change of direction in policy in the near future and worker cooperatives, particularly when formed by people who are already economically disadvantaged, will remain in low-capital or under-capitalized businesses and this places them in a very vulnerable market position.

Markets

Luxemburg considered that producer cooperatives would always be undermined by their powerlessness in the 'exchange process' (Luxemburg, 1970, p. 69). In a paper written in 1898, she argued that cooperatives formed a 'hybrid form . . . units of socialized production within capitalist exchange' (Luxemburg, 1970, p. 69). She criticized Beatrice Potter for blaming the failure of producer cooperatives on the personal qualities of the people who formed them, while ignoring the wider problem of the impact of the exchange process. She argued that '(a)s a result of competition, the complete domination of the process of production by the interests of capital – that is pitiless exploitation – becomes a condition for the survival of each enterprise'. This meant that cooperatives that did not exchange exclusively in the cooperative sector would be

> obliged to take toward themselves the role of the capitalist entrepreneur – a contradiction that accounts for the failure of productive co-operatives, which either became capitalist enterprises, or, if the workers' interests continue to predominate, end by dissolving. (Luxemburg, 1970, p. 69)

Despite Luxemburg's criticisms, Beatrice Potter, and later in her partnership with Sidney Webb, paid considerable attention to the question of the market and its segmentation. The central relevance of the issue is reiterated by recent commentators (Tomlinson, 1982; Fairclough, 1986). As Fairclough has noted, the Webbs argued that producer cooperatives in Britain were often formed in the most competitive and harsh sectors of the market and this is still true today. Unfortunately, it is such sectors of the market that cooperatives often find it most easy to enter. It is a position they share with small businesses, again a point noted by the Webbs.

Ease of entry

In common with general trends in British employment patterns, cooperative growth is most spectacular in the service sector. As we saw in Chapter Two, there is a growing number of cooperatives trading in, for example, the retail trade, cleaning, house renovation and the arts. A significant factor explaining this growth is that these markets are characterized by ease of entry, as manifested by the following:

(i) relatively low start-up capital is required,
(ii) they are labour- rather than capital-intensive, and
(iii) access to the market is largely unregulated.

As access to finance is a major problem for worker cooperatives the tendency to create low-capital, labour-intensive enterprises is inevitable. Similarly, pressures to create employment 'cheaply' emanates from a number of sources. Many of those interested in starting a cooperative will wish to create as large a number of jobs as possible within the constraints of the finance available. This pressure is likely to be most acute in the case of phoenix cooperatives, particularly if the workforce has been involved in industrial action to save jobs or has committed redundancy money to the prospective cooperative in the hope of securing employment (Webster, 1983; Bate and Carter, 1986). Another significant source of pressure is that exerted upon CSOs by their funding authorities, keen to see 'returns' in the form of the numbers of jobs created. This leads development workers into the dilemma of having to create new jobs in the short term rather than securing the future viability of existing cooperatives.

Some markets are difficult or impossible to enter because of official

regulation. The professions such as law and architecture are the most obvious examples, but others include (decreasingly) public transport, education and child care. Other markets are very open, but very fluid, typically labour-intensive and requiring little start-up capital, e.g. building and property maintenance. Despite its obvious importance to the quality of the nation's housing stock, it is a largely unregulated sector. There are no official criteria to satisfy before establishing an electrical or plumbing firm: individuals with only a rudimentary knowledge of these crafts are legally entitled to set up in business. As a result, it is tempting for unemployed amateur enthusiasts to enter this market unhampered by the need for recognized qualifications. The proliferation of building and painting and decorating firms advertised in local newspapers provides some evidence of this growing trend.

Sectors of manufacturing and service industries are characterized by seasonal and short-term work. Clothing manufacture is governed by changes in style and the fashion season; property maintenance is constrained by the weather with demand peaking in the warm, dryer months and tailing off during winter (although plumbers and roof repairers can find themselves in demand during the coldest and wettest spells). Thus, the lack of *consistent* demand can cause serious financial problems. Consequently, many firms operating in market sectors vulnerable to such fluctuations try to secure one or a few long-term contracts, but this is not necessarily a satisfactory solution to uncertainty as 'dependency' develops.

Market sector and customer dependency

Schutt and Whittington have distinguished between two types of business located in the small firms sector of the economy. As the vast majority of cooperatives are very small, their analysis applies equally to them. Small businesses, it is argued, can be slotted into either the 'dependent' or 'independent' sector. Dependency is defined as follows:

> These "dependent" small firms complement and serve the activities of larger firms, for instance, engaging in sub-contracting. Their economic viability depends upon both the level of activity of their large firm patrons and the "make or buy" decisions of these large firms (Schutt and Whittington, 1987, p. 15)

Clearly, small clothing or property maintenance firms serving only one or a few customers would fall into this category. It would be wrong, however, to assume that the 'independent' small firm or cooperative enjoys a secure position:

> These 'independent' firms are of two types: manufacturing and

> service firms that compete with large firms by intense exploitation of labour and (often antiquated) equipment; and manufacturing and service firms that do not compete with larger firms, being confined to 'niches' of demand consisting of small local or specialised markets (Schutt and Whittington, 1987, p. 15)

Thus, for example, a printing cooperative which survived using outdated equipment, but depended on its members working a great deal of unpaid overtime would conform to the first type. History suggests that the alternative cooperatives have largely occupied the territory of the second type and their experience raises interesting questions about the relationship between large and small firms in the contemporary capitalist economy to which we shall return later.

The dependent sector

Phoenix cooperatives are perhaps most immediately vulnerable to placing themselves in a relationship of dependency from the outset. They are formed by workers from a failing or rationalizing company which needs to find a mechanism by which they can re-enter a labour market which has already rejected them. If the previous employer offers material assistance or places orders there is a threat of dependency. The original employers may well be acting out of good will or conscience but there is also the possibility of shrewd claculation. Such a situation arose at the 'Pitbottom' shoe cooperative studied by Bate and Carter. The previous factory owners and employers, 'Jamesons', provided premises, machinery and financial assistance (Bate and Carter, 1986). Conditions were attached and, in particular, the cooperative was not to compete in the same market. This forced Pitbottom into the production of down-market, high-volume shoes competing with cheap foreign imports. Contract work was offered by Jamesons and the new cooperative effectively became a branch factory, affording Jamesons total flexibility without responsibility.

Another example of dependency was the women's cooperative formed at Fakenham in 1972 (Wajcman, 1983). Like 'Pitbottom', the Fakenham cooperative manufactured footwear as well as other leather goods, and it too failed to establish its independence and was finally taken over by a private firm. Arguably, the nature of the clothing and footwear industries is such that dependency is almost inevitable. A small number of large retailers dominate the market and the withdrawal or placement of an order can make or break any small business. A cooperative is unlikely to be able to break out of such a stranglehold, particularly when it lacks the skill in design and marketing which would enable it to develop its own products.

Market niches do exist for very small, specialized producers of, for example, fashionable women's shoes or clothing, but this is limited and

studies of cooperatives in the clothing industry suggest high levels of dependency. Ineffective marketing and inexperience in pricing can culminate in recurrent financial crises and periods when no work is available. As happened at Pitbottom, these cooperatives absorb all the costs of an independent employer – 'slack', holiday pay, sick pay, etc. – without enjoying any benefit from the profits they helped to create. In such circumstances it would be hard not to argue that such cooperatives are a vehicle by which capitalist companies can enhance the exploitation of labour. If the cooperative bears its own costs the contracting company does not even have to provide a level of income that reproduces and maintains the labour force. As an additional benefit this situation may also serve to undermine the conditions of traditional workers.

Evidence from our study of property maintenance cooperatives showed the extent of their vulnerability and the way in which they can be used to undermine other workers. One experienced what might be referred to as 'short-term' dependency, where it would work exclusively for an estate agent or commercial firm for several weeks. Another secured a contract from a large, well-known national housebuilder which led to them being used to undermine existing wages and conditions. East End Contractors Ltd became totally dependent upon this large firm, which we shall call 'Homebuild', after its several initial domestic contracts expired. 'Homebuild' determined the wages, hours and conditions under which the cooperators worked performing unskilled, routine labouring tasks. On arrival at the building site to which they were sent, the cooperative encountered overt hostility from the existing workforce. The union representative informed them that they were replacing four sacked men who had been earning £120 a week basic. They were being paid £40 each, with no offers of overtime for a standard 8-hour day. Homebuild's motives in hiring the cooperative had been dressed up in the rhetoric of altruism: offering employment to enterprising youths from the inner-city. In reality, they were engaged in a wage-cutting exercise.

East End Contractors' relationship with 'Homebuild' fits into the model of the 'flexible firm' designed by Atkinson (1984) to reflect the changes in the structure of the labour practices of contemporary large firms. Meanwhile, the practice of driving down wages through the use of sub-contractors is currently being pursued in the public sector through privatization. Conservative Minister Norman Tebbit pledged his support to cooperatives, considering them a means by which workers' opposition to privatization might be defused (Financial Times, 12 February 1984).

The independent sector

A cooperative or conventional small business is highly unlikely to find

itself in a monopoly selling position or even as a market leader. Two rare examples of this situation have proved short-lived and advantageous to much larger companies. In the case of small (relative to the other firms operating in the sector) computer firms such as Sinclair, it is now clear that they took the risk and bore the cost of developing innovatory personal computing equipment. Having struggled to establish the market they soon found themselves up against computer giants such as IBM who quickly moved in, often absorbing or squeezing out the small firms in the process.

Similarly, the pioneering wholefood cooperatives of the 1970s struggled to establish a market for wholefoods, publicizing the relationship between food, health and politics. They campaigned for a fairer deal for third-world food producers and curbs on the power of the multinationals. As this market grew, it became increasingly lucrative to these same multinationals and large food retailers which the cooperatives denounced. Consequently, these large firms moved into the production and distribution of wholefoods, emphasizing the health and nutritional value of their products, but dropping the political issues. The latter, however, were fundamental to the cooperatives' approach to wholefoods – healthy food and political power were inextricably interwoven.

Radical booksales provide a similar example. The reluctance of traditional bookshops to stock radical publications opened a market for cooperatives in the 1970s. Now that the market is firmly established, most reasonable bookshops stock radical, feminist and gay literature. Generally benefiting from larger, more central premises, they tend to be more financially secure and able to strike better deals with the book distributors. As a result, many cooperatives have seen their traditional custom decline and have been forced to close.

Schutt and Whittington's model is a pessimistic one for small firms and cooperatives seeking stability and independence. If they do enjoy a relatively secure market position, this is likely to be a temporary phenomenon or attributable to a high level of self-exploitation. Dependent firms, meanwhile, are in a precarious market position and are also likely to suffer high levels of self-exploitation as they absorb their overheads.

The Webbs were well aware of the problems of dependency in terms of the supply of raw materials and machinery and distribution of the finished product. They identified three types of producers: first, individual craftsmen who were relatively self-sufficient in materials and customers. Secondly, those who dealt directly with the consumer but relied on wholesalers for tools and materials. However, it was the third type that most concerned the Webbs:

> the most numerous class of individual producers are those craftsmen who work "for the trade" and who are dependent, both for buying their raw material and buying or hiring their instruments of

> production, and also for selling their manufactured products, on wholesale or retail traders. (Webb and Webb, 1914, p. 3)

Their obvious concern is with producers who have literally nothing to sell but their labour. They describe these individuals as being caught between the 'grindstones' of the capitalist who sells them their instruments of production and the capitalist merchant who buys from them the product of their labour. They are uniquely exploitable because they stand alone and unprotected:

> they cannot combine in Trade Unions, whilst the smallness of their enterprise usually exempts them from any effective legal protection in the form of the Factory Acts. Oppressed by the wholesale and retail traders on either side of them, they become in turn potent instruments of oppression of those whom they employ whether these be members of their own families or the most helpless individuals of the wage-earning class. Under any conceivable Socialist organisation of industry the second and third classes of individual producers would have to be emancipated from the economic subjection to which they are subject. They present the worst elements of the sweating system. (Webb and Webb, 1914, p. 3)

Are collectivities of workers in job creation cooperatives in any better position? As Fairclough points out, the impact of competitive market conditions has a profound effect upon all aspects of a cooperative's self-determination. In particular, its position within the external market will affect labour segmentation within the cooperative itself (Fairclough, 1986, p. 18). Even if it avoids segmentation of its own internal structure the cooperative will find itself in the secondary rather than the primary labour market externally. Inevitably this weak market position will entail some compromise on the part of cooperatives even if they have been consciously established in opposition to capitalist work practices. However, as the market is not a static and monolithic structure, but varied and fluid, cooperatives operating in different market sectors will experience these constraints differently.

The main question is, at what point do the constraints so impinge upon the cooperative that it becomes meaningless to see it as an independent and autonomous unit? This is a particular problem for those that depend upon the patronage of large firms. If workers in a cooperative are limited in their access to finance and squeezed by a highly competitive market can they at least have some control over the work process inside the cooperative itself?

Worker cooperatives and the labour process

The aim of both Fourier and Owen was to make work more attractive and they assumed that bringing it within the control of the workers themselves would achieve this. However, they were thinking in terms of independent communities and we must ask whether their assumptions have any relevance to cooperatives working within a contemporary capitalist economic structure.

It cannot be assumed that ownership of a job automatically bestows control over that job or even that the latter requires the former. University lecturers, for example, do not own the university, but are likely to exercise a considerable degree of control over the way they choose to organize their time for research and student consultations. On the other hand, a member of a cleaning cooperative who theoretically owns the business is likely to work more fixed hours and experience less direct autonomy over work content. What distinguishes the two is not the fact that one is their own employer and the other is not, rather it is the nature of the *labour process* in the particular industry or service in question. In the following discussion of worker cooperatives and the labour process, we analyse the question of control by examining it as a potential within the constraints of the capitalist labour process and market economy.

Much of the contemporary support for cooperatives is based upon the belief that they can provide a high-quality, more satisfying work environment. Implicit within this is the assumption that cooperators are free to make decisions and exercise a relatively high degree of control over their working lives. In other words, cooperators can exercise some control over the labour process. The labour process has been defined by Thompson as:

> The means by which raw materials are transformed by human labour, acting on the objects with tools and machinery: first into products for use and, under capitalism, into commodities to be exchanged on the market. (Thompson, 1983, p. xv)

This definition, however, operates at a level of generality that is typical of much of the labour process debate. It is necessary to be more precise if we are to establish whether any element of control over work exists. It is therefore useful to break the labour process down into three specific areas where control may or may not be exercised both in a conventional business and a cooperative. These are tools of production, the work environment and output.

Tools of production

Before the industrial revolution, work was characteristically organized in

small units with artisans exercising a high degree of control over the organization and pace of their work. Once work was transferred from homes and small units into large factories, systems of authority developed to deprive the individual worker of much of the initiative and control which they had previously enjoyed. While it is important not to over-romanticize the pre-capitalist economy, it would seem that the individual worker did have the opportunity to exercise initiative and a degree of autonomy which the Industrial Revolution destroyed. A desire to rediscover self-actualization through more autonomous forms of working than that offered by conventional workplaces, both private and public, has been a major inspiration behind the historical and contemporary development of worker cooperatives. The association of cooperatives with the idea of the independent workshop has a long history.

However, the enhancement of the quality of working life (QWL) is a concern that is not limited to worker cooperatives. Attempts to introduce these qualities into conventional work-places in contemporary advanced capitalist economies are proving increasingly popular. Employees are encouraged to participate in on-the-job decision-making through a variety of schemes such as workers' suggestion boxes and quality control circles designed with the intention of inspiring greater initiative and performance from a company's workforce. Such schemes in conventional firms have elicited a mixed response. Critics have argued that they are a form of 'pseudo-participation' intended to increase company profitability with little or no benefit to the workforce (Elden, 1981). Instead of the workforce exercising a greater degree of control over their working environment, they are contributing towards their own exploitation. In contrast, worker cooperatives are seen to represent genuine opportunities for worker participation and control.

Whatever the outcome of this debate, any participation must be limited by increasing mechanization as new technology develops and machines replace people. In contemporary industry and commerce, in many cases it is clear that machinery effectively controls the worker. The pace and type of work on a motor car conveyor belt or the speed of a bank computer is not determined by the worker. Instead, the programming of those machines determines the speed of the operator. Mere technological determinism is not, however, an adequate analysis of control. It is clear that some groups of workers have greater control over 'their' tools of production than others – e.g. a maintenance worker compared to a line worker, a store supervisor compared to the checkout cashier.

Choice, and hence control, of technology, is expressed in two ways: (i) what technology is purchased and (ii) how the technology is used. In cooperatives, there is often little choice about the technology that is purchased or hired. Phoenix cooperatives often inherit the technology and hence the productive ability and capacity of their previous workplace, and

this is not always ideal. Indeed, inappropriate or outdated equipment might have been a contributing factor in the demise of their previous company. As Judy Wajcman has noted:

> Fakenham had been closed down by Sextons because it was an unprofitable satellite unit. Although the enterprise's new autonomy enabled the women to go into production of any sort of leather goods, their work remained predominantly in the shoe trade where their experience lay. (Wajcman, 1983, pp. 56–7)

The fledgling cooperative is thus tied to the previous type of production and sometimes even to the previous firm or major contractor (Bate and Carter, 1986; Webster, 1984). Others will be severely constrained by the amount of money available, and also by the need to purchase equipment which is capable of producing the required output. Such machinery is designed to be used in a capitalist business and therefore imposes its own constraints. New technology is not neutral, and a major objective inherent in its design is the desire to elicit greater productivity from fewer workers. But if the workforce has, within certain parameters, responsibility for choosing their specific equipment and work practices there may be some room for manoeuvre.

In circumstances where cooperatives are able to purchase from scratch, then it may be possible to adopt criteria other than productivity as a basis for their choice. A cooperative might decide to purchase machinery which is less efficient than others available, but potentially less hazardous to health and safety. The question of *how* machinery is used may allow greater autonomy for the cooperative. While it is clear that nobody is going to buy a computer to work out the lunchtime dart scores, it may be used to create spare time, reduce tedious work or even to create more interesting work. In other words, some degree of control over technology remains with the workforce itself. Most importantly, the decision about how to use the free time created by the introduction of new technology will rest with the people freed. In a conventional business, the worker is likely to be made redundant or allocated to another task by management. A cooperative might decide to ask workers to tackle another task, or decide to extend the lunch hour or cut the length of the working day.

The work environment

In a conventional business the physical layout of the factory or office is decided by management on the basis of a combination of efficiency and control. Factories are organized around a work-flow aimed at maximizing output. The classic Hawthorne experiments also illustrated how other factors in the work environment, both physical and human, are taken into

account – e.g. heating, lighting and work groups (Roethlisberger and Dickson, 1964). A modern office or factory will be designed to ensure that it is conducive to efficient working.

As with technology, cooperatives are not free to make unconstrained choices about their work environment. If the cooperative is desperately struggling for survival, sacrifices might be made which result not only in unpleasant working conditions, but constitute breach of health and safety regulations. For example, describing the experience of a short-lived textile cooperative in Wales, Webster describes how:

> to save money, we did without heat in the factory, and it was December. Coats and gloves became the order of the day . . . it was awe inspiring to see their white faces, surmounting bulky dressing gowns that didn't keep them warm, stoically working in an icy damp factory which we all knew had had minimal maintenance since goodness knows when. I came out into the street to get warmed up. (Webster, 1984, p. 17)

Such working conditions are clearly little short of Dickensian and, had they continued, would have endangered the health of the workforce. It is no excuse for cooperatives to point out that equally appalling conditions can prevail in small, private textile factories. Although this may be true, to accept its logic is to strip cooperatives of a fundamental principle. If a cooperative cannot provide its membership with basic standards of working conditions, critics would appear justified in suspecting that cooperatives can become vehicles for self-exploitation.

Many cooperatives attempt to modify the work environment to 'humanize' their surroundings, but they can only operate within the parameters set by the need to produce a given output within a certain amount of time. In one textile cooperative the industrial sewing machines used are no different from those used in other factories, but while some form of assembly line remains, it is relatively less rigid and dictatorial than that found in conventional textile firms. For example, in one clothing cooperative the machines were situated so that the women faced each other in pairs, rather than with their backs to one another. As one woman explained:

> It wouldn't have been allowed anywhere else I've worked. The boss would have seen it was time-wasting because we talk to one another. We do talk a lot, but it stops us getting bored. (Hannah *et al*, 1986, p. 122)

Other examples include workers using their own discretion to take

unscheduled breaks for cigarettes or a cup of tea (Hannah *et al.*, 1986). While these might seem small advances within the overall constraints of the modern office or factory, they are nevertheless significant to those involved. Flexibility in relation to hours of work and childcare is another benefit of cooperative working which would seem to be widely practised. The extent to which cooperators can work the hours they choose is severely limited by the need to compete. Nevertheless, there is often some room for manoeuvre, allowing cooperatives to reject rigid, clock-dictated hours of work. Thus, if there comes a point when their workload is exhausted, cooperators do not need to pretend to be busy until it is the official finishing time.

Flexible working hours can be essential to the parents of pre-school and school-age children and cooperatives can prove particularly attractive to people in this situation. At Fakenham, a special shift was introduced to allow the women to take their children to school and pick them up afterwards. One woman brought a child into the factory every day and others did so during the holidays (Wajcman, 1983). This breaks the artificial distinction between paid work and domestic labour that women have long argued against (O'Brien, 1981). Many alternative cooperatives have contributed towards the redefinition of childcare as a 'public' rather than a 'private' concern by paying special allowances to those with children, and some have developed childcare rotas whereby cooperators' children are looked after by several members, not necessarily the parents themselves. Although these examples hardly constitute a fundamental breakthrough in the organization and control of the work environment under contemporary capitalism, they nevertheless show that small, but important, alterations can be made to suit people rather than profit.

Output

It is at the level of the productive process itself that the issue of control is most manifest. It is here that cooperatives, like other businesses, feel the pressure of the capitalist market place most intensely. We have seen that a cooperative is unlikely to find itself in a monopoly selling position or even, over a sustained period, as a market leader. A cooperative is unlikely to be able to determine the type, quantity or price of its product, particularly if it is linked to a single buyer. The speed and skill required to produce competitively conflicts with the ability of cooperatives to practise preferred forms of work organization. One example of this would be job rotation, the aim of which is to allow members to acquire new skills, spread information and enhance awareness of all aspects of the business. For Fourier it was essential in creating attractive work.

Landry *et al.* are, however, critical of a slavish attachment to job

rotation. Their experience of alternative cooperatives in the 1970s has led them to criticize 'ultra collectivism' where 'the struggle to establish equality [became] in effect, the struggle to abolish all differences' (Landry *et al.*, 1985, p. 40). This involved not acknowledging the fact that people had different skills to offer and letting untrained people take on skilled tasks. Their fundamental criticism was that radical organizations were trying to challenge capitalism by pretending that it did not exist. In this they were doomed to failure.

Conclusions

A worker cooperative in a capitalist society is presented with stark choices and often very unfavourable circumstances, particularly in a poor economic climate. Any discussion that assumes a simple choice between a purely commercial and purely cooperative alternative, is ignoring the reality of the situation which is much more confused. Some aspects of capitalist society are undoubtedly beyond the control of the cooperative and so cannot really be counted as choices at all. Market competition and the need to produce for exchange form the economic environment in which a cooperative must operate unless it can find shelter in some way. However, a simple degeneration thesis also has weaknesses. It suggests that a cooperative formed with the aim of promoting cooperative principles (although these are rarely spelled out) mutates within a capitalist environment. This makes an unwarranted assumption about the original motivations of the individuals forming the cooperative.

In this debate it is necessary to distinguish between the two threads in the history of cooperation. The first is cooperation as an end in itself, a form of organization that eliminates the iniquities of the competitive individualism of capitalism. If this is the aim of the cooperative it can only succeed if it can find sufficient economic space to operate as it wishes. This is unlikely to be the case, as the experience of the alternative cooperatives indicates. The problem lies in the definition of a cooperative. By defining itself in terms of ownership and control the cooperative is identifying with one of the main values of capitalism, ownership. Attention then becomes focused upon the cooperative as an autonomous organization and its problems become identified as a function of the cooperative itself, rather than the constraints imposed upon it. As Fairclough has pointed out, much of the degeneration thesis has been narrowly concerned with the problem of member versus employee participation within the cooperative (Fairclough, 1986; Batstone, 1983; Jones, 1975).

