

# MAINSTREAMING CO-OPERATION

An alternative for the  
twenty-first century?

Edited by

Anthony Webster, Linda Shaw  
and Rachael Vorberg-Rugh

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Manchester University Press

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# Mainstreaming co-operation

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We send particular thanks to the contributors to this volume, for their careful work and patience throughout this project's long gestation period. Finally, and most importantly, special thanks are due to Stirling Smith, Tim Smith and Leslie Webster, without whose constant encouragement and support this book would not be possible.



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# I

## Introduction

Anthony Webster, Linda Shaw and Rachael Vorberg-Rugh

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

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



elsewhere, notably in Italy and the Scandinavian countries, strategies were adopted which enabled those movements to hold their own.<sup>2</sup>

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

The 'new' philosophy was intertwined with globalisation, financial deregulation and the development of a dizzying array of new financial instruments and assets which, for a time, seemed to offer the prospect of efficient, self-regulating financial markets which did not need the intervention of law or national state agencies. In this brave new world, co-operatives came to be seen as outmoded forms of business enterprise, destined to lose out to the investor-led paragons of economic rationality. Co-operatives might emerge to plug temporary gaps yet to be filled by superior investor-led models, but in the long run they would cede to the natural winners in this neoliberal version of economic Darwinism. This new orthodoxy had real consequences. The privatisation of state assets found a mirror in the policies of demutualisation which swept across the Western world, with new legislation to empower management teams and other interested parties to lead the way in converting building societies and other mutuals into investor-led companies. In Britain, the 1990s saw the vast majority of building societies converted to mainstream banks, and some of those which did not convert mimicked the more reckless and speculative behaviour of the new converts in an effort to retain membership and market share – as The Co-operative Group was to discover to its bitter cost following its absorption of the Britannia Building Society in 2009.<sup>4</sup> Meanwhile, the collapse of communism in