The second thread in cooperative history is more concerned with control than ownership. Working class people have formed cooperatives

from the earliest days of capitalist industrialism in order to gain control over their conditions of work. Usually the impetus for cooperative formation is to gain access to work itself in times of economic depression or industrial dispute. The cooperative then becomes a vehicle to establish control. Unfortunately, once a cooperative has been formed the same problem arises, difficulties within the cooperative become identified as problems of the cooperative itself and not of the members as workers within a capitalist labour market. In fact, the cooperative can be seen as a means of enhancing further the exploitation of the worker by removing them from the experience of other workers and placing upon them responsibility for reproducing the conditions of their own labour.

The obverse of this situation is that a problem that is a creation of the economic structure becomes imposed upon the cooperative form. After examining five cases of cooperative failure, Lichenstein concluded that there were severe problems for the cooperatives from the start in terms of lack of markets, insufficient working capital, over-hasty formation, over-optimistic expectations, the effect on unity and cooperative spirit of the migratory and independent American nature. He concluded:

> It would seem from these five causes of failure that the worker cooperative is an inferior organizational form. This would however be an incorrect conclusion. There is nothing in the cooperative organization *per se* which makes it prone to fail. If the same groups had organized themselves into conventional stock companies their chances of success would have been no better. They still would have confronted the same difficulties. The problem, therefore is one of *social class* not organisational form (Lichenstein, 1986(a), p. 13); (original emphasis)

This statement is reinforced by Coates writing in the mid-1970s:

> the movement to establish co-operative factories cannot be evaluated outside the context of the labour movement which gives rise to it. If producer co-operatives are part of a wholesale onslaught upon the powers of capital, in a dynamic upsurge of trade union and labour action, then they have a quite different meaning, as stimuli and examples, from that which they may come to acquire in a period of recession in militant activity. In the context of modern Britain, new co-operatives raise trade union confidence, and stimulate the demand for democratisation of public sector industries at the same time they undermine the assumption of the inevitable rectitude of managerial prerogatives. If there is no break-through on the overall political plane, of course, we can have no reason to imagine that the market pressures to which such co-operatives will be exposed will not

> succeed in eroding their limited independence and autonomy. (Coates, 1976, pp. 22–3)

In this chapter, we have highlighted the contradictions and constraints facing worker cooperatives operating within the capitalist economy. In Chapter Four, we consider whether cooperatives can insulate themselves from it and on what basis we can judge their success in this endeavour.

4: Living with Capitalism: Protect and Survive

We have seen that the need to survive in a capitalist economy imposes different degrees of vulnerability and compromise upon worker cooperatives. This does not, however, inevitably relegate the latter to a role of helpless victim, as various examples of positive action by and for cooperatives show. Action can be taken either by cooperatives themselves or sympathetic state authorities and can be summarized broadly under the following headings: (i) market protection, (ii) federations and (iii) support organizations. We now consider the problems and potential of each, beginning with the debate about market protection.

Cooperatives and market protection

Luxemburg states most clearly the problem confronting cooperatives under capitalism:

> Producers' co-operatives can survive within the capitalist economy only if they manage to suppress, by means of some detour, the capitalist contradiction between the mode of production and the mode of exchange. And they can accomplish this only by removing themselves artificially from the laws of free competition. (Luxemburg, 1970, p. 70)

One means by which cooperatives can, to some extent, be artificially insulated from the dictates of the market is through a degree of state-supported market protection, such as the 'Code des Marchés Publics' in France where cooperatives are given preferential contracting. Such protectionist measures elicit allegations of unfair competition from conventional firms, but French building cooperatives do not necessarily find the contracts financially viable, let alone lucrative. Another criticism is that such protection subsidizes inefficient businesses, but Joan Bennett has argued that the debate must be conducted within a wider social and

economic context. If cooperatives are recognized as a socially desirable means of organizing production, we must recognize the competition they face and the degree of exploitation that would occur if they competed without support (Bennett, 1984, p. 25).

The debate about whether cooperatives should have market protection is largely determined by political complexion. In Britain, Kenneth Clarke, who became Conservative Junior Minister with responsibilities for small firms, argued that cooperatives should be supported on condition that:

> the workers who own the industry raise capital on the market and aim to produce a proper return on the capital, so long as they are subject to the same discipline as anyone else running an industry . . . we are certainly in favour of workers' co-operatives so long as they can be viable without continued support from public funds. (*Hansard*, 22 March 1977)

While the debate about market protection for cooperatives continues, the need to succeed in the capitalist market place is the fundamental constraint facing worker cooperatives pursuing a variety of organizational and social objectives. There is not, however, one market, but a variety of markets with different characteristics. The rigours of the market are different between economic sectors and within them. For example, while multinationals in the food industry are moving towards centralization of production with high added value, small bakers and specialist food producers remain. New markets emerge, such as wholefoods, which were initially developed by cooperatives but rapidly entered by large companies. Market changes and uneven development can allow some cooperatives a degree of autonomy from the unmediated pressures of economic forces, but it may be short-lived.

If worker cooperatives are to exist at all within a capitalist economy they cannot survive alone. They must be protected in some sort of umbrella structure; they must quite literally be given shelter. As Jordan points out, cooperatives in most Western countries are formed on the small business model with its emphasis on autonomy and control by the owner/manager(s) (Jordan, 1986). Despite the fact that much cooperative development is inspired by the Mondragon model with its strong structures of corporate support, in practice each cooperative is effectively a small business. This leads to an emphasis on the viability of each separate cooperative which may not be appropriate. The concept of *ownership* and perhaps even the idea of *control* are problematic given their overtones of autonomy and separatism. Jordan argues that cooperation, in order to establish its distinctiveness as a mode of organization, demands interdependence rather than autonomy. Drawing on Canadian evidence he concludes: 'The more autonomous and unconnected a co-operative, the

greater the difficulty it has in maintaining a co-operative identity and profile' (Jordan, 1986, p. 108). Moreover, it has considerably less chance of surviving. Thus it is for practical as well as ideological reasons that the sixth principle of the International Cooperative Alliance is 'cooperation among cooperators'.

Whatever form the support structures take they must be able to strengthen worker cooperatives both internally as cooperative organizations and externally as businesses within a capitalist environment. There are several possible ways in which cooperatives can combine.

Cooperatives as businesses

In Britain, many worker cooperatives register under the Companies Act because they are too small to do so under the Industrial and Provident Societies Act, although they continue to adopt ICOM model rules. However, if a logic of cooperative development is followed that treats worker cooperatives as autonomous and independent businesses, it would seem appropriate that they should unite with other similar businesses, e.g. in Chambers of Industry or Commerce. This presents immediate problems, the first of which is political. Most worker cooperatives in Britain are small and such businesses are seen as the embodiment of privatized values. However, this may reflect the particular political situation in Britain. In Italy, the cooperative movement is not hostile to small businesses, seeing them as basically artisans and allies against the large capitalist enterprises (Earle, 1986). On the other hand, Bradley and Gelb clearly identify the connections between worker ownership and capitalist business (Bradley and Gelb, 1983).

Following his study of cooperative development agencies in London, Stephen Lord (1986) points out that CDAs and the cooperatives they represent have virtually no contact with the local small firms service or Chambers of Commerce. He argues that CDAs may be criticized for not being in touch with the local business environment. Unlike the Boutiques de Gestion in France, CDAs do not have management committees that represent local business leaders nor do they demand local business connection in their staff. The Cooperative Advisory Group's (1984) report 'Marketing in Worker Co-operatives in the U.K.' found that advice and training by CDAs was helpful in a general sense, but was not specific enough to the particular needs of the cooperative concerned.

However, it is also doubtful if local small firms agencies would be of any more help. A report by the Centre for Employment Initiatives (1985) showed that they were not geared up to the morale boosting and hand-on-shoulder work that new worker cooperatives would need but that they were most useful for specific advice. If the most pressing need for new

cooperatives is very specific sectoral advice, they would be best not organizing in generalized business federations but in product sectors.

Product sectors

Organizing by sector could range from cooperatives operating separately within the market place but coordinating for mutual advice and finance, through to the fully integrated approach of the anarchist collectives in the Spanish Civil War (Dolgoff, 1977). In Britain the consumer cooperative sector has organized itself very successfully. The first step that a putative consumer cooperative took in the nineteenth century was to send to Rochdale for the 'Rules' and so contact was achieved from the very beginning (Mellor, 1980). In Italy there has been a history of building cooperatives organizing in consortia so that cooperatives with complementary skills supported each other and coordinated their purchasing, financing and contracting (Earle, 1986; Thornley, 1981; Oakeshott, 1978).

In Britain, federations have been set up in the wholefood sector to protect them from increased competition as their 'niche' becomes invaded by the large multiples. They also protect them from the increasing number of wholefood retailers who are not cooperatives, but private businesses with little or no sense of loyalty to the principles with which the cooperative wholefood sector was founded. If cooperatives are going to gain strength within the market place against capitalist competition, then federations are essential. The problem remains, however, that individual cooperatives must first establish a foothold in the market before they can federate.

Even if cooperative product sectors are built up, will they ever be strong enough to match capitalist ones? Even the consumer cooperatives' dominance of the retail market was undermined by the advent of the multiple stores. A cooperative product sector will always face the problem of the ability of capital to accumulate no matter how large the sectors confronting each other. Even so the cooperative building consortia in Italy have been singularly successful and the cooperative building sector in France is also large.

Product sectors may integrate vertically (raw material to sales) or horizontally (firms at a similar stage of production). It could be argued that the former have much more ability to insulate themselves from the 'grindstones' that the Webbs identified of having to obtain tools and raw materials from the capitalist sector as well as sell their product. Horizontal integration may mean that each cooperative is still in competition with the others and has to obtain its materials and sell its product within the capitalist market. There is also a distinction between cooperative product sectors that coordinate their support services as against those that integrate

their production. In most cases where cooperatives associate it is the former rather than the latter.

Cooperative federations

ICOM, the Cooperative Union, and the large federations in France and Italy all draw together cooperatives because of their common status. These federations include all forms of cooperative – housing, consumer, neighbourhood, as well as worker cooperatives. In Europe, France (SCOP) and Britain (ICOM) have the only national cooperative organizations that are specifically for worker cooperatives. In Italy, the federations take a sectoral approach to cooperative development so that expertise can be specifically targeted. Guidance from the Caja Laboral in Mondragon can go as far as choosing the product, appointing the management and monitoring the development of the cooperative. As Young and Rigge remark:

> It cannot be coincidence that the three countries in which worker cooperatives have more than held their own in the recent spate of growth – France, Italy and Spain – can each boast strong cooperative support agencies. (European Community Commission Document, 1984, p. 28)

There are obvious benefits in strong federations. The cooperatives in France, Italy and Mondragon have weathered the recession, although in the latter case at the cost of wage reductions. However, we are left with the problem, are the cooperatives strong because the sector is strong or vice versa? The success of the cooperative movement in Italy and France, as we have seen, is an historical one and owes much to governmental and sectoral support.

In Britain, the federations in the cooperative sector are the Cooperative Union (financed and mainly preoccupied with the consumer societies) and ICOM. ICOM's ability to give practical support to widely scattered and diversified cooperatives in Britain is limited because of lack of resources. Nearly all the new cooperatives register using ICOM model rules and for the fee they pay, receive 1 year's membership. Many of them do not bother to re-register and ICOM is then faced with a dilemma; the new cooperatives do not see what immediate benefit they will get and ICOM does not have the resources to prove its usefulness.

Lenin, Luxemburg and the Webbs all argued that the most appropriate shelter for a producer cooperative would be to be linked to the consumer movement. The Webbs (1914) noted that the most successful producer cooperatives were those associated with the 'partially tied market' of the consumer associations. Luxemburg noted 'the invariable failure of producers' co-operatives functioning independently and their survival when they are backed by consumers' organisations' (Luxemburg, 1970,

p. 70). In his draft resolution on cooperative societies for the 1910 Copenhagen Congress of the International, Lenin praises the achievements of cooperative societies as a pre-figurative form of socialism but adds 'at the same time Congress points out that producer co-operatives can contribute to the struggle of the working class only if they are component parts of consumer co-operatives'. A seemingly obvious form of integration, but fraught with the perennial questions of ownership, control and benefit.

Consumer societies are effectively profit sharing schemes based on a dividend, and democratic participation has been a problem for many years (Mellor, 1980; Ostergaard and Halsey, 1965). When the consumer societies established production units, the nearest to participation they could allow for the employees was a form of profit sharing together with the member societies. Relations with employees was often less than conciliatory, as Woolfe has pointed out:

> Surplus capital was employed in starting manufacture but in no single case was the control of the mill or workshop or factory handed over to the workers: in other words, it was found impossible to organize co-operation of workers within a society based on co-operation of consumers. (Woolfe, 1918, p. 31)

It may be that integration will come in the reverse direction. Several studies have noted that in reality there is very little active consumer participation in retail cooperative societies, and most Board members have family or employment connections with their society (Mellor, 1980; Gallagher, 1976). It could be argued that this is a form of workers' control by default. In a report to the International Cooperative Alliance Congress in 1980 Dr A.F. Laidlaw suggested that consumer societies look seriously at worker self-management schemes and sub-contracting to worker cooperatives (1980, p. 54). Milford has examined the proposition and concluded that the employees do not seem to want such a move and the 'conservative management hierarchy' was no more supportive of producer cooperatives now than they were in 1870 (Milford, 1986, p. 134).

Even so, the problem for the cooperative movement is that the consumer cooperative sector, large as it was and is, finds it hard to match the resources of the private sector. Luxemburg also points out the political limitation of an annexation of producer cooperatives to consumer cooperatives:

> this way the expected reform of society by means of co-operatives ceases to be an offensive against capitalist production. That is, it ceases to be an attack against the principle bases of capitalist economy. It becomes instead, a struggle against commercial capital, especially small and middle-sized commercial capital. It becomes an

attack made on the twigs of the capitalist tree. (Luxemburg, 1970, p. 71)

Governmental support structures

It has been commonplace for supporters of the cooperative movement to seek government support. Owen and Fourier tried to interest their respective governments in their schemes while Louis Blanc in France and Ferdinand Lassalle in Germany both advocated state support for producer cooperatives. Where governments did respond it seems to have been as much for their own political interests as a desire to promote cooperation. More recent commentators have noted how a lack of such support has limited worker cooperative development in Britain (Oakeshott, 1978; Thornley, 1981).

Britain is alone among EEC nations in having a government-funded cooperative development organization, the National Cooperative Development Agency. Despite its limited funding, the national CDA has sponsored some initiatives. In November 1985, it supported a number of marketing cooperatives on a similar basis to the Italian consorzi: organizations founded in the late 1960s to improve marketing and obtain better credit and buying terms. One example is a furniture showroom in north London which was established to exhibit the work of 70 small designers grouped together as the Independent Designers Federation. Supported by a grant of £10 000 from the Department of Employment, 17 marketing cooperatives were in operation by the end of 1987 (Lightfoot and Roberts, 1987, p. 504). In contrast with the consorzi, however, membership is not restricted to cooperatives and the majority of companies are conventionally run businesses.

The first local Cooperative Development Agency was set up in 1977, and a decade later there were over 100, mostly with paid staff. The earliest were established in Scotland, the north east of England, South Wales and inner London in urban areas with a strong Labour tradition. All of them had suffered the decline of traditional manufacturing industry and high levels of unemployment. It is therefore hardly surprising that innovative and radical initiatives were sought and worker cooperatives seemed to offer some possibility of translating the rhetoric of workers' control into positive action. But, most importantly, they seemed to offer jobs at a time when traditional sources were drying up. Many of the companies that closed were branches of multinationals in which control over the working lives and futures of hundreds, often thousands, of local employees was exercised from outside the region. Not surprisingly, therefore, the possibility of workplaces owned and controlled by local people became increasingly attractive.

The need to create employment was the overriding consideration and it would be wrong to imply that the local authorities' commitment to cooperation was founded upon any identification with the 'New Jerusalem'. Although Tyne and Wear County Council, for example, was prepared to commit £200 000 to a revolving loan fund for cooperatives, this must be considered within the context of the many millions more spent on enticing the Japanese car company Nissan to the north east of England. CDAs were therefore financed on the understanding that they would create employment and this consideration remains the essence of performance assessment by many local authorities. Other considerations, such as the quality of work created and its accessibility to sections of the community normally disadvantaged in employment are often viewed only as commendable spin-offs.

In the face of the expectations of the funding authority, it is also difficult for the CDAs to decide on what basis they should operate. Are they small business promotion agencies or a municipal version of ICOM? Clarifying the aims of the agencies becomes even more fraught for employees whose jobs have no long-term funding. Insecure finance can affect the ability of the CDAs to operate in anything other than an *ad hoc* manner (Lord, 1986).

Britain's local CDAs perform the role of midwife, paediatrician and life-support machine for worker cooperatives. The birth of a cooperative can be a traumatic experience, but only a minority of groups approaching the CDA for assistance reach this stage. Many business ideas are rejected on the grounds that they are unviable and only a minority of initial enquiries are followed through (Cornforth, 1984; Coventry CDA, 1985). Some do not become cooperatives because the individuals involved find their aspirations better suited by registration as a conventional business. When a viable proposal is recognized by the CDA, it will work closely with those involved at every stage. Assistance in the preparation of a business plan will be given, as will support in applications for funding from public sources, ICOF and the banks.

For many cooperators the main motivation is to gain access to work, and CDAs can encounter difficulty in persuading them to attach due significance to questions of cooperative organization (Cornforth, 1984). In the initial enthusiasm, refusal to recognize the potential difficulties which can arise over decision-making, personal responsibility and discipline can destroy cooperatives as effectively as commercial collapse. Often a strong sense of camaraderie in the early days can lead to an inability or unwillingness to admit that this might change, and that personal differences might arise sometime in the future. CDAs can try to impress the importance of internal organization upon prospective cooperatives in their training programmes, but they have no guarantee that it will be treated with the seriousness it deserves.

Lord found that the majority of CDAs follow a 'bottom up' approach in

that they respond to their client's demand to form a cooperative rather than identifying areas of probable success as in Mondragon or Italy. Contact tends to be by word of mouth or through community groups. CDAs often work with groups that are already marginalized within the labour force and Lord, generalizing from a limited number of interviews, found that they were very good at building confidence and morale, establishing legal frameworks and locating sources of initial finance (for start-up feasibility studies, etc.). They were less good on marketing, long-term finance and establishing skills such as book-keeping and decision-making. According to Lord:

> co-ops needed hands-on advice on their specific marketing/book-keeping problems as they continued trading and were critical of those CDAs who did not provide this. (Lord, 1986, p. 24)

Part of the problem is the background of many CDA staff. The new agencies have been formed very quickly and there is not a wealth of people with cooperative experience or business expertise who will necessarily be sympathetic. This limits the recruitment base of the agencies: 'CDAs are on the whole staffed by generalists with a community work background' (European Communities Commission, n.d., p. 19).

In the initial stages of establishing local CDAs, sympathy with the aims, and often some personal experience of, worker cooperatives would appear to have been a major consideration in staff recruitment. A practical working knowledge of the business organization of a small firm, community organization or cooperative seemed to be both sufficient, and relevant, experience. After all, the new businesses they would help create were likely to be small and operate locally. Previous specialist experience in the conventional business world might have seemed totally irrelevant. Thus a generation of CDA workers with general rather than specific skills was born. Cornforth has offered an analogy of their function with that of the general practitioner in the medical profession (Cornforth, 1984). A report by the Cooperative Advisory Group (CAG) suggests that CDA staff themselves believed that interpersonal skills were of paramount importance: the ability to communicate well and pass on information was essential. Skills in business practice were considered less relevant. The most skilful accountant in the country is of little value to would-be cooperators if they lack the communication skills to pass on their knowledge.

Feedback from CDA client groups suggests that workers inspire confidence and boost morale, but are unable to provide the specialist knowledge of, for example, marketing and accounts, which can mean life or death for a cooperative (Lord, 1986; European Communities Commission, n.d.) But CDAs are not oblivious to these problems and there is a growing trend towards the recruitment of 'specialists' with specific

responsibilities and the development of contacts with other agencies which can offer expertise (Lord, 1986). Another possible strategy is the in-service training of existing CDA workers. A further problem is that there are few expert management committees to guide the new agencies. In the spirit of the cooperative principle, many CDA management committees are designed so that decision-making is in the hands of the cooperatives. However, people who are struggling to form a business have little time to spend travelling sometimes quite long distances to participate in running yet another organization. In practice, the agencies are run by those who work in them.

The resources of the agencies are often stretched and there are conflicting demands on time as between potential and existing cooperatives. When the latter are experiencing periods of commercial or organizational difficulty, they are likely to turn to the CDA for help. They might wait until a crisis has occurred before calling assistance and, by this stage, the CDA might have little choice but to make an immediate response, neglecting other responsibilities in the process. This 'fire-fighting' role is a difficult and time-consuming one, but the implementation of a continuous monitoring process designed to act as an 'early warning' system for CDA workers could also prove time-consuming. Lord found that in the early stages, CDA staff spent 70 per cent of their time with new start-ups, as against 30 per cent with established cooperatives. As more cooperatives were formed this was reversed and 60 per cent of the time was spent with established cooperatives. This means that the size of the CDA will determine the number of cooperatives that can be formed, at least in the foreseeable future, and some agencies have already been forced to limit the number of requests for cooperative formation. Lord found that CDAs alone were not sufficient and that:

> without the support of regional initiatives such as the Enterprise Boards and without the support of specialist outside advisers, the development of Co-ops in the survey would have been severely hampered. (Lord, 1986, p. 89)

Another dilemma facing CDAs is the appropriate levels of direct support which they ought to give. Some CDAs have seconded workers to new or existing cooperatives for a while to pass on skills 'on the job'. More commonly, workers do not base themselves on the premises, but make regular visits (Cornforth, 1984). In theory, it seems appropriate that CDA workers should withdraw their services gradually, passing on their knowledge to the increasingly confident workforce. In practice, however, several factors make this difficult. Pressure on time in cooperatives can be acute and investment in training might seem indulgent. The presence of a 'professional' can be reassuring, particularly in job creation cooperatives, and the cooperators may be reluctant to assume responsibility for the tasks

performed by the CDA worker. Perhaps correctly, they might believe that their credibility with customers, banks and local authorities is enhanced by being supported or represented by someone to whom 'officialdom' can relate. This can create a condition of dependency where the cooperative finds it difficult to cut the link and become an independent, autonomous business.

Lord found, as have other researchers, that the cooperatives formed were very vulnerable:

> It was found that the Agencies concerned seemed to have developed and helped to set up a number of very vulnerable businesses. These businesses showed little signs of long term viability and paid their members extremely low wages. (Lord, 1986, p. 64)

Cornforth and Lewis have shown that the number of cooperatives created in the recent past is strongly correlated with the presence of a CDA and that this does not necessarily give them any long-term protection: 'CDAs are primarily creating very small labour intensive, dependent co-ops' (1985, p.78) The problem of viability has also been addressed by Spear and Thomas (1986). These profound reservations may be set against the question as to what alternative is available? While Cornforth and Stott (1984) have calculated that the cost per job in cooperatives formed by CDAs is comparatively low, several studies of job creation worker cooperatives have pointed to the high cost of undertaking an adequate training and advice programme. (Mellor and Stirling, 1983; Macfarlane, 1986; Lord, 1986).

Despite the criticisms, it is generally agreed that worker cooperatives would not be expanding so rapidly were it not for the existence of the CDAs (Lord, 1986; European Community Commission, n.d.; Cornforth, 1984).

The moot point, however, is whether secondary support organizations should be publicly funded as in Britain or independent as they are in France and Italy. Public funding imposes constraints and is likely to remain uncertain, but it would seem the only realistic option for British CDAs given the weakness of the worker cooperative sector.

Criticism of their organization and strategy reveals to a large extent the dilemma in which CDAs can find themselves. They are not conventional small business agencies and they offer a service which is rooted in their support for the development of businesses which are qualitatively different to traditional firms. Followers of the cooperative 'faith', who hold traditional principles close to their heart, might fear the potential swamping of those values under the swelling tide of 'commercial realism' being shown by CDAs and cooperatives (*Financial Times* 14 July 1987). But it could be argued that the need for survival has forced a rethink of the relationship between cooperatives and the capitalist market economy.

CDAs must juggle with the conflicting demands made upon them, but their ability to satisfy cooperative 'fundamentalists', funding authorities, potential and existing clients and the conventional business community simultaneously, might seem a Herculean task.

Jordan points out that one of the problems of all help and advice support structures, no matter on what basis they are organized (government, communal, productive sector, organizational), is that they tend to maintain closest contact with the least successful cooperatives and not the successful ones that could give the strongest support to the federation as a whole (Jordan, 1986). Young and Rigge argue that a weakness in the British system is that there are several support structures of which the CDAs are arguably the most important but that there is a tendency for them not to coordinate their activities:

> It is difficult on several grounds to resist the conclusion that the future for co-operatives in Britain would be much more promising if there were a greater measure of unification among the support bodies. (Young and Rigge, 1983, p. 44)

The importance of support structures for worker cooperatives is obviously essential. Cooperatives flourish best in groups and tend to cluster geographically as in Italy, Spain and France. In Britain, most of the new job creation worker cooperatives are formed with the help of local CDAs (Cornforth and Lewis, 1985). However, although they are formed within the community and started with public sector support, they are then left to the mercy of the market place (Mellor *et al* 1986). Britain is peculiar to the extent that while there are governmental support structures at the national and local level, there is no framework for preferential treatment of cooperatives in the public economy. There are no tax benefits, no contracting preferences and no distinct financial arrangements. In short, the attitude of the British state to cooperatives is distinctly ambivalent.

Criteria of survival

Even when it is part of a wider sector, the individual worker cooperative still exists in a hostile environment. Their success or failure, therefore, is often measured simply by their ability to survive without 'degenerating'. If cooperatives are to be judged on more than simply their ability to exist, then alternative criteria for measuring their success must be found. There are four key areas in which such criteria may be developed. First, there is the economic performance of the cooperative as a business. Here, survival remains of central importance but there are also issues such as job generation, profitability and wages. Secondly, there is the democratic

organization of the cooperative and, thirdly, the success of the cooperative as a vehicle for the self-development of the individual workers. Finally, there is what might be regarded as the 'political' success of the cooperative in pursuing any social objectives it may have set itself.

Determined by its origins, membership and commercial situation, a cooperative may hold a series of objectives of equal status or in ranking order. Alternative cooperatives, for example, might consider a socially useful product, internal democracy and the rejection of traditional, sexist work practices as of paramount importance. Inability to fulfil these objectives might result in a decision to, for example, switch products or perhaps even close the cooperative. A job creation cooperative might attach greatest significance to the maintenance or creation of employment at the expense, if necessary, of internal democracy. Conversion or phoenix cooperatives, meanwhile, might be particularly concerned with good pay and conditions, particularly if trade union influence and representation is strong. We will take each of these potential measures of success in turn.

Business success

Echoes of the Webbs' degeneration thesis re-emerged with the new generation of worker cooperatives. George Jones, chief executive of the national Cooperative Development Agency, has argued that a cooperative:

> has to be highly competitive in the outside market yet work by consensus inside to be true to its social aims, and consensus and competition don't go together. (Batchelor, *Financial Times*, 14 July 1987)

Many of the cooperative support organizations emphasize the importance of prioritising business success as do many cooperators. The 'sales director' of one London cooperative has said:

> We aim to launch two new products a year. We want a balance between making profits and employing people. Very few of the businesses we deal with know we are a co-operative. The most important thing is to be successful rather than keep on about being a co-operative. (ibid.)

Looking at success in this way, economic survival and profitability become central to cooperation. Thomas has suggested that in terms of survival, cooperatives 'performed similarly or slightly better' (Thomas, 1986, p. 3) than conventional small businesses. That apparent success may be reduced as the cooperative sector grows and less viable enterprises are launched.

However, the criteria for measuring business survival raise as many

questions as they answer. For example, cooperators may reduce profitability by the simple expedient of increasing their own wages. These higher wages may in turn reduce the amount available for reinvestment and perhaps the viability of the company. Two possible measures of business success are efficiency and profit.

Evaluating commercial performance

Efficiency

The problem of efficiency in democratically controlled organizations was raised by the Webbs. Both supporters and critics have argued that cooperatives are likely to achieve different levels of efficiency to that of private firms but they disagree as to whether they are more or less efficient. In any case, should cooperatives be judged by traditional definitions of efficiency based upon the performance of conventional firms operating in a capitalist economy? Does registration as a cooperative indicate a rejection of such traditional norms and, if so, what, if any, criteria of efficiency should be applied to cooperatives or, indeed, community businesses and other organizations with social objectives?

Neo-classical economics defines efficiency as the optimal allocation of resources, but this begs the question optimal for whom or what? Under capitalism, it is expressed in terms of the highest output achieved with minimum input. As much value as possible must be extracted, be it from finance, machinery or labour. Devine has distinguished between productive and market efficiency where:

> Productive efficiency has been defined in terms of two main components – technical efficiency and factor price efficiency. The former is a measure of the degree of economy in resource inputs used to produce a given output. The latter measures the skill in achieving the best combination of the different inputs, having regard to their relative prices. (Devine, 1974, p. 399)

The labour of human beings is a resource input on the same basis as any other. If the relative price of human labour increases, it might warrant substitution by another input, (e.g. machinery) to achieve the best combination. According to this definition, there is no special status for human beings in the achievement of productive efficiency.

> Market efficiency has been defined as a measure of the skill of the firm or market in supplying the quantities and qualities of a product at those prices which are most desired by the public. (Devine 1974, p. 401)

Broadly speaking, the debate about cooperative efficiency as conven-

tionally defined revolves around two basic, interrelated issues: productivity and investment.

Productivity

According to Peter Jay:

> The classical texts on producer co-operatives, mainly written in the late nineteenth and early twentieth centuries, tended to argue that worker co-operatives would suffer lower productivity than their capitalist contemporaries and so would fail to survive in competition with them. The historical evidence from both western Europe and North America tended to confirm this view. (Jay, 1980, p. 20)

Responsibility for this poor performance was attributed to a number of factors, most notably a hostile political, economic and legal environment. But bad management and an unwillingness or inability to confront the realities of effective organization have also been alleged. As was noted in Chapter One, the Webbs added their voice to the chorus of condemnation of poor management practice in cooperatives, arguing that management was unlikely to command the necessary respect and freedom to perform their functions adequately.

Contradicting these pessimistic analyses of worker cooperative productivity and performance are those which are based on the assumption that they will actually be more efficient and perform better than their conventional counterparts. Disputing the analysis of management in cooperatives outlined above, it has been argued that cooperatives can actually manage the business more effectively (Jay, 1980). Hodgson, for example, while rejecting worker participation as 'a moral gesture of token and minimal consequence', argues that as a practical option it can lead to increased efficiency:

> clearly there is very strong evidence to support the conclusion that substantial increases in productivity are possible through extended worker participation in decision making. (Hodgson, 1984, p. 139)

Small cooperatives might be able to dispense with a separate management function altogether, thereby reducing costs. If a separate management function exists, the workforce is likely to be less antagonistic and adopt a less adversarial approach to decisions because, at the end of the day, management must act in *their* interests and be accountable to them. On the other hand, of course, it can be argued that management under such conditions will seek to compromise and shy away from controversial proposals which might be important to long-term performance.

Fundamental to the claims for cooperative efficiency is the belief that worker cooperators will be relatively highly motivated. This is a central feature of the worker capitalism thesis where it is argued that cooperatives

and employee share ownership schemes encourage personal identification with the firm. Participation in decision-making and concern with their own financial livelihood will heighten commitment, effort and personal sacrifice. However, such willingness to make sacrifices will not necessarily ensure viability of the business. Another factor affecting viability is a tendency to underinvest and worker cooperatives have been criticized both for this and a tendency to be resistant to change.

Investment and change Although it was voiced at the turn of the century, the essence of the Webbs' criticism remains influential today in the observation that worker cooperatives:

> are reluctant and slow in their adoption of new processes, partly because the committeemen, accustomed to the old process, cannot easily bring themselves to believe in the superiority of the new, and partly because of the very natural dislike of discharging old colleagues whose labour would be superseded. (Webb and Webb, 1914, p. 9)

As conditions of work become increasingly outdated, there is a danger that the cooperative worker will be far greater than that of their counterpart in workers.

Consider, for example, a cooperative bottling plant which continued to pour the liquid into bottles by hand while rivals used sophisticated, automated equipment. Clearly, the time and effort required on the part of the cooperative worker will be far greater than that of their counterpart in the private firm. This has implications for both the individual worker and the viability of the cooperative. In the case of the latter, much more time and effort will be required to produce the same amount of output as the rival. To keep prices competitive, the workforce might need to absorb costs in the form of low wages and long hours. If the appropriate equipment were installed, time could be freed up for other purposes. Repetitive, intellectually undemanding manual labour is rarely fulfilling in such circumstances unlike traditionally craft-based production, such as pottery or jewellery manufacture.

A further obstacle to capital investment which Jay has identified is the possibility that cooperative members' concern with income maximization may lead to a temptation to distribute surplus in favour of the individual workers at the expense of long-term investment. However, private companies face similar conflicting claims between the need for re-investment and the payment of dividends to shareholders. For most small businesses and cooperatives in particular, the problem lies in lack of access to sufficient cheap finance no matter how committed, hard working and flexible the workforce.

Efficiency: The need for redefinition

Productive efficiency as defined earlier adopts a literally inhuman approach to resources or inputs. But worker cooperatives are founded on a different basis to that of private firms: human labour is not a factor of production on the same basis as any other. Cooperatives can therefore adopt a number of criteria in determining business policy. For example, recruitment in a private firm is likely to be based primarily on a desire to appoint the individual who seems best-qualified to perform the tasks and contribute towards future profitability. A cooperative will also be interested in a candidate's ability to perform the task, but they might be equally concerned with their sympathy to cooperative ideals and suitability for collective working. Commercial performance is therefore less likely to be the major driving force influencing their decision.

In terms of market efficiency, traditionally the crucial factors are maximizing quantity and quality at the lowest price, and this does not always coincide with cooperative objectives. Many are in business precisely because they do not want to exploit other workers and natural resources. They may therefore reject the use of materials or goods from, for example, South Africa. Similarly, it is conceivable that a cooperative engaged in food production might reject the use of chlorofluorocarbons in packaging because of their alleged environmental damage. Custom might be turned away because cooperatives have objections to working with particular firms, groups or individuals. For example, a printing cooperative might refuse to print leaflets for an extreme right-wing organization.

The very ethos of cooperatives as businesses with social objectives inhibits their ability to conform to conventional criteria of rational behaviour in relation to efficiency as conventionally defined. Nevertheless, they must survive and compete with firms which do adopt conventional criteria, although it must be said that the latter do not always strictly adhere to these either. Tomlinson (1982) has argued that we need to recognize the diversity of practices among capitalist firms.

Cooperatives cannot altogether reject and ignore the conventional criteria of efficiency. Instead, they must recognize the floor through which they cannot afford to fall. This means that they must produce goods or a service at a price which people are prepared to pay. Having established this, it is then possible to go on to consider the other criteria which might be applied. The cooperative's efficiency might be evaluated in relation to the wider community: the extent to which it offers work opportunities to people who might otherwise not enjoy them; parents of young children may benefit from a relaxed approach to the presence of children in the workplace or the provision of childcare. In individual terms, flexibility in

hours of work and working practices can enhance individual time management, allowing people to make more efficient use of their time, both within and outside work.

A review of the concept of efficiency in relation to worker cooperatives is clearly necessary. Research into the validity of existing notions and the feasibility of alternatives could prove interesting and useful. In the words of Tomlinson:

> efficiency, we may argue, is like profits, there is no royal road to its achievement, only a set of strategies which may treat it as a differentially calculated objective. (Tomlinson, 1982, p. 139)

Profitability

Jefferis and Thomas have produced a comprehensive analysis of the economic and ideological origins of the notion of profit and the extent to which it is, as conventionally understood, inappropriate to the evaluation of the financial performance of cooperatives (Jefferis and Thomas, 1985). They argue that the surplus accrued within cooperatives is qualitatively different because of the other objectives, such as internal democracy and production for social need, which might be pursued. These 'non-financial' objectives are nevertheless dependent upon the creation of a surplus:

> The desire to pursue various aims is always constrained by the need to survive in the market. The earning of a surplus can be seen as giving the flexibility to pursue these policies. (Jefferis and Thomas, 1985, p. 11)

Value Added Statements are one means by which cooperatives and conventional companies can present financial information in a more comprehensive and accurate manner than that afforded by the presentation of a Revenue Account. The latter is concerned with profit as the means by which the return on investment of capital is measured. Value Added reinterprets the figures to measure the return to the various contributors – capital, management and employees – participating in the business. Jefferis and Thomas point out that value added 'implicitly accepts the market judgement' because it is determined by market prices (Jefferis and Thomas, 1985, p. 16). It cannot interpret in financial terms the value of 'externalities' such as benefit to the local community, or the impact of job rotation and other non-financial objectives which might undermine the level of the final surplus.

Spreckley has suggested a further extension of the analysis of business performance which could be adopted in conjunction with value added measures. In the booklet *Social Audit: A Tool for Co-operative Working*, he argues for a model that:

> is designed for democratic organisations eg worker co-operatives, community co-operatives and collectives who have social as well as commercial objectives, who practice open and honest management, and who want to encourage the fullest participation by its members in the control and running of the organisation. Initially it will be most effective for internal use by the cooperative members in setting and achieving objectives, establishing social norms, justifying commercial [economic] activity, and finally in developing a synthesis of social and economic values. (Spreckley, n.d., p. 36)

It is clear from the above quote that the Social (or Social Enterprise) Audit is applicable only to organizations committed to social objectives and practising democratic control. It is therefore not appropriate to businesses which are cooperative in name only. The Audit includes three separate, but interrelated parts: (i) the internal element, (ii) the external element and (iii) the social objective element.

The internal element Evaluation of the extent to which existing democratic procedures are operating satisfactorily is the main purpose of the internal element. Spreckley recommends that the information obtained via a detailed questionnaire of all members, a method considered preferable to gathering information at meetings where members might feel intimidated or unable to articulate their feelings. The precise content of the questionnaire will depend upon the circumstances of individual cooperatives, but several fundamental categories of question are recommended. These are: decision-making, finance, conditions of employment, job design and control. Using the information gathered from the questionnaire, an independent assessor could evaluate and review the policies and procedures relating to the 'humanization' of work and internal democratic methods.

The external element This seeks to develop an understanding of the contribution which the cooperative makes to the community and weigh this against the costs it imposes. Clearly, this is an ambitious and potentially time-consuming exercise requiring a considerable degree of research into, and liaison with, the community.

Initially, information would be gathered concerning employment levels and patterns of employment, particular labour market characteristics and problems, existing levels of pollution and environmental hazards, community needs, etc. The next stage would be to evaluate the cooperative's position in relation to these and to determine the extent to which it affords a benefit or imposes a cost. Through time, as the cooperative's analysis became more sophisticated, it could involve representatives of the community in the research and scrutiny of the audit through the establishment of a joint committee on which representatives of

both would sit. Spreckley concludes that:

> This external element of the social enterprise audit is in the short term going to be less value to the cooperative than the other two elements, but in the long term may prove to be very important in defining social norms and criteria and building up social values on products and services. (Spreckley, n.d.)

The social objective element This is the most open of the three elements, since it is determined largely by the objectives of the cooperators themselves. Spreckley argues that this element is likely to change considerably over time, particularly as the external audit develops and influences social objectives. The suggested model is as follows:

> First, a full statement of the co-operative's social objectives and the priorities attached to specific activities. Second, a description of the co-operative's goals in each priority area and how it proposes to fill them. Thirdly, a statement indicating the resources available for achieving them. Fourthly, a statement of accomplishments and/or progress made in achieving each objective and each goal. (Spreckley, n.d.)

Obviously, some goals are likely to be achievable within a relatively short space of time, others will be long-term. 'Horizon planning' is therefore suggested, whereby goals are allocated a specific time period, say 6 months or 2 years. Different 'horizons' should be reviewed at regular meetings where progress to date and obstacles to achievement can be discussed and reviewed. Combining the three elements into the Social Enterprise Audit requires time and commitment, but allows a picture of a cooperative's 'social viability' to emerge. This could then be presented, along with a financial audit, as a more realistic and accurate reflection of overall performance.

5: Worker Cooperatives: The Inside Story

While the success of a cooperative may be measured in strictly commercial terms, or in terms of some form of social audit, it is also fundamentally important to judge its success at the level of internal organization. Externally measured success must also take account of the experience of the cooperators themselves. This is particularly true for cooperatives formed specifically to allow their members access to work and the market. Members of job creation cooperatives tend not to have the 'ideological protection' available to the alternative cooperators. Their expectations of the cooperative working experience are often very high but they have very little or no background in the movement on which to build. Much of the discussion in this Chapter is based on the experience of these cooperatives. In particular we draw on our own studies of textile, building and other cooperatives.

Cooperatives as democracies of producers

Although no cooperative is likely to survive unless it can remain commercially viable, the fundamental principles of cooperation require the satisfaction of other criteria. These relate to the operation of a meaningful degree of democracy based on the principle of 'one person, one vote'. The fundamental issue is that of *control*, which ultimately rests with the equal voting power of the membership as a whole. In this chapter, we consider how cooperatives attempt to translate democratic theory into practice. To do this we examine the operation of democratic structures and how they accommodate leadership roles and channel conflict. Previous work and social experience emerge as significant influences, as do the nature of the cooperative's market sector and the individual characteristics of the cooperators.

Sources of authority

According to ICOM's model rule ten, every cooperative must have a general committee of up to 19 members. Since most British cooperatives have less than 20 members, it is possible for them all to belong to it, although it might be decided that a smaller number (but no less than 5) is appropriate. The general committee is the effective decision-making authority, accountable to, and elected by, the annual general meeting of all members. Direct democracy involving the participation of all members will, therefore, be an option in the smaller cooperatives, but not those with 20 or more members.

Responsibility for day-to-day decision-making will largely be determined by the cooperative's organizational structure and whether or not it decides to appoint individuals as administrators or managers. As the crucial factor is that of control, it could be argued that there is no hypocrisy in the appointment of a manager as long as she or he remains accountable to the workforce. Indeed, larger cooperatives such as Scott-Bader or the Mondragon group rest on systems of representative democracy.

Berry and Roberts stress that any authority vested in individuals and managers is *delegated* responsibility and accountability must be ensured at all times. They argue that the term 'coordinator' is probably more accurate than the manager, and list the functions of the postholder as follows:

> making sure that decisions taken at the co-op's meetings are carried out
> reporting back to the co-op on recent performance
> taking decisions independently within an agreed policy framework
> ensuring the commercial success of the co-op (Berry and Roberts, 1984, p. 25)

In theory, therefore, the full members' meeting remains the ultimate source of authority. Where a general committee has been elected, the latter is vested with the power to reach decisions in accordance with members' interests. Any individual allocated specific responsibilities remains accountable to the membership. Lines of authority and responsibility might seem quite clear, but as is so often the case, translating theory into successful practice is fraught with difficulties. Not least of these can be a dearth of relevant training and experience in participatory decision-making (Mellor and Stirling 1983).

Training for participation

Various studies of decision-making at work and in society have concluded that early life experiences do not leave people well-equipped to participate. Although societies like Britain and the United States refer to

themselves as 'democracies', there is little training in, or opportunities for, effective participation. In the words of Gamson and Levin:

> Major agencies such as families, churches, and schools, as well as workplaces, tend to be organised along hierarchical and, often, authoritarian lines. Even those political institutions that are based upon democratic precepts tend to practice representative rather than participative democracy – that is, with chosen or elected representatives making the decisions. (Gamson and Levin, 1984, p. 231)

Training in the conduct of meetings would seem a logical priority in any training programme for prospective cooperatives and this is indicated by case studies that reveal weaknesses in this area (Emerson, 1982; Tynan, 1980). Our own research suggests that, before trading, founder members do not identify meetings or decision-making as potential problems and tend to be preoccupied with 'the business side of things'. By the time problems with meetings arise, the cooperators are often unwilling to sacrifice valuable 'productive' time for training. If personality clashes are involved, there is the temptation to ignore the problem and hope it will just go away. Confronting and handling conflict can be a major problem. Unlike in a conventional business, there is unlikely to be one individual with ultimate authority to assume responsibility for difficult decisions and act as a focal point for workers' discontent.

Confronting and handling conflict

It might seem that, by implication, worker cooperatives could be expected to exhibit high degrees of cooperation among the workforce. It has been argued, however, that the potential for conflict within cooperatives is actually higher than in conventional companies. (Paton, 1978; Cornforth, 1982; Jackall, 1984) Precisely because cooperatives do present the possibility of greater freedom of expression and participation in decision-making, debate and dissent might be high. Gamson and Levin point out that such conflict is actually an integral part of the democratic decision-making process; the challenge lies in ensuring that it is channelled in a constructive manner (Gamson and Levin, 1984). Most importantly, it should be allowed expression and not suppressed. If the latter is allowed to happen, it is likely to erupt eventually in a most destructive manner:

> the suppression of disagreements will build up pressure in the group until a major conflict erupts. Often this conflict will take on a highly personal and destructive form or waste energies by making much ado about an apparently unimportant issue which has only symbolic significance. If these eruptions are frequent and emotional, they take their toll on the organisation. Some workers resign, others withdraw

> much of their involvement and the cycle begins anew. (Gamson and Levin, 1984, p. 236)

The findings of our own studies echo these conclusions. Participants' inability or unwillingness to confront and handle conflict in a constructive manner was largely attributable to the following factors:

(i) lack of familiarity and experience in 'constructive criticism',
(ii) inexperience in the conduct of, and unwillingness to participate in, meetings, and
(iii) the development of perceived 'cliques'.

Ignoring the presence of latent and overt conflict does not make it disappear. Common consequences were those expressed by Gamson and Levin, but there is also another manifestation: a tendency to restrict criticism to those who seem best equipped to take it. These were often the people who carry responsibilities within the cooperative and, not surprisingly, this fuels resentment and creates an unwillingness to assume such positions. Unfamiliarity with the organization of meetings and 'speaking up' in front of others were quoted as problematic by many of the participants in our studies as most had had little prior experience of participation in decision-making. The following quote was a common one: 'At first it was hell. We hadn't had meetings anywhere else and didn't know what to do.'

Cooperative development workers often attend the meetings of relatively new cooperatives and provide a ready source of reference as to their etiquette and conduct. If they are identified by all participants as a neutral professional, they can play a useful role in defusing tension. There is, however, a danger that the cooperatives develop a dependency on their role as referee thus stifling self-sufficiency. In one example where the CDA officer had regularly attended meetings, but was trying to gradually withdraw, his absence often heralded quite spectacular rows and traumatic scenes. Participants in the meetings later identified their own inability to give and take criticism as a major problem.

> The most difficult problem which people are having to face is giving and taking criticism. You have to be able to back down if you think it is for the good of the company to do so. But some people's pride won't let them do that.

The life experience of many members of the new cooperatives had effectively led them to believe that 'constructive criticism' was a contradiction in terms. Overcoming a lifetime of social conditioning can be a painful and lengthy process. Learning to distinguish between personal criticism and genuine attempts to offer ideas and advice was problematic and inhibiting to debate and suggestions:

> At the beginning there were just some things that I felt I just couldn't say at meetings because I didn't know how people would take it. Now there are many of those things I will say. But if I think I'm going to hurt someone's feelings I *still* don't say it.

The sentiments expressed are symptomatic of a general trend towards the expression of criticism being limited to those who 'knew how to take it'. Those who reacted with strong emotion or anger, therefore, became largely exempt from criticism by their colleagues. One member with responsibility for quality control told us that there were certain people to whom she would not pass work back. Several resigned from positions of responsibility such as making up the wages because they could no longer accept being singled out for criticism.

One woman left a cooperative after the first 2 months because she couldn't take any more of the meetings. Although this woman was unusually shy and nervous, her case nevertheless raises important questions. There is perhaps excessive optimism about the ability of people to develop the social skills necessary for effective participation in decision-making. Enthusiasts for cooperation are often professionals, with experience of higher education and everyday work situations conducive to the development of those skills, who argue in favour of their extension to other situations. Only in a few cases will working class people have such experience, usually through their involvement in the trade union movement. On our evidence a tremendous amount of training and support to nurture the process is needed to ensure that it is not counterproductive. It is essential that these foundations are present before building the structure.

The conduct of meetings

Successful meetings are fundamental to the democratic health of a cooperative. It is the forum in which ideas can be discussed, grievances aired and plans made collectively. But the necessity of regular, well-structured meetings is not always immediately obvious to those in the process of establishing a cooperative. We found some cooperatives which did not hold regular meetings, but only met when 'something turns up'. It is also common for meetings to be held outside working (and paid) hours and this can act as a disincentive to attendance.

If meetings are to be successful and fulfil their democratic function, their necessity must be recognized and adequate time allocated, preferably during working hours or breaks. Practical steps can be taken to ensure that meetings are held at convenient times and are well-structured. A chairperson will need to be elected or a rota compiled to allow that person time to plan ahead. Similarly, the agenda should be prepared in advance of the meeting. Some cooperatives have agenda books or a noticeboard for

the suggestion of items. The chair can review those items before the meeting and consider how best to approach the discussion and decision-making. If the chair is not decided in advance, it is likely that one of the most experienced people will perform the role, thus denying the opportunity to the less experienced. It would be wrong, however, to throw the latter in at the deep end when they have had no time to prepare. Delays in the commencement of meetings are also likely to occur as nobody feels that it is their responsibility to initiate the process. In addition to wasting time, this can adversely affect the 'mood' of the meeting and undermine its status. Some cooperatives appoint sub-groups to look into specific issues and report back with recommendations to the full meeting. The latter retains its decision-making power, but valuable time is saved.

Various options are available in deciding *how* to decide. These range from *autocratic*, where authority rests with one individual to *consensus*, where unanimous agreement must be reached. While the latter might seem ideal if it can be achieved, it also has some disadvantages – e.g. although it might engender greater commitment, it can be time-consuming. Furthermore, it allows individuals to block group progress, encouraging the latter to settle for the 'lowest common denominator' (Brandow and McDonnell, 1981, p. 23). Some cooperatives try to achieve consensus in decision-making, but if it is apparent that it is not going to work on any issue then voting procedures are instituted. A simple majority might be required on some issues, but a higher figure on other, more serious points. Some cooperatives, therefore, do not have one system of decision-making, but a variety of options from which they choose to suit the situation.

Leadership in cooperatives

Ambivalent attitudes towards leadership in cooperatives was, we found, fuelling conflict. Invariably, one or a few individuals were deferred to for guidance and leadership, but those deferring often held confused attitudes towards the legitimacy of the role they actively perpetuated. Refusal to recognize the validity of what are effectively leadership roles does not, however, eliminate their existence. Cooperatives with no official figureheads can nevertheless find that leaders emerge to assume a disproportionate level of influence. This can be fuelled by their knowledge and access to information or specialist skills. Alternatively, it could be a product of their charisma or leadership qualities. We have found examples of both in cooperatives where there was no appointed manager or overall coordinator, but individuals assumed responsibility for specific functions:

> I know it shouldn't happen, but I tend to know everything that is going on here – I suppose it's because of the jobs I do and because I make a point of knowing. At meetings, people tend to take a lead

from me . . .

I find myself trying to jolly everyone along, always smiling when underneath I'm ready to burst.

In both of the above examples, the individuals involved faced an unenviable situation. For the sake of both commercial viability and workplace morale, they needed to maintain their roles. At the same time, however, both were aware of, and sensitive to, accusations of dominance and 'getting too big for their boots'. In the first example, this was prompted by the members' superior knowledge, but the second is altogether more complex. Cliques were emerging within the workplace and the woman concerned tried to avoid being identified with any, but increasingly found her neutrality being viewed with suspicion and mistrust from all sides. Yet she was still recognized as the only member not identified with any clique. If the latter became involved in disputes at meetings, each side would attempt to secure her support in an effort to confer legitimacy to their cause. Conflict and its resolution was complicated in this cooperative by its decreasing membership as disillusioned workers left altogether or simply resigned their membership. New recruits proved unwilling to join and *members'* control became concentrated in fewer and fewer hands.

Membership policy

An important measure of participation is the membership policy of the cooperative. A high level of non-membership can shift control to a small proportion of the cooperative workforce as suggested by the Webb's classic degeneration thesis. The importance of membership is reflected in the approach adopted in some European countries. In France, all workers have a right to become members after 1 year's employment, and a cooperative must have 50 per cent membership. In Mondragon, all workers must become cooperative members, while in Italy, the number of members must be equal to or greater than the number of non-members. A cooperative must also have 25 members to tender for public contracts, of whom 88 per cent must be engaged in productive work.

No such legal framework exists in Britain, and the approach to membership is consequently considerably more *ad hoc*. Before being admitted to membership, new recruits will be expected to work for a stipulated period of, typically, between 6 and 12 months. Referred to as the probationary period, this is the time when both the cooperative and the recruit are on trial. Both will evaluate their compatibility to work together and, if the candidate is still interested and feels ready to join, the members' meeting will take a decision on their acceptance. Three options are open to the meeting: accept, reject or delay the decision until an

extended probationary period is served. The latter option can be chosen when the membership is still not totally convinced about the readiness of the candidate. They might believe that the person concerned has the potential to become a valuable cooperative member, but has not yet reached that stage. From our own experience, reasons for the latter can vary enormously and cover anything from quality of work to attitudes on issues such as sexism.

According to both ICA and ICOM rules, membership is not compulsory, but it is commonly recognized that the highest possible ratio of members to non-members is desirable for the achievement of a genuinely democratic workplace. It has been argued that, since some recruits may require a period of socialization before being ready to participate, membership on a voluntary basis is more likely to foster genuine commitment (Wright, 1979, pp. 54–5). Probationary periods are, however, designed to serve this purpose and, as we have seen, can be extended by either party with mutual consent. During our own research, we discovered one cooperative where the issue was being used for bargaining purposes. When outvoted on a contentious issue, disgruntled members would resign from membership, but not their employment. An ever-decreasing number of committed members were left shouldering responsibility with the ex-members adopting an adversarial approach towards their 'bosses'. Adopting a political analogy, resigning from the government was seen to allow greater freedom on the backbenches.

Although membership is not compulsory, ICA and ICOM rules nevertheless stipulate that it should be an option open to all on a non-discriminatory basis. Our own research revealed that this basic rule was not always being applied. In one example, the local CDA had informed the founders that future recruits should be hired as probationary members rather than employees, but this was rejected. Equality in terms of wages paid was acceptable, but it was argued that newcomers should not have a share in the control of a business which the founders had struggled to establish. Several founders were the sole members of another cooperative we studied, the other workers interviewed reporting that membership had never been explained or offered to them. A manager was employed to make the decisions and the infrequent meetings were for information rather than consultative or decision-making. Not surprisingly, the workforce reported little difference between working there and in previous conventional workplaces.

Since membership of a cooperative is not compulsory, the question of what is an acceptable ratio of non-members to members is open to interpretation. In the absence of a legal requirement, the Registrar of Friendly Societies does not scrutinize returns to ensure that cooperatives are still deserving of their status. It must be borne in mind, however, that the essence of cooperation lies in workers exercising control over their

work environment. This is unlikely to be achieved in a cooperative in which few workers are members. In much of the existing cooperative literature, cooperatives are defined as workplaces owned and controlled by those working within them. This definition either takes membership for granted or sidesteps the issue of *members* or *workers* control. Yet the issue is patently fundamental to the distinction between cooperatives and conventional workplaces. Without at least the possibility of participating in decision-making, it could be argued that the differences are negligible. Membership density is an important factor determining the method of organization adopted in terms of both policy-making structures and the vexed question of management.

Management

The term management often inspires hostility among alternative cooperators because of its capitalist and hierarchical connotations, while job creation cooperators can be either contemptuous or in awe of it. No organization can ignore the issue, and cooperatives have to bear in mind that they cannot afford to be anti-management, but rather attempt to practise self-management. In a conventional large firm, there will be a recognized vertical power hierarchy representing management at its various levels. There will also be a horizontal specialization of work roles among managers (Farnham and Pimlott, 1986, p. 141). The latter will have responsibility for distinct areas such as finance, personnel or exports. It is therefore possible to identify two functions of management: the exercise of authority and control on the vertical side and the execution of specific tasks on the horizontal. The two functions are, however, interrelated because the degree of authority possessed at work is closely allied with the nature of the work performed. The latter determines the nature of the skills and knowledge acquired within the workplace and this can be a crucial factor in participating in cooperative decision-making.

For cooperatives it is useful to break down the different functions of management under the following headings:

Administration	Human resource management
Forward planning and marketing	Recruitment
External relations	Production and supervision
Routine administration	Discipline and dismissal
Financial control	

The items on the left largely correspond with the horizontal line of

management, whereas those on the right are largely the preserve of the vertical. For many small businesses, as well as cooperatives, these lines of organization and authority become blurred and a range of tasks with considerable power can reside in a single individual. In a small business this is likely to derive from ownership, but in a cooperative ownership is nominal and dispersed. There is then no natural focus of authority, and conflict is often generated about the distribution of both power and work tasks. Some cooperatives, as in Mondragon, appoint managers or small management committees and vest them with decision-making authority, although they remain accountable to the whole workforce. Further problems are generated by the lack of management skills which is a common characteristic of many cooperators.

The cooperators might choose to arrange for the training of their own members in the necessary skills or they might decide to buy in the expertise from outside. CSOs often act in the latter capacity, with the officer performing the work while at the same time passing on the skills to the workforce.

Forward planning and marketing

The extent to which a cooperative can engage in any meaningful degree of forward planning will be affected by several factors: market sector, financial security, skills availability and, not least, identification of forward planning as a useful activity. All are interwoven, as the following example of the experience of a small clothing cooperative illustrates.

The Annette Styles cooperative employed about 20 people and operated in the notoriously insecure cut, make and trim sector of the clothing industry. This meant that they produced work under contract to other firms, who supplied the materials which they made up. Obviously, firms in this sector prefer the more stable long-runs to one-off, short orders, but many are simply forced to take what is available. Launching into own-label products is a common ambition, but extremely difficult in view of the fact that it requires large capital investment and specialist skills. Lacking in both these respects, Annette Styles nevertheless continued to harbour the ambition of producing their own product. The extent to which a hand-to-mouth existence could be ameliorated by long-term planning is clearly restricted, as in any other small clothing company, by the uncertainty of the market, frequent changes in fashion and seasonal fluctuations. Decisions about chasing orders had nevertheless to be made and Annette Styles had to decide which customers to approach and which to avoid. In a conventional company, this would be the responsibility of a manager – Annette Styles adopted a more *ad hoc* approach.

A (male) administrator was appointed to act as overall coordinator of

the every day affairs of the cooperative and execute the policy-decisions reached by the membership. Although a capable administrator, he had no previous experience of the clothing trade and lacked specialist skills needed for negotiating orders. In the early days especially, Annette Styles would wait until work had virtually run out before searching for new orders. This approach was largely attributable to their difficulty in initiating tenders for contracts caused by inexperience in pricing as well as the time pressure of completing their current order. Instead, they waited to be offered a contract and price rather than negotiating one themselves. It is interesting to note that advice on pricing was occasionally sought from the local officer of the Tailor and Garment Workers Union (NUTGW). Local CDA officers while able to offer general advice also did not have expertise in pricing in such a specific market area.

Clearly, the experience of cooperatives must be viewed against that of conventional firms operating in the same market. It must be concluded, however, that in sectors such as clothing, characterized by uncertainty and marginality, cooperatives have little scope for marketing and forward planning. Federations or collective marketing strategies might seem attractive, but can prove difficult to organize. Other, more stable, market sectors might provide at least the potential for effective marketing and forward planning, but a willingness to recognize its desirability and the skills to carry it out would still be required.

External relations

Every business must liaise and negotiate with a variety of outside bodies. In a conventional firm, the responsibility for this task will vary, according to the nature of the issue, from senior management level down to clerical workers. If, like the majority of cooperatives, the firm is very small, responsibility is likely to lie with one person, usually the owner-manager. In the cooperative, much will depend on the appointment or otherwise of an administrator, or whether the tasks are divided up between the workforce, or simply executed on an *ad hoc* basis. Also significant will be the extent of involvement of a CDA, as this is an area in which there is likely to be much pressure from both within and outside the cooperative, for continued help and support.

Our research indicates that it is unusual for CDA workers to withdraw their services all at once. Instead, the responsibility will be handed over gradually as members learn from the development worker and acquire confidence in their own capabilities. Thus, the cooperative membership will 'colonize' tasks over time. Customers and other bodies dealing with the cooperative often demand a degree of consistency in the personnel with whom they communicate. This can undermine efforts at job rotation, but can also fuel allegations that individuals are establishing empires and

'cushy' jobs for themselves. Visiting customers and other external visits can be a time-consuming exercise. In one cooperative, a member, having been asked by her fellow members to visit the bank, found herself in a 'drag' (pile up of work) on her return when another member refused to cover for her. Suspicion and hostility can therefore be aroused by the need to liaise with external bodies, a situation which would appear to be commonly repeated with the issue of routine administration.

Routine administration

It might seem incongruous for us to include routine clerical work as a function of management. Our research shows, however, that cooperatives have a tendency to consider all non-productive work in a very ambivalent fashion. It is considered difficult, but privileged at the same time. Eirlys Tyan (n.d), in her case study of a building cooperative, refers to the inability of the workforce to credit management with legitimate function and recounts how non-producers were asked to justify their time and explain their functions at the general meeting. Significantly, she goes on to note that 'explanations were required when morale was low'. This correlation between general levels of morale and the perceived legitimacy of non-productive tasks echoes our own findings. Cooperators whose previous work experience was low-status and manual were found to be particularly suspicious of the necessity and value of time spent on routine administration. Alternative and conversion cooperatives do not, however, entirely escape this phenomenon as Oliver (1984) has noted.

It must be borne in mind, however, that the ambivalence displayed is no different to that of many shop-floor workers' attitude towards management in conventional firms. Until administrative work becomes legitimate in the eyes of the members, those carrying out these tasks will continue to be accused of not pulling their weight. In an effort to avoid allegations of the latter, we found people in job creation cooperatives taking correspondence and other administration home or working during breaks. Resolution of this legitimacy crisis might be achieved by regular rotation of the office tasks. Clearly, this would involve a significant investment of time and effort in training people, but the benefits could be substantial. Although accorded a higher status than routine administration, we found that legitimacy was also a problem for those dealing with finance and accounts.

Financial control

Financial management is an area in which cooperators are at least experienced through the administration of their own personal and household finances. Accountancy, nevertheless, remains a particularly mystifying subject and we found that 'doing the books' was one of the most

envied, but feared, jobs in all the cooperatives. In common with other tasks of routine administration, it was considered difficult, but privileged, because it took people out of production line work.

Fundamental attitudes towards money, particularly borrowing, can also prove problematic in some cooperatives. Unlike most of the business world which seeks to maximize its use of credit, there is evidence that working class cooperatives can be fearful of debt. Its stigma is buried deep in working class culture. One cooperative, realizing that it was no longer viable, was primarily concerned with paying off all creditors: 'We wouldn't have it said that co-operatives run up debts and then didn't pay them' (Webster, 1984). Our research shows that this is a common sentiment and working class cooperators might seek to minimize their credit, even when it would make good business sense not to. We found members unwilling to make a purchase on credit, preferring instead to save and then buy the item outright. This attitude was a direct transplant of their own preferences in making household purchases. Distrust of debt was also found to be influenced by members' perceptions of their responsibility to the local community. Many cooperatives received grants and loans from local authorities and we found that members believed that they owed it to the local community to spend money wisely.

People cannot participate in financial management unless they understand it. A degree of job rotation would also be desirable and, indeed, could prove invaluable in tackling most of the issues raised in this section relating to management tasks.

Assuming that the skills necessary for administering the business already exist within the cooperative, job rotation presents a useful means of increasing job satisfaction, reducing reliance on a few individuals and enhancing the democratic process.

Job rotation

Job rotation allows cooperators a degree of variety in their work, alleviating boredom and presenting an opportunity to acquire a number of skills. While there can be significant advantages for the individual, it is also argued that the cooperative as a democratic institution will benefit. The workforce will develop knowledge and confidence in the operation of the business as a whole, not just one area. This acts as a safeguard against the development of unofficial hierarchies of power based on knowledge and access to information. At the same time, it encourages greater participation in decision-making because cooperators feel more confident of the relevance of their contribution and are less likely to defer to perceived experts. Therefore, it could be argued that job rotation offers significant scope in the democratization of work and the demystification of tasks associated with management.

There are, however, obvious limitations to the practice. The United States has a number of cooperatively organized medical centres, but legally only doctors can perform the work of doctors. Britain has a growing number of professional cooperatives in areas such as computer software and architecture. Clearly, very specialist skills require years of academic and practical experience. There might be others in the cooperative performing other tasks, but unable to contribute towards the workload or responsibilities of the qualified professionals. More commonly, if someone is unable to drive then they can't deliver the cooperative's goods. If they have no aptitude or interest in learning, there might seem little point in forcing the issue. Rob Paton has noted that job rotation can present problems of efficiency:

> First, there is the danger that everyone does everything badly – or at least laboriously. By rotating people quickly through routine tasks, one removes a major incentive for people to develop the short cuts, dexterity and carefully arranged methods whereby those lumbered with such jobs permanently are able to keep one jump ahead of management. Secondly, it may be that such an organisation constitutes the worst possible arrangements as far as the introduction of changes are concerned; no-one has specific responsibility, but everyone is affected and must agree. (Paton, 1978, p. 47)

While there may be some truth in these points, it might be a relatively reasonable price for cooperatives, particularly those with acute legitimacy crises, to pay. The latter, however, can be symptomatic of a pervasive, deeper malaise lying at the heart of the cooperative's democratic structures, as the following discussion of the vertical tasks of human resource management reveal. A special blend of required skills and sympathetic personalities is important to both commercial and democratic success and the issue of recruitment is a crucial one.

Recruitment

Like any other commercial organization, cooperatives are faced with choices about recruitment policy at the beginning of their life and throughout their existence. Inability or unwillingness to develop a coherent strategy could prove extremely damaging. A balance must be struck between founders and recruits and between existing skills and the availability of training; in the absence of such a balance, the business is likely to encounter commercial problems. At the same time, all recruits should be sympathetic to the organizational objectives, otherwise any existing democratic and participatory structures could be threatened.

The circumstances in which the organization is established will

determine the founding personnel and, in turn, the approach towards future recruitment that is likely to be adopted. Founder members are motivated by a variety of different objectives, but the desire to create employment will be common to all. Many will be inspired by a commitment to the establishment of an egalitarian and democratic workplace distinguishable from conventional private enterprise. Others will be motivated primarily by the need to create jobs in the absence of conventionally-provided alternatives. Phoenix or rescue cooperatives provide the most stark example, and since very few manage to retain employment for all of the previous workforce, they are immediately faced with the difficult issue of selection. At the same time, workers with skills which are in high demand might find alternative employment, leaving the potential cooperative with a skills shortage in some areas and gluts in others:

> It became obvious at our first meeting that the skills of our members did not exactly correspond with those needed in the proposed co-operative. (Webster, 1984, p. 15)

Another powerful magnet drawing the unemployed or those in insecure employment together can be access to financial resources for investment in the creation of their own jobs. Not all job creation cooperatives are founded by people with money to invest, but those which are, tend to find it less difficult to raise further money when some already exists. Again, the obstacle of a skills mismatch is a danger. Participants might possess skills which are outdated and unlikely to form the basis of a commercially viable enterprise. In our own research, investment by founders with their own (usually redundancy) money can foster hostility towards colleagues unable or unwilling to do the same. The ability of members to buy influence is forbidden in ICOM rules, but this does not necessarily work in practice as fellow members may defer to the financiers while the latter may engage in subtle or overt moral blackmail. In one small property maintenance cooperative we studied, a member informed us that he hoped to pass the cooperative on to his children. His redundancy money was invested and he wanted his own family to benefit. Neither of his two colleagues had children, so he did not see that there would be any problem or alternative claims on the cooperative's future.

Founder members of alternative cooperatives tend to be well-educated, ideologically motivated and exhibit a high degree of commitment to shared goals. Rothschild-Whitt (1983) has argued that by virtue of their oppositional services and values, it is easier for the members of an alternative institution, producing different goods or services, to maintain their resistance to conventional forms of organization. Alternative cooperatives tend to place considerable emphasis upon recruits' willingness and aptitude for collective working. Since their

members tend to identify with, and socialize in, like-minded 'counter-cultural' circles, a potential membership pool is readily identifiable. In effect, a seperate or segmented labour market operates through the informal networks and channels of communication shared by supporters of the alternative culture.

By the time a conversion or endowed cooperative becomes transferred, it already has an established workforce which is the basis of the membership. Problems of skills mismatch are therefore avoided, but the imposition of democratic structures upon a workforce which has not necessarily lobbied for their introduction might not be conducive to high degrees of participation. In his study of Fairblow Dynamics, Paton notes that:

> The generously paternalistic policies of the company would appear to a substantial extent, to have attracted employees with, or encouraged in employees, a somewhat "deferential" attitude towards management. (Paton, 1978, p. 65)

He goes on to note that 'common ownership itself was not seen as an important factor in job satisfaction (ibid., p. 70). Few phoenix cooperatives have existed long enough or expanded sufficiently to increase their workforce and in our experience of one which has, its recruitment policy has proved haphazard. It was a clothing factory, with a strong commitment to the local community, which provided moral and financial support when the old employer pulled out. Committed to providing jobs for local people, it advertised all posts locally, even if members of the existing workforce had suggested friends or relatives. It tried to be scrupulously fair in its recruitment procedures and not provide 'jobs for the girls'.

In his study of Neighbourhood Textiles, Tony Emerson (1982) discusses recruitment and suggests that inept procedures allied with a shortage of suitably skilled local applicants resulted in the cooperative's inability to acquire the necessary personnel. Interviews failed to evaluate the degree of suitability of candidates in terms of both manual skills and willingness to work cooperatively. A coherent recruitment strategy and interviewing policy was never formulated and was undoubtedly a major contributing factor in the factory's failure. It is clear that recognizing the need for a planned recruitment strategy is fundamental and this cannot be taken for granted. We have already discussed how fear of conflict can stifle debate. If a subject is identified as a potentially divisive one, it might seem preferable to avoid it for as long as possible. This is also a potential danger in tackling issues of members' attitudes, work performance and discipline.

Production and supervision

Like other forms of business, cooperatives must ensure that their product or service is delivered on time and at the right quality. How this process is executed will vary and is likely to be determined by the appointment or otherwise of a manager and the practice of job rotation. As we have seen, the potential for the latter will vary according to the nature of the product or service. If this lends itself easily to flexibility and the interchangeability of tasks, rotas could be drawn up as required. In circumstances where job rotation cannot, or is not, being implemented in any meaningful way, individuals will continue to carry out more or less the same work. In a conventional firm, there will be an identifiable boss or supervisor with responsibility for ensuring that production targets are achieved and that the work produced is of an acceptable standard. A cooperative might recognize this as a necessary function and allocate responsibility on either a permanent or rotating basis. Again, the issue would seem to be significantly determined by size with large cooperatives like the (now defunct) Sunderlandia building cooperative and Scott-Bader chemicals plant concluding that quality control and supervisory posts are essential. Smaller cooperatives would appear to exhibit a mixed response which would seem largely attributable to their market sector. It is also easier to monitor output and quality in a producer cooperative compared to one where a service is being provided. Wholefood cooperatives tend not to opt for a distinct and separate supervisory and quality control function, whereas the clothing cooperatives do.

In one clothing cooperative it had been decided not to appoint a supervisor in order to avoid creating hierarchies of authority so, instead, they gave one member responsibility for quality control. It was her job to return unsatisfactory garments to the appropriate person on the line and, in effect, she was performing the role of supervisor. Initially, she took her job very seriously and, after careful inspection, would occasionally pass garments back. Gradually, however, she became wary of passing back to some of the more short-tempered machinists because of their hostile reaction. Instead, she let their garments through in the knowledge that they would be rejected by customers. Although this was clearly bad for the cooperative's image, it meant that she was no longer the direct focus of the machinists' indignation. Quality control can be a particularly sensitive area because it gives individuals the power to criticize others' work. We have already discussed how problematic the giving and taking of constructive criticism can be in meetings and the same can be true when carrying out the work itself. Side-stepping the issue does not, however, make it go away and, if not confronted, it can have severe implications for the cooperative's commercial viability.

It is generally assumed that the workforce of a cooperative is likely to be

more motivated than that of private firms, although studies of cooperative worker attitudes are not conclusive on this point (Oliver, 1986). More conclusive is the evidence that cooperatives typically enjoy a honeymoon period in their initial stages, exhibiting a degree of excitement and enthusiasm which fades over time. (Wajcman, 1983; Tynan, 1980; Bate and Carter, 1986). This is perhaps inevitable and does not in itself cast doubts upon the satisfaction of cooperative working. It would be wrong to assume that the absence of direct supervision inevitably fosters anarchy and there are accounts of how cooperative workers police one another. One member told us:

> we don't have a boss here, but at the same time everybody is watching each other so you have to be careful about what you are doing.

Another example of the exercise of subtle, but pervasive pressure was that of a woman who explained the difference between 'nipping off for a smoke' in her previous factory to the same in the cooperative. In the former, her workmates would think 'why not?'. If you can escape the supervisor's attention for a few minutes, then good luck to you, but in the cooperative, the others felt that you were cheating them personally. These examples were offered during honeymoon periods at a time when the degree of identification by members with, and commitment to, the cooperative was high. Several months later, the situation had altered significantly and the declining number of members decided that the appointment of a supervisor was necessary to ensure commercial viability. Individual self-motivated performance is closely allied with identification and loyalty to the cooperative. Judy Wajcman reinforces this point with an example from Fakenham where a member had been systematically robbing the cooperative for months by claiming to have worked 2 hours more than she really had. When those responsible for making up the wages realized this and confronted her, she claimed that it was an innocent oversight on her part. However, 'a few minutes later, the woman goes over to her friend and says: "What do you think, they've caught up with me at last. Bugger!"' (Wajcman, 1983, p. 83).

The woman concerned clearly lacked a sense of commitment and responsibility towards the cooperative: she perceived workplace interests to be divided on the basis of 'them and us', in a way no different to a conventional firm. While such attitudes are commonly assumed to be the basis of industrial relations in traditional workplaces, cooperatives are not expected to exhibit similar adversarial roles (Jay, 1980; Bradley and Gelb, 1983). It is therefore assumed that there exists:

> A common set of norms, values, and expectations about organisational functions and operations that are accepted by all or most of the members of that organisation. (Gamson and Levin, 1984, p. 223)

Deficiencies in such a social contract will hinder the resolution of all types of conflict and confronting disciplinary problems is no exception.

Discipline and dismissal

In a conventional workplace, disciplinary proceedings are likely to be initiated by a supervisor or manager and handled according to established procedures. The Advisory Conciliation and Arbitration Service (ACAS) offers guidelines to both small and large companies on the establishment of such procedures, and stresses that disciplinary action should not be merely punitive in intent: offenders ought to be given an opportunity to improve their conduct. Both management and workers should act reasonably and the right to appeal against a contested outcome be made available.

The ACAS code is devised with the conventional workplace in mind and, in this context, its recommendations might appear fair and practical. For the worker cooperative, however, there are practical problems associated with its implementation. From the beginning, it can be difficult to persuade cooperators of the importance of clear, written discipline policies and procedures. There can exist a naive faith in everybody's ability to get on well together, but there is also a fear that an acknowledgement of the possibility of future disputes is an admission of bad faith in one's fellow cooperators. Legally, cooperatives have no special status in relation to their disciplinary and dismissal procedures and should follow ACAS guidelines to protect themselves from unfair dismissal claims. Failure to do so could cost the cooperative heavily in terms of reputation, finance and morale. Eirlys Tynan recounts the case of a plumber at Sunderlandia who was sacked for misconduct:

> The board was apparently reluctant to sack White in a way that would prevent his claiming state benefit, on the grounds of bad timekeeping for instance, and so he was summarily dismissed. What emerged was that he sued for unfair dismissal, none of the . . . members would speak against his character (at the tribunal) and the firm was obliged to pay compensation. (Tynan, 1980, p. 35)

In contrast with Sunderlandia, the main consideration of a conventional company would be how to sack workers in such a way that they couldn't claim unfair dismissal. Sunderlandia were aware of the requirements of the ACAS code, but had chosen to ignore it. There are particular problems in applying disciplinary procedures in a cooperative environment. There is the fundamental problem of coaxing members to agree to formal, written grievance and disciplinary procedures in the first place. If cooperatives manage to get this far, it is no guarantee that, in practice, these will then be adhered to when problems arise.

According to the ACAS code, verbal warnings should be given in the first instance when a worker is being disciplined. If the offence is more severe or the unacceptable behaviour continues after a verbal warning, written warnings should be issued. Dismissal should be a last resort if workers make no attempt to improve their conduct and summary dismissal is only justifiable in cases of gross misconduct. Applying the letter of this procedure can be fraught with difficulties for cooperatives for the following reasons.

First, the procedures cannot deal with a personality clash. If people are not communicating, no amount of verbal and written warnings are likely to improve the situation. Instead, other members of the cooperative might try to keep them apart and minimize their need to communicate with each other. This does not, however, solve the problem. The Californian-based Vocations for Social Change Collective recommends occasional weekend retreats where:

> You can combine issues. One such weekend might devote half-a-day to political direction (perhaps with some reading in advance), half-a-day to dealing with interpersonal problems in the group, half-a-day to future concrete planning, and half-a-day to collective sunbathing. (Brandow and McDonnell, 1981, p. 46)

Clearly, the success of such a venture would be limited in all senses by the climate, but many cooperators might be sceptical of its apparent value.

Secondly, cooperative members are both employers and employees. While employers are restricted in their ability to sack employees simply because they do not like them, it is possible for partners in a business to split up because they do not get on. In the latter situation, there is usually a financial settlement. We know of one cooperative which asked a disruptive member to leave with the incentive of a 'handshake', but this raises moral and financial questions.

Thirdly, the ACAS procedure is problematic because discipline in a cooperative tends not, in the first instance, to be carried out by formal procedures as the collective mechanisms of control tend to be more informal. Personal pressure is generally used and a particular look, a sharp tone or a loud remark designed to be overheard is not uncommon. It is only at a relatively late stage that the question of discipline becomes formalized and at this point personal relationships may have deteriorated drastically. In a conventional manager–managed relationship, a verbal warning would be given at a much earlier stage, possibly without a significant level of animosity on either side.

Fourthly, in order for the ACAS code to be followed, each stage would have to be agreed collectively and recorded in the minutes of the cooperative. This presents particular difficulties as minutes should be circulated to all members and put up on a notice board. In our experience,

members whose performance has been adversely commented upon often demand that such a slur on their good name be removed. As it is difficult for fellow cooperators to disagree with this request the 'evidence' of an informal warning is removed. Working very closely with the disciplined person can lead to further difficulties: a boss in a conventional firm who has issued a verbal or written warning will not normally have to work directly alongside the worker under threat. In a cooperative, a great deal of the work, breaks and meetings are likely to be conducted in the company of the threatened person. Again, it would be a very hard group of people who would not either reconcile under such pressure, or break into open hostility. Being a fairly lengthy process, the recommended ACAS procedure would extend hostilities as each stage is passed.

Finally, the ACAS code stipulates that there should be a recognized internal appeals procedure. If a decision has been taken by a general meeting of all members, however, who is there left to appeal to within the cooperative? Perhaps a CSO could offer to listen to appeals, or the cooperative could ask a panel of other trusted persons to arbitrate. The latter option has been chosen by a Scottish cooperative which has a panel of respected ex-members who are called in, in the event of a dispute.

Trade unions and cooperatives

Supporters of the 'worker capitalism' school have argued that the development of cooperatives will undermine the effectiveness of the trade union movement on two fronts (Jay, 1980). First, there will be no role for trade union membership because the traditional representational function is inappropriate in a cooperative. It is often said by cooperators that they see no point in bargaining with themselves. Secondly, and made easier by non-membership of a trade union, the workforce will find it easier to undercut union-negotiated norms on pay and conditions.

The TUC and individual trade unions have begun to consider their position, and an increasing volume of briefings and policy statements are being produced. The definitive TUC statement on cooperatives and trade unions lays down three basic guidelines which should be observed:

(i) all members of worker co-operatives should be members of the appropriate trade union;
(ii) there should be a recognisable, basic trade union structure within the co-operative; and
(iii) co-operatives should observe the appropriate collective bargaining agreements on pay. (TUC, 1985)

However, local full-time officers are often still unclear about what their actual or potential role might be. How can unions realistically maintain

some kind of representational presence within cooperatives? What are the expectations of cooperators who are also trade unionists?

These questions are most clearly answered in a case that occurred in one highly unionized clothing cooperative we studied. Its sole customer, at that time, had been putting the cooperative under pressure to expand and raise output dramatically. Expansion would have meant taking on the responsibility of a larger factory and working compulsory overtime. This triggered a breakdown in the relationship between one of the founder members and the majority of the rest of the cooperative and was compounded by the disappointment of the founder member when she failed to be elected coordinator. The tensions in the cooperative were expressed in very personal terms and relationships in the factory deteriorated into emotional slanging matches. As a consequence, production slumped by 70 per cent, and a price penalty for poor production was imposed by the contracting firm. Bonus payments were lost and even basic wages were threatened; the rest of the cooperative begged the woman concerned to have time off but she refused and it was decided that a vote should be held as to whether she should be suspended or dismissed.

The cooperative had an elected five person Management Committee of which the woman in question had been a member and she had also been appointed shop steward. The remaining members of the Committee checked with ACAS that they had grounds for dismissal and were assured that they had. In a secret ballot of all the members, the majority voted for sacking rather than for suspension. The member concerned had, however, never been given any formal verbal or written warnings that she was under threat of dismissal and she refused to recognize the authority of the Management Committee when she was handed the note terminating her employment. When she left the factory she immediately sought advice from the local union official. As she was the shop steward for the cooperative, there was nobody else in the factory to whom she could refer for advice.

The union official asked that an urgent meeting 'without prejudice' be held at the factory. The sacked member did not attend the meeting although she offered her apologies for any offence that she may have given. The other members, however, were adamant that she should not come back to the factory, even when they were advised by the union official that she would have a strong case at an industrial tribunal. When he suggested that they should suspend her on basic rates rather than sack her, they agreed, but insisted that it should be for 6 months, with a review after 3 months. The members alleged that the union official did not ask for any details of the source of the dispute and a list of members' complaints that had been prepared was not put forward.

As soon as the meeting was over, the members regretted their decision

and felt that they had been steamrollered into changing their minds. They considered withdrawing from the union, but as they were solidly in favour of unions in principle decided to try to join another until they found that TUC rules prevented this. They gradually began to understand that the union official was in a very difficult position, but remained hurt because he did not visit the factory before that crucial meeting to hear their case. They were further displeased with his role, however, when ACAS informed the cooperative that, in their opinion, it was unwise to have turned the sacking into a suspension. When the 3-month review came up, the matter was discussed at a general meeting. The members were largely determined that the woman should not come back, although she was keen to return. When the union official realized that the members were determined that she should not return, he advised them to pay compensation in order to avoid a tribunal case and this they did.

The union officer involved in this case was very familiar with the circumstances of the cooperative and its loyal union membership. As the sacked member was a shop steward, dismissed without warning or representation, the union was confronted with an obvious breach of ACAS guidelines. Had this case arisen within a privately-owned company, the union would not have hesitated to challenge the management. Given the nature of this particular company, however, the union decided to adopt a more conciliatory approach. The official concerned was, however, disturbed at what he believed to be a case of victimization against one of the cooperative's oldest and most dedicated members:

> Some things can't go on democratic decisions. If one person has a case, just because people vote against them it doesn't mean that we can't listen to them.

By the time the issue was resolved, the union official's patience and willingness to make allowances was wearing out.

> I'm a trades unionist, not a social worker . . . I'm sick of being bashed from both sides. My union role has been turned on its head since this co-operative opened. Not helping workers but getting work for co-ops. I don't see us as a union being arbitrators, our traditional role must come to the fore for the underdog and traditional worker. . . . If people are co-op members they should go to ACAS for arbitration or go to a consultancy firm.

However, it was exactly this arbitration role which the rest of the cooperative members looked to the union to provide. They also felt that the official should not have taken on the case without looking into all the issues involved and that as they were all union members they had equal rights. This placed the union in a difficult position, as it was geared to providing

for the grievance of employees against employers, not to adjudicating between members. There is a danger of the union's support becoming determined on the basis of 'first through the door'. The official in this case insisted that no grievances would be taken up unless they were legitimate and offered prospects of success at a tribunal. The official summed up the position: 'trade unions in a co-operative are like eastern bloc trade unions. All workers are in a union, but cannot be independent of the State.'

The role of trade unions — the cooperators' view

During interviews with members of a number of cooperatives it was clear that they saw a role for trade unions, although they tended to offer solidly instrumental reasons. In the clothing cooperatives it was believed that the union could offer practical business advice on pricing and the availability of orders. The union was also generally regarded as a source of information on legal responsibilities and guidance on union-negotiated terms and conditions. It was perceived as having a role in mediating in internal disputes, in particular, to protect the interests of non-members against the voting powers of members. As the shop steward of another clothing cooperative put it: 'I suppose I'm here to represent the interests of the non-members against the members.' She was, however, shop steward for both members and non-members and this highlights an essential conflict for cooperatives where issues of principle and individual rights have to be protected against majority interests.

The role that trade unions play in cooperatives is being increasingly debated. In 1982, the Newham CDA in London established a trade union branch specifically for cooperatives. On Merseyside, the CDA clearly linked itself to the trade union movement through the arguments of workers' control:

> There should be no fundamental rift between the unions and co-operatives but instead a united front against the autocratic control of industry .... The extension of collective bargaining can only mean the increasing of workers' control so as to ensure that the policies of a firm are as far as possible in accordance with the interests of the workforce. This itself – or should be – at the heart of a workers' co-operative. (Merseyside CDA, n.d., pp. 1–3)

In essence, trade unions are mediators of institutionalized conflict between workers and employers where roles are clearly defined. Cooperatives, contrary to conventional wisdom, are by no means conflict-free, but the sources and forms of the conflict are often not amenable to formal mechanisms of resolution. However, the life experience of many people does not easily lend itself to this process – adequate training and

support is essential. If the latter is forthcoming, the inherent conflict can become a positive rather than a negative force.

Analyses of the development of cooperatives as organizations often ignore or undervalue the significance of the experience to individual participants. There is often a fundamental and uncritical assumption that cooperative working is a 'a good thing' for individuals, but this is a much under-researched hypothesis.

Self-development

However flawed cooperatives may be and whatever difficulties they face in practice, there is a pervasive element in much of the literature, particularly from the political left, that their failures are heroic. From Marx and the Webbs in the nineteenth century through to the Labour Party at the end of the twentieth there is an assumption that cooperatives are a 'guiding light'. They prove that the working class has the ability to run industry and that people can cooperate at work rather than compete. Alongside this assumption about the cooperative form itself is an inference about the people who work within it. They are presumed to carry an ideological commitment not only to cooperation, but also to socialism, whether it be a nineteenth century new moral order or a twentieth century workers' state. Such a presumption is far from the truth. As we have already seen, job creation is a major priority for cooperators and they may have little concern for the politics of that process.

Even leaving aside the development of a socialist consciousness, there is still a common assumption that cooperative working will lead to personal development. It has been argued, most notably by advocates of a participatory theory of democracy, that a democratric work environment such as a cooperative enhances feelings of personal and political efficacy (Pateman, 1970). As we have argued, it is by no means inevitable that a cooperative will provide such an environment. It is also the case that personal development is likely to be constrained by a range of factors external to the workplace.

Participation and decision-making at work

Opportunities to participate in decision-making at work are, in general, closely related to the nature of the work one performs (Littler and Salaman, 1984). Those in lower socio-economic status (SES) occupations tend to have much less opportunity to exercise discretion and participate in decision-making than those further up the social ladder.

Allan Fox describes how the balance of 'prescribed' and 'discretionary'

elements in every job regulates the degree of 'self-determination' and 'psychological growth' of the individual worker by producing the:

> enriching experiences through which men [*sic*] can meet their challenges and overcome obstacles, develop their aptitudes and abilities, and enjoy the satisfactions of achievement. In the course of these experiences, men [*sic*] undergo psychological growth, realise themselves, and reach due stature as full, mature and autonomous moral agents. Perhaps the central notion here can be expressed in the language of decision-making, choice and responsibility. Men [*sic*] make themselves through their own choices – by taking decisions and accepting responsibility for what they choose. This is the process of self-determination and growth. A work situation which offers no – or only the most trivial – opportunities for choice, decision, and the acceptance of responsibility is therefore one which offers few opportunities for growth. (Fox, 1974, pp. 4–5)

Thus the ability to exercise discretion and participate in decision-making at work not only enhances job satisfaction, but contributes towards the individual's feelings of personal and political efficacy. It follows that those with least opportunity will lack confidence in their own capabilities. This, in turn, is one factor explaining the comparative lack of involvement and representation of lower SES groups in political activities (Almond and Verba, 1972).

It has been argued that a sense of political efficacy requires first a feeling of personal ability: 'Persons who feel more effective in their everyday tasks and challenges are more likely to participate in politics' (Milbraith, 1965, p. 59). Various studies of political behaviour have echoed Milbraith's claim (Blauner, 1964; Almond and Verba, 1972), and it is evident that political activists require a degree of self-confidence and communication skills if they are to be effective. This then begs the question of how these are acquired.

In their cross-cultural study of individual political attitudes and behaviour, Almond and Verba sought to identify the factors determining the individual's sense of political efficacy. They concluded that the experience of participation in any organization was an important factor, whether it was a local voluntary organization such as a charity or a body with explicitly political aims. Power structures within these organizations were, however, considered crucial:

> if in most social situations the individual finds [himself] subservient to some authority figure, it is likely that [he] will expect such an authority relationship in the political sphere. On the other hand, if outside the political sphere [he] has opportunities to participate in social decisions, [he] will probably expect to be able to participate in

political decisions as well. (Almond and Verba, 1972, pp. 271–2)

Respondents were asked if they were consulted about decisions made on the job, the extent to which they felt free to complain about decisions and the extent to which they actually complained. In all countries, opportunities to participate were positively correlated to a feeling of political competence. Not surprisingly, the higher the work status of the respondent, the more opportunities were reported.

In the early 1970s, Kohn and Schooler published their research on the dimensions of occupation. Eichar and Thompson have summarized the three essential elements as follows:

> —Autonomy: The lack of close supervision
> —Complexity: the substantive complexity of work
> —Variety: the opportunity to perform different tasks.
> (Eichar and Thompson, 1986, p. 48)

Eichar and Thompson point out that the three elements correspond to those in Marx's discussions of alienation:

> In examining the workplace in capitalist society, Marx delineates four aspects of the objective condition of alienation. Three of these are the alienation of workers from their own selves, from their fellow workers, and from the products of their labour. The fourth aspect is alienation from the process of production. (Eichar and Thompson, 1986, p. 50)

By virtue of their collective ownership and control through democratic structures, worker cooperatives would seem ideally suited to offering opportunities to participate in decision-making and the exercise of a relatively high degree of autonomy, complexity and variety. According to the theory, workers in cooperatives should exhibit lower levels of alienation than their counterparts in private firms. Indeed, cooperatives practising a significant degree of job rotation would appear close to fulfilling Marx's description of work in a communist society where:

> nobody has one exclusive sphere of activity but can . . . do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening. (Eichar and Thompson, 1986, p. 50)

We have already seen that the feasibility of job rotation will vary between cooperatives depending on a number of factors such as the nature of the product, existing skills and access to training. Participants' initial skills will, however, be influenced significantly by class and gender. Access to training will depend upon levels of commitment and the availability of time. There can be precious little of the latter in any small firm. Existing

case studies of British worker cooperatives paint an interesting picture of the extent to which cooperators can and do enjoy a more fulfilling work environment in which they might labour in the morning, answer phones in the afternoon and hopefully go home in the evening!

Skills development

Traditional and mutual prejudice between those who work by 'hand' and by 'brain' is deep-rooted in our culture. The principles of cooperation attempt to confront this by denying the superiority of either: both are essential to a successful business. Even if appointed managers exercise the right to manage on a day-to-day basis, they remain ultimately accountable to the entire membership. Several observers have, however, noted the persistence of the preceived distinction between manual/non-manual as representing productive/non-productive tasks in cooperatives (Wajcman, 1983; Tynan, 1980; Mellor *et al.*, 1987). This would appear to manifest itself irrespective of the type of cooperative, from job creation to alternative. The latter, however, would seem better equipped to confront the problem and attempt to reach some kind of strategy for dealing with it. Suma, a wholefood cooperative has, for example, instituted a system which seeks to achieve the correct balance between job rotation and continuity by rotating jobs over a two year period and having two people on each task (Cockerton and Whyatt, 1984).

Earlier, we discussed the potential significance of class and education in shaping attitudes towards the role of management in cooperatives. If the tasks associated with management are viewed with a confused mixture of fear, envy and resentment, there can be little incentive to participate. Lack of confidence in one's own abilities can cause hesitation, but there can also be a tendency for people to 'talk themselves down'. To admit that you feel competent in learning and tackling the office side of things might carry the fear of being considered arrogant or ambitious as Eirlys Tynan found at Sunderlandia:

> Alex Jones' ambition to learn book keeping was regarded with suspicion by the workforce. They argued that as an experienced joiner he was needed on site production. He may have hoped to join the Institute of Building Managers in three or four years and the workforce resented this. (Tynan, 1980, p. 30)

Also at Sunderlandia, coordinators would volunteer to take on the organization of a site. Inevitably, this meant spending a great deal of time in the office working with plans and drawings and making telephone calls. Although it was not a fixed appointment and the opportunity was open to all, including apprentices, few volunteered. This lack of enthusiasm was

probably attributable to the stigma attached to non-productive work in a relatively comfortable office:

> This relative comfort was interpreted by some of the workforce as a form of skiving, an attempt to "get off the tools" and into the office. (Tynan, 1980, p. 20)

One coordinator recalled his attempts to keep the others informed and perform manual tasks on the site when time allowed. Irrespective of how hard he tried, the others would remain hostile and suspicious. The pressure proved intolerable:

> The combination of a resentment of authority: "You canna tell me what to do" – and his own self-consciousness – "In the cabin I would be clean, the lads would come in scruffy, terrible. I was clean. I used to go and fill a skip to get dirty" – proved overwhelming and he left the company as a result of the stress he experienced which was compounded by the attitude of the workforce and the context of incompetence in which he had to perform. (Tynan, 1980, p. 20)

Another member, a qualified architect, surrendered a management position for several months to labour full-time in an effort to defuse the tension and mistrust. As the architects had highly-specific skills, only they could perform their work and it was not a post which could be rotated. This is quite different to the execution of routine administrative tasks which are within the grasp and competence of most people. From our own and other case studies, however, there would appear to be a degree of reluctance to assume these responsibilities in job creation and phoenix cooperatives. This must be due, at least in part, to the idea of manual labour as the source of all wealth which supports the growing army of non-productive workers. As a result, the motives of those who elect to perform these tasks are often viewed with suspicion.

Although cooperative working can present tremendous 'highs' for participants, it can also cause quite appalling levels of stress. Commercial insecurity and internal strife can take its toll on emotional and physical health. A member of Sunderlandia described a long period of conflict and attrition that affected people's health (Tynan, 1980, p. 15). During our own research, we encountered examples of quite serious stress-related illnesses. Of course there might have been other contributory factors, but stress in the workplace was undoubtedly one of them. One member suffered a nervous breakdown, another described how she would hide from people she knew because she was losing confidence in herself. The latter example of decreasing confidence was, however, highly untypical. Most respondents in our and other case studies have reported increases in general levels of self-confidence. Judy Wajcman reports one of the Fakenham women as saying that whatever the fate of the cooperative,

the women participants had a new self-confidence. Because of this, they would not want to go back to a work situation where they were ordered around. The following quotes are typical of our own findings:

> I think everybody here has learned to talk. I went to see the bank manager last week about buying a house. I was confident about going to see him, he's just another person doing a job. A year ago I would have been terrified of him.

> I never used to speak out at anything and I do now. You know I never used to take anything faulty back to a shop because I was so shy and backward, but I wouldn't stand for it now... If you have more knowledge, you're more confident. I used to be a bad mixer, but I can talk to anybody now.

Our evidence, therefore, suggests that *active* cooperators are likely to benefit from increased self-confidence.

Developments in political consciousness

The question which follows from our conclusions on personal efficacy, is to what extent, if any, does the experience of cooperative and egalitarian activity at work translate into the enhancement of cooperative and egalitarian values and behaviour in a capitalist society? Supporters of the worker capitalism school would argue that commitment to capitalist values will be enhanced, whereas socialist theorists argue that opposition to capitalism will result.

Worker capitalism is based on the assumption that once people have a direct stake in the job-owning democracy, they have a natural interest in its perpetuation. Rather than fostering opposition to capitalism, therefore, the growth of worker cooperatives is broadening the base of its popular appeal. Irrespective of the political ideologies which motivate their foundation, the fact of the matter is that they are commercial enterprises operating in the capitalist market. Thus the growth of worker cooperatives is expected to nurture commitment to the very creature which they have set out to attack.

From the opposite perspective, it is argued that the worker-managed enterprise is an ideal training ground for nurturing socialist relations and values. As workers gain confidence in themselves and the working class as a whole, they will demand the right to exercise more power in society generally. Greenberg refers to this as the 'theory of escalation':

> It is a theory which suggests that the experience of democracy in the most immediate work environment is an essential educative tool in the growth of socialist consciousness, since they are environments in which people come to appreciate co-operative and collective efforts,

> where confidence in productive skills is cultivated, where the sense of power as a member of a class is fashioned, and where human talents and abilities become sufficiently developed that the absurdity of capitalist social relations becomes clear. (Greenberg, 1983, p. 196)

Greenberg conducted his own studies in the American plywood cooperatives and it would be misleading to assume a direct comparison with the situation in Britain. It might also be argued that the plywood cooperatives have a dubious cooperative status because of their high ratio of non-members to members, but we have already seen that this is also a growing trend in this country. Rather, it is the differences between the political cultures of the two nations which call for caution. Although both are liberal-capitalist democracies, Britain has a more developed and adversarial political Left and trade union movement. Greenberg found that the plywood cooperatives were likely to attract recruits who already displayed attitudes 'appropriate to a capitalist economy'. The experience of working there served to reinforce that commitment. It is interesting to note that Greenberg conducted a comparative study of attitudes between the plywood cooperators and workers in conventional plywood firms. He found that workers in the latter displayed higher levels of confidence in the potential of the working class than did their cooperative counterparts. He concludes from this study that:

> The worker-managed workplace may not be, isolated as it is, an appropriate educative setting in the present context for nurturing a larger political movement for change. (Greenberg, 1981, p. 41)

Our own research monitored changes in political attitudes and allegiance and the identification of the political relevance of cooperative working. Attitudes towards 'human nature' were also charted. One of the most common arguments against the establishment and durability of a socialist society is the allegation that 'it's just not human nature'. Throughout history, various political philosophers have claimed that humankind is essentially selfish, greedy and competitive. Clearly, if human nature were indeed characterized by such qualities, the tenacity of organizations and societies founded on the opposite principles would be dubious. In time, human nature would reveal its essential qualities and erode or eradicate their collective principles.

Participants generally agreed that there was no such thing as 'human nature'. It was argued that people were motivated by a variety of concerns and perceived rewards, determined largely by their upbringing and social environment. Contradicting this generalized statement, however, was a widespread feeling among female participants that women were, in general, less well-equipped to work cooperatively than men. This contrasts with claims made by feminist cooperators that women are

inherently better-equipped for cooperative work. Both points of view emanate from direct experience and would appear to suggest that levels of consciousness and social experience and conditioning are probably more relevant than straightforward biological determinism. The cooperative working environment does have the potential to allow women (and men) to break with tradition, but the extent to which this is successful will vary according to the degree of commitment of participants, their existing levels of consciousness and the constraints imposed by the wider economic environment. There is nothing in the cooperative structure itself that guarantees a direct attack on gender inequality. In fact, in Italy until comparatively recently, it was not illegal to exclude women from membership of cooperatives (Earle, 1986).

The gender barrier

Few of the existing British case studies address the issue of equality between the sexes and how these operate in practice. Gender relations are often presented as fact, with little or no attempt to analyse the extent and success of any attempts to break out of stereotypical male and female work roles. The latter is a fundamental concern of many alternative cooperatives where women have always been well-represented and several have a women-only workforce. Pressure from these sources led to ICOM establishing its Women's Link-Up, which aims to help and advise women setting up or working in cooperatives, to encourage greater contact among them and to press for better representation at local and national level (*Everywoman*, March 1987). The extent to which it can break through the class barrier to reach and involve working class women cooperators remains to be seen, but its initial support was largely middle class.

The issue of gender and developments in participants' feminist conciousness was a central theme of Judy Wajcman's study of Fakenham. Initially, the women were proud of the fact that they were an exclusively female workforce fighting for dignity and the right to work. Gradually, however, this pride was dissipated as a series of crises undermined their confidence in their own gender. There was a growing belief that Fakenham needed a male boss because he would command the respect of the women members and the customers with whom they dealt. A few women recognized that the latter was the crux of the problem: the women were vulnerable to exploitation by male customers who thought that the women did not know what they were doing.

During our own research, we encountered attitudes similar to those found at Fakenham. Three clothing cooperatives had only one male worker in each: he was the cutter in two and the administrator in the third. The founder-members of two had been involved in the occupation of their previous factories and began the cooperatives with a tremendous

sense of achievement and optimism. In these early days, feminist posters adorned the walls and the women took great pleasure in stressing the fact that they were their own bosses to male visitors to the factory. From the beginning, however, conventional notions of the male as earner of the 'family wage' remained. When the male cutter demanded a wage twice that of the women, they agreed to pay it. Local demand for skilled cutters was such that he could easily have found work elsewhere at an even higher wage. But the principle of the 'market wage' was not the reason uppermost in the women's minds in condoning the cutter's differential. Instead, they stressed his family responsibilities: 'Everyone knows why he must earn more than we do. He is married and has a young baby to feed.' Yet everbody knew that his wife worked part-time and there were several women within the cooperative who were the sole income-earners in their household. Indeed, one of the motivating factors behind the cooperative's establishment was the unemployment of the husbands of two founder-members. Their wives were desperate for the security of employment which they considered unreliable in other local firms. The male administrator who was single was paid the same wage as the women.

The experience of running the cooperative did, however, make the women conscious of male domination in the industry and their readiness to exploit the women's lack of business experience. However, it was also a problem of class. A male cutter who was an experienced and active trades unionist recalled how humiliated he felt having to 'hang around' waiting to be seen by potential customers. The women's experience was also not confined to males with whom they conducted business. Their main customers were female London designers capable of displaying similar degrees of ruthlessness and exploitation. Again in common with developments at Fakenham, the deterioration in the cooperative's financial position and internal relationships reinforced traditional notions of the status of the male as a figure of authority and respect: 'I sometimes think we could do with a man in here to tell them what is what. They would listen to a man? There also emerged a widespread belief that women found it more difficult to work together than a group of men:

> You know what women are like. They won't tell people when something is niggling them so the resentment all bottles up then explodes and causes bad feeling. Men seem to be able to have things out and then not bear a grudge.

In general, the women's confidence in themselves and one another ebbed and flowed with their commercial performance. Although they became acutely aware of the existence of exploitation in their industry, this was forthcoming from both men and women, but it was clear that women suffered most.

Wajcman concludes that the women of Fakenham were conscious of

their involvement in a highly unusual industrial enterprise in which they enjoyed relatively high levels of participation in decision-making. This experience did not, however, spill out beyond the four walls of the factory. She concludes that the women shared the fundamentally conservative 'general political orientation' common among the area's rural working class. Furthermore, there was evidence that the women actually *lost* confidence in the ability of working class people to assume responsibility for their own affairs:

> The co-operative's ultimate demise left the women embittered and pessimistic about the possibilities for change. Whatever the potential for political radicalisation in a worker-controlled enterprise, a failed attempt of this kind may actually increase workers' sense of powerlessness. Having fought to take control over their workplace, and having seen that attempt fail, the Fakenham women experienced more intensely the apparent inevitability of the capitalist system. In a dramatic way this serves as an illustration of much working-class experience, in which real and ideological constraints interact to reproduce powerlessness. (Wajcman, 1983, p. 182)

Conclusion

The general picture which emerges from our experience coincides with Greenberg's view:

> What (the) findings seem to suggest is that the *market* is a more powerful educative tool than is the co-operative experience itself. Greenberg, 1981, p. 41)

The studies by ourselves, Wajcman and Greenberg suggest that cooperative working might increase feelings of personal efficacy, but *in itself* is unlikely to have any significant impact upon levels of political consciousness. It might reinforce or challenge existing conventional wisdoms, but the translation into heightened political consciousness requires an additional input, i.e. the ability to place their own experience within the wider context of the operation of a capitalist economy.

The situation at Fakenham illustrates that the lessons of concrete experience are not automatically translated to a more general level. The women involved lacked the economic and political awareness with which they could analyse the essential hopelessness of their commercial situation. Blame for their failure was therefore internalized and focused upon themselves and their colleagues.

6: Worker Cooperation and the Future of Industrial Capitalism

In the past 20 years, capitalism has been undergoing a radical restructuring. The first industrialized economies have been moving away from their industrial base with the most profound effect on the nature and availability of work. A manifestation of this is the explosion of job creation cooperatives during this period. One interpretation of these changes predicts the imminent collapse of the competitive industrial capitalism that cooperation has so long opposed. Evidence for this collapse is drawn from ecology, feminism and the changing nature of work. Frankel has described those who support this analysis as 'post industrial utopians' (Frankel, 1987). We have come full circle from the nineteenth century expression of the cooperative principle in response to the emergence of industrial capitalism and the desire for a more harmonious form of society (Goodwin, 1978; Goodwin and Taylor, 1982).

Keith Taylor has argued that there were three main themes in the visions of the early socialists. These were community, association of workers in their trades and cooperation (Goodwin and Taylor, 1982, p. 125). A re-examination of these ideas in the context of worker cooperation and Utopian thought in the late twentieth century reveals the possibility of conflict and contradiction between them. We will look first at the relationship between cooperation and the association of workers as represented by the wider labour movement, and then the relationship between cooperation and community in the context of post-industrial theorists.

The restructuring of work

From the nineteenth century, during industrial disputes and times of economic recession, workers have formed cooperatives although they were often short-lived. They were, in the main, an adjunct to wider class action

rather than the expression of a desire to move to a cooperative economy. The formation of cooperatives has always raised the question of whether they are a means of fundamentally challenging capital or a diversion from that possibility. The same questions can be raised about the present generation of job creation cooperatives. There is a long history of worker cooperatives being encouraged to deflect political unrest. In the nineteenth century French and Italian governments and the Christian Socialists in England favoured cooperatives as a means of avoiding more violent social conflict, although the latter were equally concerned about ameliorating the impact of economic conditions.

Cooperatives formed under adverse circumstances are always in danger of being brought into conflict with workers in traditional companies by undermining wages and conditions of work. On our evidence, in such a situation, the worker cooperators are more victims than collaborators. They are inherently vulnerable and survive best when enveloped in a cooperative sector. Such sectors are not easily created; in France and Italy they have built up over a long period and in Spain there are special social and political conditions. As the Webbs pointed out, the market position of producers in general varies from those who can control their raw materials, skills and product to those who can only sell their labour. The Webbs' concern for the survival of producer cooperatives stemmed from that fact, and what was true for the turn of the century is even more the case now. A worker cooperative that is merely an isolated unit of production is collectively in no better a position than a traditional worker, and its position could arguably be worse. Traditional workers sell their labour power to an employer individually, while the cooperative sells it collectively. The price the cooperative negotiates may well not cover its overheads such as pensions, sick pay, maternity leave, etc.

It could even be argued that the development of a large number of independent cooperative units of production may well suit the present restructuring of capital. In the West there has been a shift away from large-scale factory production, in which the collective power of the workers can be best expressed, to smaller more controllable units. The development of the flexible firm, a concept not without its critics (Pollert, 1987), through control by contract and franchise has shifted the control of the process of production away from the factory to the marketing and distribution or design and technology sectors. Such undermining of the productive sector reduces the power of the workers within that sector, whether in cooperatives or traditional factories, regardless of size. Any residual solidarity can be overcome by creating a high level of competition between productive units. Cooperatives in the design and technology sector may well be able to retain their ability to be self-determining, but cooperatives created by working class people in the service or production sector will remain increasingly vulnerable. In this situation the

relationship between ownership and control breaks down completely, as Murray has pointed out:

> if control can be monopolized over a key segment of the circuit [of capital] then it can be exercised over the rest of the circuit, whether or not it is matched by ownership. Indeed private capital has moved to withdrawing from ownership, replacing formal titles with contracts, systems of inspection, specification of design and so on. The franchisees and sub-contractors become prisoners of their own property. (Murray, 1987, p. 90)

The new generation of dependent job creation worker cooperatives fit very well into this analysis although, by Murray's account, traditional firms are in a similar position.

The process of decentralizing ownership is also taking place within individual companies through employee share ownership schemes which have found favour among all the main political parties. However, these schemes are another example of the conferring of ownership without control. Rothschild Whitt conclude from a study of ESOPs conducted by a team from Cornell University that:

> if there is one over-riding conclusion from all the Cornell studies on worker-owned firms, it is that ownership, in and of itself, does not confer control. (Rothschild Whitt, 1986, p. 397)

The principle of decentralizing ownership has also been applied to the public sector. Although the Labour Party does not, so far, embrace the idea of converting ownership from the public sector to cooperatives, in its 1987 manifesto it spoke of social ownership rather than nationalization. The implications of cooperative ownership in the public sector has not been squarely faced by the Left in Britain, but Fitzroy shows clearly the benefits for the right wing:

> Nationalized industries without public good or natural monopoly properties, which survive only with massive state subsidies, should be turned into co-operatives by giving their workers the choice between residual sharing with election of their own management on the one hand, and cessation of state subsidies on the other. The second alternative would lead to bankruptcy and massive unemployment, while the first could be coupled with credit availability for investment purposes if workers accepted reduced incomes in the short to medium run. Decentralization of plants would help the democratic process, and undermine union bureaucracy, whose opposition would surely be vehement. (Fitzroy, 1980, p. 64)

This proposal shows a direct conflict between the interests of the cooperatives and the role of the trade unions. The latter have strongly

opposed the formation of cooperatives as a response to privatization. They argue that cooperatives in such a situation would be competing with multinationals and other firms not noted for their high wages and conditions of employment. In order to compete, wages and conditions in cooperatives would be determined to a large extent by those of their competitors.

ICOM has also registered its opposition to privatization and the substitution of public services by private ones, even if they are organized as cooperatives. However, a dilemma arises when privatization is imposed upon an unwilling public sector workforce as they may wish to form a cooperative in an effort to retain their jobs and maintain standards. In other cases there may be a gap in state provision that a cooperative could fill, such as child care or caring for the elderly. The need to resolve this issue may well become increasingly pressing for cooperative organizations. A possible argument could be that cooperatives, even though they are formed in adverse circumstance, still exemplify a superior form of organization and a set of principles that are antipathetic to capitalism. While the cooperative externally is subject to the logic of capital or the constraints of government expenditure, internally it may operate a structure that enhances self-fulfilment in work. This was the main aim of the early thinkers:

> the new definition of positive liberty [was] self-realisation usually through work: for Saint-Simon the development of the creative capacity, for Fourier, the free play of the passions, and for Owen the "fullest exercise of all the faculties". (Goodwin, 1978, p. 149)

Rothschild and Whitt are highly optimistic about the possibility for a reorganization of the nature of work along collective lines based upon their analysis of grass-roots organization in the United States:

> These anomalous organizations reject bureaucracy and attempt to fashion an alternative, providing a natural laboratory for evaluating long-held assumptions about the universality of hierarchy and bureaucracy. (Rothschild and Whitt, 1986, p. 1)

Their confidence rests on an analysis of alternative organizations such as free schools, law collectives and community newspapers, and it is doubtful that such an aim could be achieved by a job creation or retention cooperative in a recently privatized sector, facing a highly competitive capitalist market. Evidence from the cooperatives we have studied indicates that participation is rarely a radicalizing or self-actualizing experience. While at times it was exhilarating, for much more of the time cooperative life was traumatic. Those cooperatives that have found a niche in the market place may be able to operate more effectively, both as a business and a cooperative, but that is a truism and niches are rarely readily

available and also easily entered by capitalist competitors.

This makes the question of the motivation of the cooperators themselves important. The alternative cooperatives were strongly motivated by cooperative principles but, like those Rothschild and Whitt studied, they were often formed by well-educated people of middle class origins who had relatively easy access to other occupations. In fact, experience in the alternative sector could well be an advantage in applying for some mainstream jobs. For a cooperative in a highly competitive market where every second and every penny counts there is unlikely to be the time or resources to develop the skills to work cooperatively, to share tasks, responsibility and decision-making; such skills are not made available through the education system or in the wider community. If the primary motivation is the necessity to obtain work, then the cooperative will be the means to an end, rather than an end in itself. The commitment to work a cooperative structure may be lacking, hours may be long, leaving little time or opportunity to create a meaningful decision-making structure. It may also be too stressful for people who are already burdened with family and other pressures to take on more responsibilities. This situation will be exacerbated if the initiative to form a cooperative has not come from the individuals themselves. As Alan Taylor points out: 'There have been a number of attempts to set up co-ops for people. They have generally ended in failure' (Taylor, 1986, p. 14). He uses this point to argue that self-initiative in forming a worker cooperative is essential for its success.

There is some debate among CSOs about the circumstances in which cooperatives should be formed. Basically, the debate revolves around the two issues of ensuring commercial viability and generating genuine commitment to cooperative principles and practice. Some argue that cooperatives should be bottom-up, i.e. the initiative should always come from the founders themselves. Others believe that the CSOs also have a valid role to play in initiating top-down cooperatives, identifying sound business opportunities and then trying to recruit potential members. Fakenham would qualify as bottom-up because the women themselves chose to establish a cooperative, but commercial and organizational failure left the women disillusioned with cooperation. It might be argued that they were ill-prepared for the experience in every respect: their social conditioning and previous work experience militated against a smooth transition to running their own cooperative in an economically and socially hostile environment. Building defences against the latter would appear to be the crucial issue in generating successful cooperatives, not the circumstances in which they are formed (Mellor *et al.*, 1987).

Jim Brown takes a critical approach to the recent history of cooperative formation through development agencies. He argues that 'the biggest public lie in the history of the co-op movement was that co-ops had anything to do with job creation' (Brown, 1987, p. 11). He goes on to

describe job creation cooperatives as the 'acceptable face of small business' for politicians concerned about jobs. He further argues that cooperative development work should cease and the focus of development should return to the middle class groups who are less vulnerable and more ideologically committed. He recommends that:

> The promotion of co-op start-ups is targeted predominantly at those groups of people most likely to be successful. This means well educated middle class people without immediate financial needs (in fact not unlike a good many CDA workers!). At its best socialism was never the exclusive territory of the disadvantaged. (Brown, 1987)

The problem with such an argument is that it denies the opportunity to experience alternative forms of production to working class people because of their economic position. While we cannot pretend it was a trouble-free experience, most of our respondents found the cooperation exciting, at least in the early stages. They felt that for once the boss was 'off their backs' and, as one woman said, 'It's a little bit step up.' Such examples of worker cooperatives form an empirical illustration of the possibility of future forms of organization and contribute to the debate about the ability of such forms to exist and gain momentum within a capitalist framework. Lenin claimed that worker cooperatives will always be vulnerable islands, whereas Gorz argues just the opposite case: 'In a society dominated by large scale market production you can cut out little islands which provide alternative social and cultural models' (Gorz, 1985, p. 69).

If worker cooperatives are seen as a pre-figurative or a transitionary form, there must also be some indication of the sort of future society which they might presage or of which they would form a basic economic structure. Traditionally the dominant vision of the future has been socialist, usually taken to mean a command economy where the state owns and controls the means of production until sufficient resources and class-free infrastructure have been assembled for it to wither away. The experience of existing socialist societies made this vision problematic, particularly for cooperators who argue that their approach is the antithesis of a bureaucratically controlled command economy. Worker cooperatives are most favoured by those who advocate either a decentralized or a communal economy or both. The most developed arguments for a communal economy come from the ecological perspective.

Ecology

The ecological or 'Green' theorists foresee the inevitable decline of capitalist society as industrialism itself crumbles under environmental

pressure. Although this perspective does not have a clear political alignment in traditional terms, it often echoes anarchist principles. This is most explicit in the work of Murray Bookchin. The analysis and images generated by the Green writers are in many ways reminiscent of the period when cooperation first began. Once more the economic fabric of society is undergoing a major change and visionaries and futurists of anarchist and similar persuasions are extolling the virtues of mutual aid and cooperation. The latter ideas are so central to the radical Green thinkers that there seems to be an almost unquestioned assumption that cooperatives will be the most appropriate form of economic structure for an ecological society. If the pronouncements of the ecologists are correct, we need to look more closely at the role they see cooperatives playing in their vision of the future.

The starting point for the Green analysis is that the human species, in its population growth and consumption patterns, has outstripped the capacity of the planet to sustain it. Their response to impending catastrophe falls into two major groupings – the radicals who are broadly optimistic and see a return to spiritual and communal values in ecological balance with nature (Capra, 1983; Henderson, 1981; Bookchin, 1982), and the more pessimistic survivalist or life-boat theorists who adopt neo-Malthusian principles and take a much more conflict-oriented approach, where some sectors of the human species will need to be sacrificed to save the rest (Hardin and Baden, 1977). The argument of the latter group is that as the planet cannot sustain present numbers there is no point in trying to meet the needs of those who are at present dispossessed (generally taken as the third world).

Fritjof Capra is one of the major recent writers who claims that a study of the natural world reveals the inevitability of cooperative forms:

> Detailed study of ecosystems over the past decades has shown quite clearly that most relationships between living organisms are essentially co-operative ones, characterised by coexistence and interdependence and symbiotic in various degrees. (Capra, 1983, p. 302)

Often the writers recall a 'golden age' when there was a harmony between people and nature. Most write in highly lyrical terms of some indeterminately located past. Here Bookchin is talking of Eskimo society:

> [the] community attained a completeness so exquisite and artless that needed things and services fit together in a lovely mosaic with a haunting personality of its own. (Bookchin, 1982, p. 51)

Bookchin also sees the golden age a little closer at hand:

> a world that once knew community in the form of culturally distinct neighbourhoods, even in giant cities... more self-regulating in

> matters of personal and social concern, more human in scale and decency more firmly formed in its character structure, and more comprehensible as a social entity to its citizenry. (ibid., p. 334)

A primary aim of the 'systems view of life' (Capra, 1983) or the politics of the solar age' (Henderson, 1981) is to put people back in touch with this lost sense of community, reminiscent of the loss of gemeinschaft chronicled by the early sociologists (Cohen, 1985).

Those representing the radical Green perspective argue against the continuation of a competitive capitalist market economy, but they are often less than clear about what alternative economic framework they envisage and their reasons for favouring a cooperative structure. There is a tendency in the new thinking to uncritically attach the cooperative principle to a presumed 'new holism' of a communal and ecological lifestyle. Rifkin, for example, in 260 pages of text, gives his view of an ecological economy in only one sentence: 'Self-managed, worker-run enterprises and small democratically run city-states are the preferred economic and political forms' (Rifkin, 1980, p. 211). Bookchin, on the other hand, refuses to commit himself:

> no law of production requires that we retain or expand the gigantic and highly centralised and hierarchically organized plants, mills, and offices that disfigure modern industry. By the same token, it is not for us to describe in detail how the Communes of the future would confederate themselves and coordinate their common activities. (Bookchin, 1982, p. 345)

As against Bookchin's reticence, most writers from the ecological perspective do provide indications of the way forward. Hazel Henderson sees the formation of cooperatives as important indicators of the emergence of a 'counter-economy', pointing the way to an ecological future. Her evidence ranges from cooperative and grassroots populist movements in America to the demand for worker-participation and self-management in Western Europe and Japan (Henderson, 1978, pp. 390–91). The main slogan of the new movement is to 'think globally, act locally' and according to Capra there are many possible models to follow:

> we now have the unique possibility of synthesizing and adapting to our needs the strategies of creative communities around the world – from the Chinese model of self-reliant communal development and the traditional values and life styles of numerous communities in the Third World to the Yugoslavian model of worker self-management and the informal economies that are now being developed in the United States and many other countries. (Capra, 1983, p. 457)

Generally, worker cooperatives are lumped in with this type of all-embracing list, but Jonathon Porritt, a founder of the British Green Party (formerly the Ecology Party), is more specific:

> There is one particular form of the small business that is especially important in the eyes of ecologists, and that is the co-operative. A co-operative is much more likely to be sensitive to the needs of the community in which the members live. The profit motive is linked to a broader collective concern: concern on the one hand that the working members are adequately cared for, and on the other that the cooperative is playing a constructive part in the wider community. (Porritt, 1984, pp. 140–41)

He supports the resurgence of worker cooperatives and sees the British Labour movement as being largely at fault in their slow development. He speaks favourably of the Mondragon structure and advocates community savings banks to fund cooperatives in the local economy. Dinah Freer, on the other hand, while maintaining that 'Co-operation is a key value among both Greens and Co-operators' (Freer, 1983, p. 6), seems primarily to be attracted to them because of their size:

> The Greens have adopted Schumacher's *Small is Beautiful* . . . and they support small businesses of any type, but the legal structure and the ethos of the workers' co-operative is particularly congruent with their own ideology and goals. Co-operatives of all kinds . . . appeal to Ecologists on account of their size. It is felt that in small thoroughly integrated social groups conservation of vital resources is quickly learnt. (Freer, 1983, p. 6)

This is a very optimistic view of size and decision-making on behalf of both small businesses and cooperatives. Rainnie (in press), in the context of small business, argues that it is a myth that size in itself leads to harmonious working relationships and lack of conflict. Nor does the Green view consider the possibility that the needs of the workers in a cooperative could serve to undermine ecological principles. Even if the cooperative wished to operate in an ecological way, this would require control at the point of production and this is not possible in a market economy where international, let alone national, factors intrude. A small cooperative producing for a national market need pay no attention to local needs, in fact it may be financially disastrous for them to do so.

In Callenbach's *Ecotopia*, a fictional society responding to ecological pressures, he incorporates worker cooperatives into his analysis, albeit within a competitive market system in an ecologically regulated society. He places Ecotopia geographically in the rich grain-growing area of Oregon and Northern California which has seceded from the United States and strongly defends its resources against the needs of the rest of American

society. He describes how the Ecotopian economy operates under competitive market principles:

> Ecotopian enterprises generally behave much like capitalist enterprises: they compete with each other, and seek to increase sales and maximise profits, although they are hampered by a variety of ecological regulations. . . . However, the fact that the members of an enterprise actually own it jointly (each with one vote) puts certain inherent limits on what these enterprises do. (Callenbach, 1978, p. 93)

The limitations that Callenbach sees are a desire on the part of the workers to keep the size of their organization below 300 members and trade-off higher production against more congenial working conditions. The assumption is made that decentralization is ecologically more sound than centralization and that worker cooperatives are a natural part of a decentralized structure. Eco-anarchists also argue that cooperatives are inherently anti-hierarchical. They often rest their case upon assumptions about human nature or an analogy with biological organisms. This is very much the same case that Kropotkin made. Other writers base their ideas much more firmly on aspects of current society and the opportunities to develop decentralized production through increased autonomy.

Autonomous production

Andre Gorz argues that we are moving into a post-industrial society which provides the opportunity for developing towards what he describes as post-industrial socialism and the liberation from alienating work (Gorz, 1982, 1985). In this he is echoing Fourier and Morris's desire to make work 'attractive'. Gorz, like Illich (1985), wants to reduce all unnecessary labour and make work as far as possible autonomous. He makes a clear distinction between the establishment of self-determination at work and the elimination of alienating work:

> The success of workers' struggles for self-determination of working conditions and self-management of the technical production process must not . . . be confused with the elimination of heteronomous work's inherent alienation. Oppressive hierarchies, laboriousness, monotony, boredom – all these can be eradicated, and the workplace can become a place of mutual exchange. But such a liberation of *work relations* is not the same as autonomy of work itself or workers' self-determination (or self-management) of its overall purpose and content. (Gorz, 1985, p. 52)

Gorz defines autonomous production as essentially handicraft production, in which the individual or the 'convivial' group controls the means of

production, the labour process and the nature and the quality of the product itself (ibid., p. 68). Here there are clear echoes of early nineteenth century cooperation when writers such as Buchez suggested that cooperatives might be confined, at least initially, to handicraft workers. Later in the century, William Morris and others were to develop a socialism that saw arts and crafts as integral to work. Gorz talks at one point of 'auto-production for pleasure' as against institutional production (ibid., p. 60) and then introduces a 'third level... small-scale free enterprise either co-operative or communal'. It is this level, he argues, that will encourage invention and entrepreneurship.

Gorz sees automated production as necessarily destroying the basis of wage labour and the market, as people need only engage in socially necessary production and receive a guaranteed income for life. The rest of the time can be spent in autonomous activities:

> citizens must, on the one hand, have the right to an income for life representing their share of socially produced wealth and, on the other, have the right of access by means of producing and creating goods which cannot be socially programmed, goods that they want to use, consume and exchange outside the market, in communities and local co-operatives. (Gorz, 1985, p. 44)

There seems to be an ambivalence in this statement about the existence of the market. Gorz seems to be arguing that the basis of the market has been destroyed while at the same time defining autonomous production as being 'outside the market'. He considers that only in autonomous production can *individuals* exert any control, whereas:

> [Heteronomy]... does necessarily imply the absence of individual control over the kinds of skill required and the overall purpose of collective work...
>
> We call someone autonomous when s/he conceives and carries out a personal project whose goals s/he has invented and whose criteria for success are not socially predetermined
>
> ...(society must) serve individual development by the wealth of materials and spaces it provides for creativity (Gorz, 1985, pp. 51 and 64–5)

According to Gorz, autonomous production can take place in several ways:

(i) auto-production (or presumption as Toffler calls it), i.e. production for ones own use,
(ii) locally determined production (e.g. by a community, group, cooperative), and
(iii) small-scale self-determined production in some form.

Common to the position of the post-industrial theorists is the move

towards ecologically responsive, socially responsible production at the local level. In general, they see a move away from the competitive capitalist market and towards other means of exchange and also from traditional forms of business to cooperative or communal enterprises. The individual is to be less alienated, more fulfilled and socially responsive.

Alongside the visions of the post-industrial theorists some similar ideas have already been emerging in practice in the last few years. Workers have tried to influence the policy of their companies and to turn production to more social uses. Local authorities have struggled to gain control of the economy within their locality in the face of recession and the relocation of production. Experiments have been conducted in broadening the democratic base of production by involving the community in 'popular planning'. Firms financially aided by local authorities have been asked to abide by certain conditions of good employment practice through 'contract compliance'. The promotion of worker cooperatives has formed part of the process in the sense that they are by definition local, formed by local people and unlikely to relocate for purely commercial reasons. The whole process is moving towards a socialization of the economy. In an ICOM pamphlet, Alan Taylor has argued that worker cooperatives form a central component of an economy where 'the decentralisation of the control of production is reconciled to planning to meet social need' (Taylor, 1986, p. 18). The unifying element is democratic planning, pioneered by initiatives in the former Greater London Council and other local authorities:

> As the worker co-op movement in Britain has grown in strength, so it has begun to turn its attention to this issue of democratic planning. As other forms of socially controlled enterprise become established, they should be encouraged to join together into democratic movements.
>
> The effect of this development would be that individual socially owned enterprises would make contact with one another and would be able to identify their common needs and aspirations. They would then seek to develop and implement their shared ideas – and democratic planning would be born. (Taylor, 1986, p. 15)

The benefit flows both ways, the community can be brought into the planning of business decisions and the cooperative can be supported by a democratic environment. Landry *et al.* (1985) argue that without such a supportive set of values most radical organizations are doomed to failure. Reflecting on their experience in cooperative and collective structures in the 1970s, they argue that the attempt to ignore the framework of capitalist society meant that most of the alternative groupings collapsed and could not use the more liberated era of the 1960s and early 1970s as a platform for

permanent social change. By keeping themselves ideologically pure, they ignored the positive benefits of planning, technical expertise and management techniques which had been developed within the capitalist economy and could be exploited. At the same time the groups were trying to stay away from bureaucratized public sector structures, although often financially dependent upon them.

From this analysis, Landry *et al.* follow an intriguing line of thought that argues that radical organizations should, in all but intent, behave as capitalist ones. Those who wish to build an alternative structure are urged to find a source of finance independent of the public sector, private donations or sweat equity. This means using capitalist structures and methods wherever beneficial, e.g. establishing sound production and distribution frameworks as the wholefood sector has done. They admit that capitalism can easily follow successful leads from the alternative sector and go on to argue for the development of a 'social market economy'.

Socially useful production

Another important initiative is the recent debate about socially useful production that emerged from initiatives by workers in traditional manufacturing industries. The nature of the product or service was a fundamental issue for the alternative cooperatives of the 1960s and 1970s in Britain, America and Germany (Collective Design Projects, 1985). In 1844 the Rochdale Pioneers had made the production of pure and unadulterated food a fundamental principle and this has been echoed in recent concerns with the emphasis on wholefoods, alternative transport and energy systems. Since the 1970s, the question of socially useful production (SUP) has been firmly on the agenda, partly as a response to job losses (Lucas Aerospace), partly through ecological concerns, and partly linked to other issues such as arms conversion.

> Socially Useful Production is, in its simplest formulation, that we should collectively produce those things that we need, rather than things that are frivolous, dangerous or even deadly. (Collective Design Projects, 1985, p. 14)

This requires a structure of decision-making that goes beyond immediate commercial considerations. The emphasis must not be on exchange value, but use value, 'production for use not profit' is the watchword. This requires:

> that some form of organisation is necessary to promote socially-useful production which operates outside of immediate market

> parameters for wage labour. This might be found in different directions: in individual (or 'co-operative') commodity production, or in local or national state planning (ibid., pp. 168–9)

This approach raises as many questions as it answers. Are worker cooperatives an appropriate vehicle for socially useful production? Are job creation cooperatives in a position to be able to quibble about the nature of their product? How is a cooperative to decide what is socially useful? The movement that grew out of the principles of the Rochdale Pioneers was based upon the consumer not the producer. There is nothing in the organization or structure of a worker cooperative that should gear it to socially useful production apart from the motivation of the cooperators themselves. Dinah Freer appreciates the difficulty:

> Ecologists may hope for too much from workers' co-operatives as the making of profit is necessary for their survival. Yet they are probably realistic in believing the production of socially useful goods and services and the careful use of resources is more likely to be taken as a major aim among the highly committed members of a co-operative than in a conventional firm. (Freer, 1983)

Alan Taylor pins his hope on the members of the cooperative applying their own personal experience:

> If the enterprise has been planned and developed by the workers themselves, they will have brought their everyday experience of the needs of society to this process. We believe that worker initiation of socially controlled enterprises is therefore a good way of re-directing the purpose of economic activity so that it meets social needs. Socially useful production is in general best determined by the members of society concerned, rather than by bureaucracies working for them. (Taylor, 1986, p. 15)

Bodington *et al.* (1986), in their discussion of the development of a 'socially useful economy' barely mention cooperatives. They see the three main roots of such an economy as the trade union movement, local government and a new type of consumerism (p. 219). The implication is that the question is too large to be handled at the level of an individual cooperative. The commitment to socially useful production demands fundamental political choices and it is not individual cooperatives that make decisions about, for example, defence contracts. These are made at the level of the State and a company such as Lucas Aerospace is unlikely to move voluntarily from a potentially lucrative defence market to the risky field of socially useful products. Where easy profits cannot be guaranteed, and massive capital investment is required, SUP will have to be insulated from market forces. There is also the problem of the need to attract highly

trained people away from alternative employment in the commercial sector. This makes an assumption that all socially useful production is not commercially viable but, as Julie Matthaei (1984) has pointed out, capitalist markets may find it profitable to produce socially necessary products in response to consumer demand. This is demonstrated by the commercial development of the wholefood sector, health and fitness and the production of books on feminism and nuclear issues. The very speedy response of commercial firms to the demand for additive-free food is another indication.

However, SUP does not just focus upon the product but raises the wider issue of socially responsible production (i.e. non-polluting, non-exploitative and resource–renewable). Those who advocate SUP demand that there must be a strong relationship between the product and the means by which it is produced:

> the debate about Socially Useful Production can encompass different stages of the production process: forms of ownership and control; work practices, labour processes, job satisfaction, challenge, involvement; useful products. (Collective Design Projects, 1985, p. 14)

Under these circumstances, a worker cooperative may be a means of creating socially useful products in a democratic and collective manner, but this can only be achieved if it is working in a cultural and economic climate that supports such values. The post-industrial writers do not see capitalism adapting sufficiently to avert social and ecological catastrophe, nor do they see any merit in the operation of highly centralized command economies.

Most post-industrial theorists favour a decentralized economy for which they generally consider worker cooperatives to be an appropriate form. However, if we examine this assumption more closely, there are potential conflicts between worker cooperatives as traditionally defined, in terms of the ownership and control of the business by the people who work in it and the idea of communalism which is often a central aspect of future visions of a decentralized economy. Four problems of a decentralized economic model are (i) the nature of the exchange process, (ii) the question of ownership, (iii) the control of production and (iv) the place of production in the life of the community. The latter raises a question about the centrality of production and the relationship between the sphere of production and the sphere of reproduction. This reintroduces a fundamental theme of the early cooperators that became lost, the position of women in the 'new Jerusalem' (Taylor, 1983).

Decentralization and the market

Any discussion of cooperatives as a pre-figurative form of a future society must address the problem of what form of exchange would operate in that society, and the question of the existence or non-existence of a market. If we see cooperatives as a middle way between an unfettered market economy driven by capital accumulation and a command economy, the question will always arise, what would be the system of exchange and/or distribution? One solution, as Frankel points out, is market socialism:

> Market socialists are opponents of both central planning (along Soviet lines) and stateless forms of local self-sufficiency. Their concern is to have a democratic society which permits a maximum amount of self-regulation and interaction between local institutions, while still having a strong central state which can plan key industries... and also iron out social inequalities created by market mechanisms. (Frankel, 1987, p. 95)

An economy in which one form of market socialism has been tried is in Yugoslavia, although not with conspicuous success. In 1987, it faced a US$20 billion debt crisis and an economic scandal surrounding its huge agricultural conglomerate in Bosnia, Agrokomeric (*Observer*, 27 September 1987). An agri-business employing 14 000 and giving work to a further 100 000 is a long way from its origins in the humble farmers' cooperatives in Velika Kledusa. The Yugoslavian experience is not directly applicable to the kind of communally based economy that is envisaged by most post-industrialists, however it does raise the question of the balance between centralization and decentralization. In the specific context of the Yugoslav economy, Estrin and Bartlett (1982) point out that it only really approximated to a decentralized system between 1965 and 1974. During this period ownership was formally passed to the workers and there were several financial crises. Vanek, on the other hand, sees Yugoslavia as a possible model for all future societies, although his discussion is couched more in terms of theory than practice (Vanek, 1980).

While it is not possible in this context to debate the merits and demerits of the Yugoslav economy, Barratt Brown identifies a problem that will need to be confronted if production is to be placed in the hands of traditionally defined worker cooperatives. By what mechanism can an autonomous business such as a worker cooperative, owned and controlled by those who work in it, be made responsive to wider communal needs? Barratt Brown claims that, other than exhortation and moral pressure, there is no incentive whatever for the individual worker to contribute to the general welfare:

> Workers are simply not prepared to increase their productivity when

> they *know* that deductions from the value they add by their work will include . . . provision for: (a) public services such as science, health, education etc. (b) reserve funds for financing sales . . . and new investments in the enterprise: (c) central . . . funds for accelerating development of underdeveloped regions . . . (d) general public needs of the local community in which the enterprise operates; and (e) collective social consumption of housing etc. (Barratt Brown, 1984, p. 166)

Frankel also points to fundamental problems of market socialism. He asks whether it will be able to generate the massive amounts of finance necessary for a 'social wage' and if it will be able to overcome structural inequalities such as race and gender. He comes to the conclusion that it will not:

> I believe that market socialism has an in-built structural sexism and racism which only greater control over the labour process would remedy. (Frankel, 1987, p. 97)

A fundamental point at issue in the concept of market socialism is the nature of ownership – is it in principle common ownership, locally controlled or ownership at the level of the unit of production? Yugoslavia found that ownership at the state level in the period before 1963 inhibited the ability of the individual enterprise to make real decisions, but that the transfer of ownership to the workers in the enterprises themselves exacerbated social divisions:

> It became a common sight in the richer provinces to see a Mercedes outside the house of co-operative workers producing wine or hops for export or of workers in electrical and mechanical factories, while down the road there were mud huts and tin roofs. (Barratt Brown, 1984, p. 169)

This would appear to vindicate the Webbs' concern that producer cooperatives would tend to create worker capitalists. Their concern was that ownership and control of a business would necessarily produce a self-interested response.

Decentralization and ownership

Ownership as a fundamental defining feature of a worker cooperative implies that it is something to be valued in itself. Cooperatives, by this definition, are welcomed by the centre-right as fitting easily into conceptions of private ownership and encouraging 'responsibility' on the individual cooperative member. Ownership is also a preoccupation of

extreme right-wing groups such as the National Front which favours ownership and control by British workers in order to keep out 'foreigners'.

The principle of ownership means that it must reside with the worker cooperative itself and not extend beyond it without undermining its integrity as an organization. Other cooperative organizations based on mutual aid or consumers could extend membership to a whole community. Ownership may also not extend to the full cooperative; as we have seen, cooperatives may have substantial numbers of employees who are not members. Both these factors place the worker cooperative outside of those conceptions of society that demand communal ownership. The needs of the cooperative worker-owners could well conflict with the needs of the community. In the absence of any sanction on the part of the community, the relationship between the cooperative and the community rests entirely on the good will of the cooperative members themselves.

Augustin Souchy points to the needs to collectivize the economy within a communal framework:

> partial collectivization will in time degenerate into a kind of bourgeois cooperativism. Encased in their respective competing collectives, the enterprises will have supplanted the classic compartmentalized monopolies only to degenerate inevitably into a bureaucracy: the first step leading to a new form of social inequality. The collectives will end up waging commercial wars with just as much ferocity as did the old bourgeois companies. It is therefore necessary to widen the base of the collectivist conception, to amplify and implement the organic solidarity of all industry into a harmonious community. (Dolgoff, 1977, pp. 83–4)

A worker cooperative in a communal economy could not be totally owned and controlled by the workers. Ownership would seem a strange notion in a communal society and most ecologists see private ownership as wasteful. In Rifkin's view, however:

> the concept of private property is retained for consumer goods and services but not for land and other renewable and non-renewable resources. (Rifkin, 1980, p. 211)

This leaves the ownership of the productive process itself rather unclear. Bookchin argues for a return to 'usufruct', that is 'the freedom of individuals in a community to appropriate resources merely by virtue of the fact that they are using them' (Bookchin, 1982, p. 50). This he considers superior to Louis Blanc's 'from each according to (his) abilities to each according to (his) needs'.

Marx considered that the redistribution of previously private property throughout a community was '*crude* communism' in that it was 'only a *manifestation* of the vileness of private property trying to establish itself as

the *positive community'* (Marx, 1975, p. 347). He argued for 'the *positive* supersession of *private property'* which seems to be echoed by Bookchin's concept of usufruct. But on what basis could such an 'ownerless' society be established? Certainly there is no room for our traditionally defined worker cooperative. Ownership could not be held in any meaningful sense by the workers. If cooperative ownership points to a potential conflict between the needs of the cooperative and the community, does the same apply to control of production within the cooperative?

Decentralization and the control of production

The problem of the compatibility between cooperative ownership and communal control is illustrated by Spretnak and Capra's analysis of the economic position of the German Green Party. According to the Greens, a local democratic economy is one that:

> allows for self-managed, co-operative enterprises in which those involved in the production process are able to decide themselves *what* is produced, as well as *how* and *where* it is produced. (Spretnak and Capra, 1985, pp. 84–5)

This clearly leaves all economic decision-making to the workers, and neglects the implications for the needs of the community as a whole.

Gorz is one of the few post-industrial theorists to confront the problem of the tension between autonomous local decision-making and the coordination of the economic needs of the whole society:

> The aims of self-management are aspirations, not a global coherent and operational conception of the nature and functioning of society. Self-management is not possible in communities of more than a few hundred people. But who is to control relations between the different self-management communities? And who controls the system of relations between all the communities which make up a country? And the relations between these systems of relations?
>
> Either you reply 'no-one' and thus abandon these relations to what are called 'market forces' which are actually relations of competing powers. Or you can try to civilise, to regulate these relations by public rules which maximise the sphere of autonomy. And in that case you need a legal system, and a state.
>
> There is no third way. Self-management is an aspiration whose effective sphere can be very wide, but it isn't a solution to everything. (Gorz, 1985, p. 76)

As to the form of coordination, Gorz argues that 'in theory civil society – the fabric of real, lived social relations should be the only source

of law' (ibid., p. 73). Whatever the means of coordination it does not answer the problem of the balance as between the economic self-interest of the cooperative and the needs of the community, as Clarke has pointed out:

> if the desire is to move toward a more consciously rational and socially responsible system of co-ordination, then the question arises of how much planning is compatible with the assumed autonomy of the co-operative enterprises. (Clarke, 1984, p. 102)

Frankel sees this issue as a major obstruction in the ability of labour movements to embrace the idea of decentralized structures:

> Until individuals and groups accept the unpalatable news that stateless, decentralised, moneyless, small-scale communes or other informal alternatives are not viable without the complex administrative and social structures necessary to guarantee democratic participation, civil rights and egalitarian co-ordination of economic resources, there is not much hope of strong coalitions between labour movements and the new social movements. (Frankel, 1987, p. 270)

Bookchin argues against such negative views about 'popular collectivization'. He argues that the anarchist collectives in the Spanish Civil War

> totally belie the notion held by so many authoritarian Marxists that economic life must be scrupulously 'planned' by a highly centralized state power and the odious canard that popular collectivization, as distinguished from statist nationalization, necessarily pits collectivized enterprises against each other in competition for profits and resources. (in Dolgoff, 1974, p. xxxi)

According to Dolgoff the anarchist collectives in Spain did not operate on a principle of autonomous worker cooperatives but more on the basis of satisfying community/consumer interest. Moos and Brownstein, on the other hand, observe that when the problem of the coordination of individual needs and motivations with that of the community is confronted, it often leads to some amendment of the anarchist/libertarian principle. Looking principally at Utopian writers they find that those favouring the communal principle often envisage a hierarchical structure to maintain the coherence of the community (Moos and Brownstein, 1977).

Even if cooperatives decide to operate to the benefit of the community, we are left with the question of defining the parameters of that community and at what point centralization is avoided and decentralization achieved. While Schumacher (1974) argues that small is not only beautiful, but ecologically the most efficient, Capra allows that communication and mass transit systems should remain centrally organized. In terms of optimum size for most ecologists the cut-off point is a town of around 50 000. Most

ecologists see a market system as inherently wasteful, so a set of self-managed firms based on market competition would be unlikely, but that leaves the problem of the site of decision-making. According to Pepper (1984), the Rousseauean image of the self-managing community is the basis of most ecological conceptions and this assumes decisions would be made in a forum.

The problem then becomes the kind of communal motivation that could hold a society together to embrace collective communal ownership and control. There is a presumption in the Green literature of 'selective affinity', that people in a community will somehow have 'chosen' each other and their proximity. Traditional communal societies, to which those who favour decentralization often refer, were communities of heritage into which members were born. While a group of people may choose to join a single cooperative community, it would be hard to give such choice to a whole nation. Nevertheless, the post-industrial theorists do see a general change in values that demand a move to a different kind of economic structure:

> more and more people are now trying to drop out of the monetized economy, working only a few hours a week to earn a minimum of cash and adopting more communal, reciprocal and co-operative ways of living to satisfy their other, non-monetary needs. There has been a growing interest in household economies based on use value rather than market value, and a significant rise in the numbers of self-employed people. (Capra, 1983, p. 457)

It is clear that some basic ambivalences lie within the Green/alternative attachment to the cooperative form: the problem of worker ownership and control as against communal ownership and control; the confusion of decentralization of production geographically with decentralization of decision-making about production. The reason for the confusion lies in the lack of a clear statement on the future of the market system and the industrial process itself. Rudolf Bahro (1986), an ex-Marxist and leading Green, left the Green Party over its refusal to abandon industrialism and follow his argument for a return to pre-industrial agricultural communities of around 3000.

Cooperation and feminism

One of the most interesting aspects of the development of cooperatives is the appearance and disappearance of gender. The early cooperative thinkers saw sexual liberation and to an extent women's liberation as an essential part of their thinking and this was generally shared with their working class supporters. 'Working-class Socialists, their eyes set on the

new social order to be built, took up feminism as part of the ideological equipment for the task' (Taylor, 1983, p. 82). As the century proceeded, tensions began to grow between male and female workers, in particular where male craft workers were affected:

> competition and antagonism between men and women in the sphere of waged work often translated into disrupted patterns of patriarchal authority in the domestic sphere. (Taylor, 1983, p. 94)

The values of patriarchy and working class 'respectability' eclipsed the demand for women's rights, sexually, politically and economically. The early enthusiasm for sexual liberation was repressed by later Owenites and Fourierists. Holyoake was dismissive of Owen's views on marriage in his history of cooperation and Fourierists so repressed his ideas that *Le Nouveau monde amoureux* was not published until 1967. Barbara Taylor says of Owen:

> One hundred and fifty years later, however, it is precisely this aspect of Owenism – its theoretical and practical commitment to women's liberation – which is least remembered, least acknowledged, not only by academic historians but within the collective memory of the Left itself... To Robert Owen and his followers, particularly his feminist followers, socialism represented a struggle to achieve 'perfect equality and perfect freedom' at every level of social existence; a struggle which extended beyond the economic and political reforms necessary to create a classless society into the emotional and cultural transformations necessary to construct a sexual democracy. (Taylor, 1983, pp. xiii–xiv)

In his book on Owen, G.D.H. Cole devotes just two sentences to Owen's views on marriage and describes the publication of his lectures on that subject in 1835 as 'an uncorrected reprint' that 'served... his opponents ends and continued to be their chief weapon against his sect' (Cole, 1965, p. 297). A.L. Morton on the other hand gives a chapter over to his views and describes them as 'both moderate and sensible' (Morton, 1962, p. 161). Just as Marxism harnessed socialism to the working class *man* so too was cooperation harnessed.

Despite the fact that cooperation in Britain developed through consumer shops, women tended to be the customers and not the members. The Rochdale Pioneers were all men. We cannot blame this on Owen who was preoccupied with his communities and other grand schemes while the shop keeping cooperatives, although they drew on Owen for inspiration, owed as much to people such as William King (Mercer, 1947). Within the consumer cooperative movement women formed guilds and had a tremendous influence on social policy at the turn of the century. Cooperative women fought for women's issues and most certainly for the

vote, but the battle with patriarchy itself dropped from the agenda (Webb, 1927).

Even if women enter as equal partners in the productive or political process this is of no benefit if domestic labour still remains their sole responsibility. By the same token a communal society is no use if it still embodies patriarchal relations. Proudhon, for example, in his vision of self-governing workshops insisted that women remain strictly in the home. Kropotkin, on the other hand, like the more recent eco-anarchist Bookchin, cites the development of the patriarchal family as the cause of the downfall of mutual aid:

> the separate patriarchal family had slowly but steadily developed within the clans and in the long run it evidently meant the individual accumulation of wealth and power and the hereditary transmission of both. (Kropotkin, 1955, p. 120)

While patriarchy is condemned for its role in 'the fall' Kropotkin, unlike Bookchin, does not see it as a continuing problem to be confronted in society. In fact the male medieval guilds (as well as the remnants of rural communes such as the Russian mir) are seen as examples of the continuance of the mutual aid principle. If communal visions of society are ambivalent about the role of women, once cooperation lost its Utopian impulse and settled for existence within a capitalist framework, its emancipatory potential for women became virtually non-existent. This is not to say that the Owenite or Fourierist communities would have overcome patriarchal relations, but in so far as they could exist independently, they had the possibility.

Although the post-industrial Utopians share with the early socialist Utopians a commitment to feminism, the base of their argument is very different. The starting point of the views of Saint Simon, and Fourier in particular was the liberation of the passions, predominantly a demand for sexual liberation more in tune with the 1960s than feminism in the 1980s. The importance of feminism today lies in a commitment to its values. Capra argues that there has been:

> a significant shift in values from the admiration of large scale enterprises and institutions to the notion of 'small is beautiful' from material consumption to voluntary simplicity, from economic and technological growth and development... Perhaps most important, the old value system is being challenged and profoundly changed by the rise of feminist awareness originating in the women's movement. (Capra, 1983, p. 30)

Competition and environmental destruction are laid at the door of masculine values and the ability to have non-hierarchical organizations is traced to pre-patriarchal times (Bookchin, 1982). Assumptions are made

about the relationship between feminism and non-hierarchical, non-competitive organizations. There is a danger of seeing this as some kind of genetic distinction between men and women, but if we look back to writers such as Fourier, Owen, William Thompson and Saint-Simon we see that the connection with feminism is in the context of the community rather than the cooperative. It is the requirement of a vision that brings all aspects of human life within the community that demands parity of value and esteem, it must of necessity integrate the sphere of production with the sphere of reproduction, the public and the private, the personal and the political. It has taken 150 years to return to the conceptions of those *male* Utopians. The change of emphasis today is from the quality of sexual relationships to the quality of personal relationships.

The concept of a cooperative community or a community of cooperatives raises implicitly the question of the re-uniting of the two spheres, although in practice the issue is not raised. While feminist values are invoked, the conversion of the traditional role of women and the family is not a central issue. Thompson argued against the idea of villages of cooperation and their housing structure of groups of cottages that would reproduce traditional family patterns. He preferred the more communally designed phalanx (Pankhurst, 1954, pp. 140–52). This would lead us to look a little more critically at the idea of communalism today and whether it implies a fully collectivized lifestyle or a 'cottage'-based community of privatized families. Fourier and Owen obviously wanted a collective life-style in the phalansteries while noticeably twentieth century communal visions provide us with very little information on this subject. There appears to be an assumption that the public/private barrier should have no need to exist but the practicalities are not spelled out. Capra, however, does argue for a change in attitude to bring about the change he forsees:

> One of the most radical contributions men can make to developing our collective feminist awareness will be to get fully involved in raising our children from the moment of birth, so that they can grow up with the experience of the full human potential inherent in men and women. (Capra, 1983, p. 463)

Cooperation and Utopianism

It would be wrong to conclude from the problems of attempting to incorporate the worker cooperative form as traditionally defined into a communal view of society that the whole question should be abandoned. There is much in the principle of cooperation to be recommended, the weakness comes when it is confined to a single unit of production. Cooperation must take place at the level of the community itself and

between communities where coordination is necessary. The desire for cooperation has always been expressed in reaction to economic and social inequality and it is needed as much now as it was nearly 200 years ago.

Since its inception, cooperation has confronted the charge that it is Utopian. Cooperation still has to meet the criticisms Marx and Engels made of it in the Communist Manifesto and Engels (1970) repeated in 'Socialism: Utopian and Scientific'. This criticism was qualified, however. In the Communist Manifesto Saint-Simon, Fourier and Owen are praised as 'in many respects, revolutionary'. Their ideas 'correspond with the first instinctive yearnings of the [working] class for a general reconstruction of society' (Marx and Engels, 1970, pp. 60–61). In 1874 Engels argued in the Preface to the Peasant War in Germany that:

> [theoretical socialism] rests on the shoulders of Saint-Simon, Fourier and Owen – three men who, in spite of all their fantastic notions and all their utopianism, stand among the most eminent thinkers of all time and whose genius anticipated innumerable things the correctness of which is now being scientifically proved by us. (Marx and Engels, 1970, p. 246)

What concerned Marx and Engels was that while their principles offered a challenging vision of the future, the Utopians identified no mechanism of social change other than the spread of cooperation by example. Without a 'scientific' appraisal of such a mechanism, the movement played straight into the hands of reactionary forces. It was because of the failure of the disciples of these 'originators', that they were condemned by Marx and Engels for not realizing the potential of the working class to attain those ideals.

The condemnation of the failure of Utopians to grasp the political opportunity that Marx and Engels identified has been seen as a condemnation of Utopian thought itself. This ignores the necessity of a future vision to enable people to strive for social change. Mannheim's much quoted statement is that 'with the relinquishment of utopias, (man) would lose (his) will to shape history and therewith (his) ability to understand it' (Mannheim, 1936, p. 236). As Kumar has pointed out, the twentieth century has been dominated by anti-Utopian thought and writings or overwhelming faith in political and technological solutions to social and economic problems. However, at the present time, the combination of economic, ecological and social breakdown led to the creation of:

> a utopia for new times, when the direction of social evolution seemed more uncertain and more fraught with dangers than at any time since the 1930's: but it retained the utopian vision and intensity in its conviction that a society organized according to ecological principles

> not only was sustainable economically and socially, but also offered the best possible life for all its members. (Kumar, 1987, p. 405)

This resurgence has led to a reappraisal of the work of earlier thinkers such as Proudhon, Kropotkin and Bakunin. The present visions of communal society are returning to the preoccupations of the early nineteenth century theorists. They echo the concerns of Fourier and Owen about the quality of human relationships, the need for communal solutions and for Fourier the environmental consequences of industrialism. If the present debates are not to fall victim to the same pressures as the earlier theorists there needs to be a constructive debate between the proponents of ecology, feminism and socialism (Mellor, 1986). Any image of the future that results from such a debate will need to find the mechanisms to achieve its creation. The Greens at present hover between an appeal to human reason and an environmental determinism that argues that pressure for change will become imperative as the pressures of the consequences of industrialism increase (Mellor, 1987). The present visions of decentralized communal society are not sufficiently thought out, and much more attention needs to be paid to the mechanisms of coordination and exchange, the balance of communal and private ownership, the balance between collective and individual activities, the structure of family and sexual life, the spatial design of the community and the means of integrating the spheres of production and the sphere of reproduction.

7: Conclusions and overview

Since the advent of industrialism, cooperators have believed that their form of organization carried with it the seeds of a new society. While cooperatives may be glorious failures under capitalism, they will inevitably become the basic unit of organisation in a re-ordered economy.

Cooperatives have been invested with the dreams of 'world makers' and inhabited by those who have to earn a living. In the preceding chapters we have analysed how cooperatives have matched the expectations of both these groups. In conclusion, we draw together the elements in the dream and make a final assessment of their accord with reality. We also analyse the broader role of cooperatives as agents for change in the economic and political process.

The ideal cooperative

If dreams were to come true, the ideal worker cooperative would have the following characteristics:

1. Provide employment according to the desires of its members.
2. Employ no more people than can effectively participate in decision-making on an equal basis.
3. Produce socially useful products in a way that is not damaging to the environment.
4. Organize work in a way that is personally satisfying and rewarding.
5. Increase the political consciousness of cooperative members.
6. Operate in a way that is economically exploitative of neither its members or customers.
7. Adopt non-discriminatory employment policies and work practices.
8. Be part of a co-ordinated but decentralised communal economy or a movement working towards that end.

These features reflect the tensions and tendencies which have characterized cooperative development. They also encompass a view of people as inherently uncompetitive and non-aggressive. Each of them runs into considerable constraints when cooperators try to adopt them within a capitalist economy.

Employment

Despite their long history, worker cooperatives have failed to generate large-scale employment. Even in countries where cooperatives are well-established, such as France and Italy, employment is largely confined to particular sectors of the economy such as building. The new wave of alternative cooperatives have been restricted, in the main, to areas such as food retailing, publishing and bookselling and cultural activities. In Britain, employment in cooperatives had increased, by 1987, to between 10 000 and 15 000 people. Although this figure has grown rapidly over a decade, it remains infinitesimally small in comparison to either the employed or unemployed population. The largest cooperatives, in employment terms, such as Scott-Bader or the Mondragon group in Spain, also have indirect systems of democracy and relatively orthodox management structures which lead many to question their cooperative status.

The employment that has been generated has also been restricted to a largely middle class and white socio-economic group. There has been some expansion beyond this category in the building sector in France and Italy and within the job creation cooperatives in Britain. However, the absolute numbers remain small and the ability of cooperatives to survive as democratic businesses in sectors such as building or clothing remains highly dubious. We have also raised questions about the type of employment offered in worker cooperatives. Some cooperators may deliberately choose to adopt part-time or flexible working hours in order to accommodate the domestic arrangements of their members. However, for many, there is no real choice, and they join other part-time and temporary workers on the periphery of the economy. The cooperative becomes, in essence, little more than a sub-contractor, the employment of whose members depends on the availability of orders.

Participation

We have suggested that genuine participation in decision-making within cooperatives is severely limited. There are a number of factors which restrict involvement. First, there is the size of the cooperative. We have

seen that some companies have moved from direct to indirect democracy at least in part because of the size of the business. This can reduce democracy to a mere cipher as, in theory, control is vested with a general committee but, in practice, it resides with expert managers. The annual meeting is left to take decisions which effectively offer no options and, unlike in conventional businesses, there is rarely a trade union to offer an alternative channel of representation.

Secondly, there is the question of whether ownership itself inevitably secures control. We have suggested that in job creation cooperatives, participation in decision-making is either non-existent or relegated to trivial matters. The cooperators nominally own the business, but in reality they are in a situation of dependency with either their customers or the financial institution which has loaned them money.

Thirdly, worker control is restricted by the democratic structures established within the cooperative. Alternative cooperators may see such structures as a key feature of their organization, but they may operate as 'open forums', which in effect delay or even stop effective decision-making. In job creation cooperatives, such structures may simply not be there in the first place. They may have a very low priority in comparison with obtaining orders to maintain business viability. Thus, any participation is reduced to *ad hoc* inputs as crises develop.

Finally, cooperators may find it personally difficult to take part in decision-making. Capitalist society is not geared to democracy at work and people's experience of organizations may lead them to accept the dominance of a normally masculine hierarchical structure.

For decision-making to rest on the basis of equality poses even more difficulties. While it is a fundamental principle of cooperation that one member receives one vote, we have argued that the realities of power are considerably different. This is particularly true if there are variable financial stakes within the business, but it remains the case even where investment is reduced to nothing. Members may exert greater influence than non-members and founder members over later arrivals. Cliques may form so that meetings become dominated by power battles. CSO support workers may come to take a controlling part in decisions, no matter how much they try not to. Although, for most people, democracy remains the key element of cooperation, its practice can by no means be accepted as inevitable.

Socially useful products

The provision of socially useful products and services begs the question of precisely what is meant by the term itself. Is a wholefood loaf more socially useful than an item of knitwear? Are hand-crafted goods more socially

useful than machine-made goods? If we exclude companies that market goods or services that are not 'socially useful' from our definition of cooperatives, then the numbers remaining could be very small indeed. Job creation cooperatives, in particular, have stayed outside these markets which are largely dominated by middle class customers.

We have seen that alternative methods of accounting have been proposed to take account of the cooperatives' contribution to the community and the environment. However, such methods remain restricted to the realm of good ideas at the moment, and few have adopted them. We are left with the question of how we treat a cooperative with good employment practices and a high degree of democracy, which manufactures electrical components for the defence industry. Involvement with socially useful products may be a significant part of cooperative ideology, but it cannot be a defining characteristic of a cooperative in a capitalist economy.

Organization of work

We have argued that alternative cooperators have put a high priority on features of work organization such as job rotation. They would argue that this creates a more satisfying work environment and inhibits the development of a group of members emerging as an élite. The assumption behind this approach is that all work task are simply skills to be learned and that all cooperators will be willing to participate in them.

In marked contrast, we have suggested that job creation cooperatives have little scope for job rotation and that their members may not place a high value on it. It would be a difficult argument, in the highly competitive clothing industry, to suggest that your best machinist should sweep the floor. Nor would it be right to assume, even in an alternative cooperative, that all members will find it intrinsically interesting to take on higher-status tasks such as book-keeping. What is rewarding or satisfying rests as much with the worker who is to do the task as it does in the task itself. The organization of work is thus dependent on the degree of autonomy that the cooperative has within its market, and the commitment of workers to adopt policies that may, or may not, make work more rewarding for the individual concerned.

Political consciousness

Alongside other commentators, we have suggested that there is no inevitable causal link between working in a cooperative and acquiring or increasing a radical political consciousness. In fact, it is just as likely that

the opposite process will occur and that workers will come to accept that the rigours of the market will necessarily lead cooperatives to fail unless they adopt conventional business techniques and organisation. This is the longstanding degeneration thesis of the Webbs, and it applies with particular force to job creation cooperatives which have little room for experimentation in industrial democracy within their market places. Worker cooperatives are clearly not an agency for the creation of revolutionaries.

Exploitation

Worker cooperatives under capitalism have been criticized from the political left for being vehicles of self-exploitation. We have seen that companies in a position of market dependency, face considerable competition for orders. This can lead them to reduce prices through cutting costs. For cooperatives the most flexible costs are connected with labour rather than capital. Thus, wages and related issues such as sickness or holiday pay come under considerable pressure. In a cooperative whose inspiration was the generation of jobs, it will be difficult for members not to accept the arguments for lower wages if it means increased orders. In an alternative cooperative with a market niche, the issue may be more complex because individual preferences are an additional factor. For example, does the cooperative become more or less exploitative of its members if they decide to take a lower wage in order to fund a creche worker? Would a trade union official accept that paying less than nationally agreed rates was fine because the cooperators had higher levels of job satisfaction and suffered less stress?

This difficulty of assessing what may or may not be 'self-exploitation' goes well beyond the confines of cooperation. However, it is clear that co-operatives may find themselves part of the peripheral economy with low pay and poor conditions. We have suggested that this tendency could be compounded by cooperatives being used as agents for privatization. Public sector pay for manual workers is already low, although they tend to have relatively good conditions of employment. These are almost certain to be undermined by a cooperative bidding with a competitive tender against large multi-nationals.

One alternative to decreasing labour costs is to increase prices to the customer. As we have argued, many job creation cooperatives are simply not in such a market situtation. The option is more feasible for alternative cooperators with a mainly middle class clientele prepared to pay higher prices to purchase from cooperatives. So, while job creation cooperatives may play down their status in dealing with customers, alternative cooperatives may give it a much higher profile. Finally, it may be possible

for cooperatives to operate differential pricing policies to allow for cross-subsidies. For example, a building maintenance cooperative could charge a higher price to its middle class customers to allow it to do cheap repairs for old age pensioners.

Decentralization

We suggested in the last chapter that many commentators regard cooperatives as the key organizational form in a restructured economy. This has echoes of the nineteenth century experiments in community living. However, this role for cooperatives remains problematic because it is unclear what form of market is envisaged in a decentralized economy.

Cooperatives reflect an idealized picture in which small is not just beautiful but an automatic answer to problems, the chief of which remains with us from as long ago as the Webbs. Do cooperatives represent the sectional interests of their members or the broader interests of the community? We have argued that consumer cooperation and state socialism had eclipsed producer cooperation in Britain by the beginning of the twentieth century. The rebirth of the latter movement has provided an inspiration for new dreams of a future society but the role of cooperatives remains unclear.

Within contemporary capitalism, the alternative sector in particular has regarded cooperation between cooperators as an important tenet. Through federation and association in organizations such as ICOM, it is argued that cooperatives can provide a practical example of what a decentralized economy would look like. Education has been a principle of cooperation from the time of the Rochdale Pioneers. Even socialists who saw cooperatives as a diversion from the class struggle recognized them as heroic failures and examples of the potential of their working class members.

However, to regard the majority of newly formed cooperatives in Britain as part of a coordinated movement towards a decentralized ecomony would be a major mistake.

Agents of change

In the past, supporters of cooperatives have usually regarded them as agents of social change, but we would suggest that this needs serious re-evaluation in the light of developments since the mid-1970s. There are three ways in which cooperatives might now be perceived: (i) as agents of social stability, (ii) as one method of working within a plurality of organizational structures, and (iii) as the traditional 'shining lights' for a

new society. The first view, as we have argued, relegates cooperatives almost to the status of conventional businesses. They occupy a position akin to other small companies and any tendencies they have to radical reorganization of work are inevitably reduced by the pressures of the market place. This is the view of the degeneration theorists of the nineteenth century and Conservative supporters of cooperatives in the twentieth century.

We have suggested that the second view of cooperatives is that of a middle ground between capitalism and socialism. The argument is that a cooperative sector can be developed which allows a degree of workers' control while the companies become viable businesses. Monodragon is often put forward as the clearest expression of the success of this approach, which also spills over into arguments for employee share ownership schemes and worker capitalism. Such an approach requires the development of an economic and political climate favourable to cooperations as well as a support structure which will often have its roots in the national or local state. As with the first approach, we are left with the problem that cooperatives in a capitalist market economy are likely to sacrifice their democratic structures for business success.

Finally, we have argued that the new wave of cooperative development under capitalism has little to do with social change. Although some alternative cooperators may seek to spread their message, they are essentially confined to small sectors of the economy and dominated by customers and workers from a narrow socio-economic stratum. The majority of new cooperators have job creation as their primary motivation and may have little prior ideological commitment to the cooperative form. Neither is working within such an organization necessarily going to lead to the adoption of radical political views. Those groups who associate social change with the cooperative form should not ignore the contradictions in the contemporary cooperative experience, nor the problems associated with the role of cooperatives in a post-industrial or post-capitalist society. In confronting these issues, an examination of the theory and practice of worker cooperatives has a positive role to play.

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